American Midstream Partners, LP
Form S-4/A
February 12, 2018
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As filed with the Securities and Exchange Commission on February 9, 2018

Registration No. 333-222501

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

AMERICAN MIDSTREAM PARTNERS, LP

(Exact name of registrant as specified in its charter)

Delaware	4922	27-0855785
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

2103 CityWest Blvd.,	**Eric T. Kalamaras**
Bldg. 4, Suite 800 Houston, TX 77042	**2103 CityWest Blvd.,**
(346) 241-3400	**Bldg 4, Suite 800 Houston, TX 77042**
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)	**(346) 241-3400**
	(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Michelle Earley	**Kelley J. Jameson**	**Tull Florey**
H. William Swanstrom	**Southcross Energy Partners GP, LLC**	**Hillary H. Holmes**
Locke Lord LLP	**Senior Vice President,**	**Gibson, Dunn & Crutcher LLP**
600 Congress Avenue, Suite 2200	**General Counsel and Secretary**	**1221 McKinney Street, 37th Floor**
Austin, TX 78701	**1717 Main Street, Suite 5200**	**Houston, Texas 77010**
(512) 305-4700	**Dallas, Texas 75201**	**(346) 718-6600**
	(214) 979-3700	

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement and the satisfaction or waiver of all other conditions to the closing of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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

for the same offering.

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

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

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

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

** If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

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

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Information contained herein is not complete and is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be issued until the time the registration statement becomes effective. This preliminary proxy statement/prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED FEBRUARY 9, 2018

TO THE UNITHOLDERS OF SOUTHCROSS ENERGY PARTNERS, L.P.

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

Dear Unitholder of Southcross Energy Partners, L.P.,

On October 31, 2017, American Midstream Partners, LP, a Delaware limited partnership (AMID), American Midstream GP, LLC, a Delaware limited liability company and the general partner of AMID (AMID GP), Cherokee Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of AMID (AMID Merger Sub), Southcross Energy Partners, L.P., a Delaware limited partnership (SXE), and Southcross Energy Partners GP, LLC, a Delaware limited liability company and the general partner of SXE (SXE GP), entered into an Agreement and Plan of Merger (the Merger Agreement), pursuant to which AMID Merger Sub will merge with SXE, with SXE surviving as a wholly owned subsidiary of AMID (the Merger). Concurrently with the execution of the Merger Agreement, on October 31, 2017, AMID and AMID GP entered into a Contribution Agreement (the Contribution Agreement and, together with the Merger Agreement, the Transaction Agreements) with Southcross Holdings LP, a Delaware limited partnership (Southcross Holdings) that indirectly owns 100% of the limited liability company interests of SXE GP. Upon the terms and subject to the conditions set forth in the Contribution Agreement, Southcross Holdings will contribute to AMID and AMID GP its equity interests in a new wholly owned subsidiary (SXH Holdings), which will hold substantially all the current subsidiaries (Southcross Holdings Intermediary LLC, Southcross Holdings Guarantor GP LLC and Southcross Holdings Guarantor LP) and business of Southcross Holdings (the Contribution and, together with the Merger, the Transaction).

The Conflicts Committee (the SXE Conflicts Committee) of the board of directors of SXE GP (the SXE GP Board) determined that the Merger Agreement and the Merger are in the best interests of SXE and its subsidiaries, including the holders of the outstanding SXE Common Units (as defined below) that are not held by the Affiliated Unitholders (as defined below) (each such SXE Common Unit, a Non-Affiliated SXE Common Unit), approved the Merger and the Merger Agreement and recommended that the SXE GP Board approve the Merger and the Merger Agreement. Upon the receipt of such approval and recommendation of the SXE Conflicts Committee, the SXE GP Board determined that the Merger Agreement and the Merger are advisable and in the best interests of SXE, approved the Merger Agreement and the Merger and directed that the Merger and Merger Agreement be submitted to a vote of the limited partners of SXE (the SXE Unitholders).

If the Merger is completed, each common unit of SXE (SXE Common Unit) outstanding immediately prior to the effective time of the Merger (the Effective Time) held by a holder (SXE Common Unitholder) other than Southcross Holdings and its subsidiaries and AMID and its subsidiaries will be converted into the right to receive 0.160 of a

common unit of AMID (AMID Common Unit). Each SXE Common Unit, each subordinated unit in SXE (SXE Subordinated Unit) and each Class B convertible unit in SXE (SXE Class B Convertible Unit and, together with the SXE Common Units and the SXE Subordinated Units, the SXE Units) held by SXE GP or its affiliates (including without limitation Southcross Holdings or any of its subsidiaries) (together, the Affiliated Unitholders) outstanding immediately prior to the Effective Time will be cancelled in connection with the closing of the Merger. The consideration to be received by SXE Common Unitholders other than the Affiliated Unitholders is valued at $2.17 per unit based on the closing price of AMID Common Units as of October 30, 2017, representing a 5% premium to the volume weighted average closing price of SXE Common Units for the 20 trading days ended October 30, 2017. Immediately following completion of the Merger, it is expected that SXE Unitholders other than the Affiliated Unitholders will own approximately 5% of the outstanding AMID Common Units, based on the number of AMID Common Units outstanding, on a fully diluted basis, as of January 31, 2018. The common units of AMID and SXE are traded on the New York Stock Exchange under the symbols AMID and SXE, respectively.

SXE is holding a special meeting (the Special Meeting) of its unitholders at the Houston offices of Locke Lord LLP, JPMorgan Chase Tower, 600 Travis Street, Suite 2800, Houston, TX 77002 on March 27, 2018 at

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10 a.m., Central Time, to obtain the vote of its unitholders to approve the Merger Agreement and the transactions contemplated thereby (the Merger Proposal). **Your vote is very important regardless of the number of SXE Units you own.** The Merger cannot be completed unless the holders of at least a majority of the outstanding Non-Affiliated SXE Common Units, the holders of at least a majority of the outstanding SXE Subordinated Units, and the holders of at least a majority of SXE Class B Convertible Units vote for the approval of the Merger Agreement and transactions contemplated thereby at the Special Meeting, with the holders of the Non-Affiliated SXE Common Units, the holders of the SXE Subordinated Units, and the holders of the SXE Class B Convertible Units, voting as separate classes. Pursuant to the Support Agreement (as defined herein), the Affiliated Unitholders, which collectively own 100% of the SXE Subordinated Units and 100% of the SXE Class B Convertible Units entitled to vote at the Special Meeting, have agreed to vote all of such SXE Subordinated Units and SXE Class B Convertible Units in favor of approval of the Merger Proposal and any other matter necessary for the consummation of the Merger. Holders of SXE Common Units will also vote on an advisory compensation proposal (the Advisory Compensation Proposal).

The SXE GP Board recommends that SXE Unitholders vote FOR the Merger Proposal and that SXE Unitholders vote FOR the Advisory Compensation Proposal.

Whether or not you plan to attend the Special Meeting, please take the time to vote by completing and returning the enclosed proxy card to SXE by mail or, if the option is available to you, by granting your proxy electronically over the Internet or by telephone. If your SXE Units are held in street name, you must follow the instructions provided by your broker in order to vote your SXE Units. More information about AMID, SXE and the Merger is contained in the accompanying proxy statement/prospectus. We encourage you to read carefully the accompanying proxy statement/prospectus (and the documents incorporated by reference into the accompanying proxy statement/prospectus) before voting, including the section entitled *Risk Factors* beginning on page 32 of the accompanying proxy statement/prospectus.

We believe this Merger will create a strong combined company that will deliver superior results to its unitholders and customers.

Sincerely,

Bruce A. Williamson

Chairman of the Board, President and Chief
Executive Officer of Southcross Energy Partners,
GP, LLC on behalf of Southcross Energy Partners, L.P.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying proxy statement/prospectus or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The accompanying proxy statement/prospectus is dated [ ], 2018, and is first being mailed to SXE Unitholders on or about [ ], 2018.

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NOTICE OF SPECIAL MEETING OF UNITHOLDERS

TO BE HELD ON MARCH 27, 2018

NOTICE IS HEREBY GIVEN that Southcross Energy Partners, L.P. (SXE) will hold a special meeting of its unitholders at the Houston offices of Locke Lord LLP, JPMorgan Chase Tower, 600 Travis Street, Suite 2800, Houston, TX 77002 on March 27, 2018, beginning at 10 a.m., Central Time (the Special Meeting), for the purpose of considering and voting on the following matters:

Merger Proposal: To consider and vote on a proposal to approve the Agreement and Plan of Merger, dated October 31, 2017, by and among SXE, Southcross Energy Partners GP, LLC (SXE GP), American Midstream Partners, LP (AMID), American Midstream GP, LLC (AMID GP), and Cherokee Merger Sub LLC (AMID Merger Sub), a copy of which is attached as Annex A to the proxy statement/prospectus accompanying this notice, as such agreement may be amended from time to time (the Merger Agreement), and the transactions contemplated thereby, including the merger of AMID Merger Sub with SXE, with SXE surviving as a wholly owned subsidiary of AMID (the Merger);

Advisory Compensation Proposal: To consider and vote on a proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to SXE GP s named executive officers in connection with the Merger; and

To transact such other business as may properly come before the Special Meeting, including any adjournment of the Special Meeting.

These items of business, including the Merger Agreement and the proposed Merger, are described in detail in the accompanying proxy statement/prospectus. **The Conflicts Committee (the SXE Conflicts Committee) of the board of directors of SXE GP (the SXE GP Board) determined that the Merger Agreement and the Merger are in the best interests of SXE and its subsidiaries, including the holders of the Non-Affiliated SXE Common Units (defined below), approved the Merger and the Merger Agreement and recommended that the SXE GP Board approve the Merger and the Merger Agreement. Upon receipt of such approval and recommendation by the SXE Conflicts Committee, the SXE GP Board unanimously determined that the Merger Agreement and the Merger are advisable and in the best interests of SXE, approved the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger and directed that the Merger and the Merger Agreement be submitted to a vote of the limited partners of SXE the (SXE Unitholders). The SXE GP Board recommends that holders of common units representing limited partner interests in SXE (the SXE Common Units), subordinated units representing limited partner interests in SXE (the SXE Subordinated Units), and the Class B Convertible Units representing a limited partner interests in SXE (the SXE Class B Convertible Units and, together with the SXE Common Units and SXE Subordinated Units, the SXE Units) vote FOR the Merger Proposal and FOR the Advisory Compensation Proposal.**

Only unitholders of record of SXE Units as of the close of business on February 12, 2018 are entitled to notice of the Special Meeting and to vote at the Special Meeting or at any adjournment or postponement thereof. A list of unitholders entitled to vote at the Special Meeting will be available in SXE s offices located at 1717 Main Street, Suite

5200, Dallas, Texas 75201 during regular business hours for a period of ten days before the Special Meeting, and at the place of the Special Meeting during the meeting. Pursuant to a separate Voting and Support Agreement, dated as of October 31, 2017 (the Support Agreement) entered into with AMID, Southcross Holdings LP, a Delaware limited partnership (Southcross Holdings), Southcross Holdings GP LLC, a Delaware limited liability company and the general partner of Southcross Holdings (Holdings GP), and Southcross Holdings Borrower LP, a Delaware limited partnership (Holdings Borrower), which collectively own all of the issued and outstanding SXE Subordinated Units and all of the issued and outstanding SXE Class B Convertible Units entitled to vote at the Special Meeting, have agreed to vote all of such SXE Subordinated Units and SXE Class B Units in favor of approval of the Merger Proposal and any other matter necessary for the consummation of the Merger.

Approval of the Merger Proposal by the SXE Unitholders is a condition to the consummation of the Merger and requires the affirmative vote of at least a majority of the holders of the outstanding SXE Common Units that are not held by SXE GP or its affiliates (each such SXE Common Unit, a Non-Affiliated SXE Common Unit),

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the affirmative vote of the holders of at least a majority of the outstanding SXE Subordinated Units and the affirmative vote of at least a majority of the holders of the outstanding SXE Class B Convertible Units, with the holders of the Non-Affiliated SXE Common Units, the holders of the SXE Subordinated Units, and the holders of the SXE Class B Convertible Units each voting as separate classes. The affirmative vote of a majority of the holders of the Non-Affiliated SXE Common Units would be deemed to approve the Merger for all purposes of Section 7.9(a) of SXE s Third Amended and Restated Agreement of Limited Partnership, dated as of August 4, 2014 (the SXE Partnership Agreement). Therefore, your vote is very important. Your failure to vote your units will have the same effect as a vote AGAINST the approval of the Merger Proposal.

You can vote your SXE Common Units by completing and returning a proxy card. Most SXE Unitholders can also vote over the Internet or by telephone. If Internet and telephone voting are available to you, you can find voting instructions in the materials accompanying the proxy statement/prospectus. You can revoke a proxy at any time prior to its exercise at the Special Meeting by following the instructions in the enclosed proxy statement/prospectus.

By Order of the Board of Directors of Southcross Energy Partners GP, LLC,

as the General Partner of Southcross Energy Partners, L.P.,

Bruce A. Williamson

Chairman of the Board, President and Chief
Executive Officer of Southcross Energy Partners GP, LLC

on behalf of Southcross Energy Partners, L.P.

[ ], 2018

Dallas, Texas

YOUR VOTE IS IMPORTANT!

WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, WE URGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) BY TELEPHONE, (2) VIA THE INTERNET OR (3) BY MARKING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE PREPAID ENVELOPE PROVIDED. You may revoke your proxy or change your vote at any time before the Special Meeting. If your units are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished to you by such record holder.

We urge you to read the accompanying proxy statement/prospectus, including all documents incorporated by reference into the accompanying proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the Merger Proposal and the Advisory Compensation Proposal, the Special Meeting or the accompanying proxy statement/prospectus or would like additional copies of the accompanying proxy statement/prospectus or need help voting your SXE Units, please contact SXE s proxy solicitor:

1290 Avenue of the Americas, 9th Floor

New York, NY 10104

Shareholders, Banks and Brokers

Call Toll Free:

888-293-6812

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about AMID and SXE from other documents that are not included in or delivered with the proxy statement/prospectus. For a more detailed discussion of the information about AMID and SXE incorporated by reference into the proxy statement/prospectus, see *Where You Can Find More Information*, beginning on page 224. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate party at the following addresses and telephone numbers:

American Midstream Partners, LP	**Southcross Energy Partners, L.P.**
2103 CityWest Blvd., Bldg. 4, Suite 800	1717 Main Street, Suite 5200
Houston, TX 77042	Dallas, TX 75201
Attn: Legal Department	Attn: Senior Vice President, General Counsel
(346) 241-3400	(214) 979-3700

To obtain timely delivery of these documents, you must request them no later than five business days before the date of the Special Meeting. This means that SXE Unitholders requesting documents must do so by March 20, 2018 in order to receive them before the Special Meeting.

ABOUT THIS PROXY STATEMENT/PROSPECTUS

This document, which forms part of a registration statement on Form S-4 filed with the SEC by AMID (File No. 333-222501), constitutes a prospectus of AMID under Section 5 of the Securities Act of 1933, as amended (the Securities Act), with respect to the AMID Common Units to be issued pursuant to the Merger Agreement. This document also constitutes a notice of meeting and a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), with respect to the Special Meeting of SXE Unitholders, during which SXE Unitholders will be asked to consider and vote on, among other matters, a proposal to approve the Merger Agreement and the transactions contemplated thereby, including the Merger.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated [ ], 2018. The information contained in this proxy statement/prospectus is accurate only as of that date or, in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies. Neither the mailing of this proxy statement/prospectus to the SXE Unitholders nor the issuance of AMID Common Units by AMID pursuant to the Merger Agreement will create any implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or to any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

The information concerning AMID contained in this proxy statement/prospectus or incorporated by reference has been provided by AMID, and the information concerning SXE contained in this proxy statement/prospectus or incorporated by reference has been provided by SXE.

This proxy statement/prospectus contains a description of the representations and warranties that each of SXE and AMID made to the other in the Merger Agreement. Representations and warranties made by SXE, AMID and other applicable parties are also set forth in contracts and other documents (including the Merger Agreement) that are attached or filed as exhibits to this proxy statement/prospectus or are incorporated by reference into this proxy statement/prospectus. These representations and warranties were made as of specific dates, may be subject to important qualifications and limitations agreed to between the parties in connection with

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negotiating the terms of the agreement, and may have been included in the agreement for the purpose of allocating risk between the parties rather than to establish matters as facts. These materials are included or incorporated by reference only to provide you with information regarding the terms and conditions of the agreements, and not to provide any other factual information regarding SXE, AMID or their respective businesses. Accordingly, the representations and warranties and other provisions of the Merger Agreement and the other agreements incorporated by reference herein should not be read alone, but instead should be read only in conjunction with the other information provided elsewhere in this proxy statement/prospectus or incorporated by reference herein, as applicable.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Set forth below are questions that you, as a unitholder of SXE, may have regarding the Merger, the Advisory Compensation Proposal and the Special Meeting, and brief answers to those questions. You are urged to read carefully this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety, including the Merger Agreement, which is attached as Annex A to this proxy statement/prospectus, and the documents incorporated by reference into this proxy statement/prospectus, because this section may not provide all of the information that is important to you with respect to the Merger, the Advisory Compensation Proposal and the Special Meeting. You may obtain a list of the documents incorporated by reference into this proxy statement/prospectus in the section titled Where You Can Find More Information.

Q: Why am I receiving this proxy statement/prospectus?

A: AMID and SXE have agreed to a merger, pursuant to which AMID Merger Sub, a wholly owned subsidiary of AMID that was formed for the purpose of the Merger, will merge with SXE. SXE will continue its existence as the surviving entity and become a wholly owned subsidiary of AMID, but will cease to be a publicly traded limited partnership. In order to complete the Merger, SXE Unitholders must vote to approve the Merger Agreement and the Merger. SXE is holding a special meeting of its unitholders to obtain such unitholder approval. SXE Unitholders will also be asked to approve, on an advisory (non-binding) basis, the related compensation payments that will or may be paid to SXE GP s named executive officers in connection with the Merger.

In the Merger, AMID will issue AMID Common Units as the consideration to be paid to the holders of SXE Common Units not affiliated with SXE GP. This document is being delivered to you as both a proxy statement of SXE and a prospectus of AMID in connection with the Merger. It is the proxy statement by which the SXE GP Board is soliciting proxies from you to vote on the approval of the Merger Agreement and the transactions contemplated thereby, including the Merger, at the Special Meeting or at any adjournment or postponement of the Special Meeting. It is also the prospectus by which AMID will issue AMID Common Units to you in the Merger.

Q: What will happen in the Merger?

A: In the Merger, AMID Merger Sub will merge with SXE. SXE will be the surviving limited partnership in the Merger and become a wholly owned subsidiary of AMID, but SXE will cease to be a publicly traded limited partnership. SXE Common Units will cease to be listed on the New York Stock Exchange (NYSE) and will be deregistered under the Exchange Act.

Q: What will I receive in the Merger for my SXE Common Units?

A: If the Merger is completed, each holder of SXE Common Units, other than SXE Common Units held by the Affiliated Unitholders (the Affiliated SXE Common Units) and AMID and any of its subsidiaries, outstanding immediately prior to the Effective Time, will be entitled to receive 0.160 of an AMID Common Unit for each SXE Common Unit owned by such holder (the Exchange Ratio). AMID will not issue any fractional units of AMID Common Units in connection with the Merger. Instead, all fractional AMID Common Units that an SXE Unitholder would otherwise be entitled to receive will be aggregated and then, if a fractional AMID Common Unit results from that aggregation, be rounded up to the nearest whole AMID Common Unit. Based on the closing price of AMID Common Units on the NYSE on October 31, 2017, the last trading day prior to the public announcement of the Merger, the Merger consideration represented approximately $2.17 in value for each SXE Common Unit other than Affiliated SXE Common Units. Based on the closing price of $[ ] for AMID Common Units on the NYSE on [ ], 2018, the most recent practicable trading day prior to the date of this proxy statement/prospectus, the Merger

consideration represented approximately $[ ] in value for each SXE Common Unit other than the Affiliated SXE Common Units. The market price of AMID Common Units will fluctuate

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prior to the Merger, and the market price of AMID Common Units when received by SXE Common Unitholders after the Merger is completed could be greater or less than the current market price of AMID Common Units. See *Risk Factors*.

Q: What will happen to my SXE LTIP Units (defined below) in the Merger?

A: If the Merger is completed, each outstanding award of phantom units of SXE granted under the SXE Amended and Restated 2012 Long Term Incentive Plan (an SXE LTIP Unit) will be fully vested and settled in the form of SXE Common Units, provided that SXE will withhold a portion of the SXE Common Units that would otherwise be delivered upon vesting equal to the amount of any applicable federal, state and local taxes. The holder of the SXE Common Units provided in exchange for SXE LTIP Units will receive the consideration as described above. See *What will I receive in the Merger for my SXE Common Units?* Any tandem dividend equivalent right issued in connection with an award of SXE LTIP Units will be settled as soon as administratively feasible following the Effective Time.

Q: What happens if the Merger is not completed?

A: If the Merger Agreement is not approved by SXE Common Unitholders or if the Merger is not completed for any other reason, you will not receive any form of consideration for your SXE Common Units in connection with the Merger. Instead, SXE will remain an independent publicly traded limited partnership and SXE Common Units will continue to be listed and traded on the NYSE. If the Merger Agreement is terminated under specified circumstances, including if SXE Common Unitholder approval is not obtained, SXE will be required to pay all of the reasonable documented out-of-pocket expenses incurred by AMID in connection with the Merger Agreement and the transactions contemplated thereby, in certain circumstances, up to a maximum amount of $500,000. In addition, if the Merger Agreement is terminated due to an adverse recommendation change by the SXE GP Board having occurred, SXE may be required to pay AMID a termination fee of $2 million, less any expenses previously paid by SXE. See *The Merger Agreement Expenses* and *Termination Fee* beginning on page 111 of this proxy statement/prospectus.

Q: Does SXE expect to pay distributions on my common units prior to the closing of the merger?

A: Under the terms of the Merger Agreement, SXE is not permitted, without the prior written consent of AMID, to declare, set aside for payment or pay any distribution or dividends on the SXE Common Units. After completion of the Merger, you will be entitled to distributions on any AMID Common Units you receive in the Merger and hold through the applicable distribution record date. While AMID provides no assurances as to the level or payment of any future distributions on its AMID Common Units, it is required to distribute its available cash each quarter pursuant to the terms of AMID s Fifth Amended and Restated Partnership Agreement, dated as of April 25, 2016, as amended (the Existing AMID Partnership Agreement). For the quarter ended September 30, 2017, AMID declared a cash distribution of $0.4125 per AMID Common Unit that was paid on November 14, 2017 to holders of record as of the close of business on November 6, 2017.

Q: What am I being asked to vote on?

A: SXE Unitholders are being asked to vote on the following proposals:

Merger Proposal: to approve the Merger Agreement, a copy of which is attached as *Annex A* to this proxy statement/prospectus, as such agreement may be amended from time to time, and the transactions contemplated thereby, including the Merger; and

Advisory Compensation Proposal: to approve, on an advisory (non-binding) basis, the related compensation that may be paid or become payable to SXE GP s named executive officers in connection with the Merger.

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The approval of the Merger Proposal by SXE Common Unitholders is a condition to the obligations of AMID and SXE to complete the Merger. The Advisory Compensation Proposal is not a condition to the obligations of AMID or SXE to complete the Merger.

Q: Does the SXE GP Board recommend that SXE Unitholders approve the Merger Agreement and the transactions contemplated thereby?

A: Yes. The SXE Conflicts Committee determined that the Merger Agreement and the Merger are in the best interests of SXE and its subsidiaries, including the holders of the Non-Affiliated SXE Common Units, and the SXE Conflicts Committee approved the Merger and the Merger Agreement and recommended that the SXE GP Board approve the Merger and the Merger Agreement. Upon receipt of such approval and recommendation by the SXE Conflicts Committee, the SXE GP Board unanimously determined that the Merger Agreement and the Merger are advisable and are in the best interests of SXE, approved the Merger Agreement and the transactions contemplated thereby, including the Merger, and directed that the Merger and the Merger Agreement be submitted to a vote of the SXE Unitholders. Therefore, the SXE GP Board recommends that you vote FOR the proposal to approve the Merger Agreement and the transactions contemplated thereby at the Special Meeting. See *The Merger Recommendation of the SXE Conflicts Committee and the SXE GP Board and Reasons for the Merger* beginning on page 75 of this proxy statement/prospectus. In considering the recommendation of the SXE GP Board with respect to the Merger Agreement and the transactions contemplated thereby, including the Merger, you should be aware that directors and executive officers of SXE GP have interests in the Merger that may be different from, or in addition to, your interests as a unitholder of SXE. You should consider these interests in voting on this proposal. These different interests are described under *The Merger Interests of Directors and Executive Officers of SXE GP in the Transaction* beginning on page 95 of this proxy statement/prospectus.

Q: How do the Affiliated Unitholders intend to vote?

A: As of the record date of the Special Meeting, the Affiliated Unitholders owned, in the aggregate, [26,492,074] SXE Common Units, [12,213,713] SXE Subordinated Units and [18,656,071] SXE Class B Convertible Units. Simultaneously with the execution of the Merger Agreement, Southcross Holdings, Holdings GP and Holdings Borrower entered into the Support Agreement with AMID. Pursuant to the Support Agreement, Southcross Holdings, Holdings GP and Holdings Borrower have agreed to vote all of their SXE Subordinated Units and SXE Class B Convertible Units in favor of the Merger and the approval of the Merger Agreement and the transactions contemplated thereby. Pursuant to the Third Amended and Restated Limited Partnership Agreement of SXE (the SXE Partnership Agreement), SXE Common Units owned by Southcross Holdings and its affiliates will not be entitled to vote for, and will not be counted toward the required majority vote for, approval of the Merger Agreement or the Merger. SXE Common Units owned by Southcross Holdings and its affiliates will be entitled to vote for, and will be counted toward the required majority vote for, the Advisory Compensation Proposal.

Q: What are the related compensation payments to SXE GP named executive officers and why am I being asked to vote on them?

A: The Securities and Exchange Commission (SEC) has adopted rules that require SXE to seek an advisory (non-binding) vote on the compensation payments related to the Merger. The related compensation payments are certain compensation payments that are tied to or based on the Merger and that will or may be paid by SXE to its named executive officers in connection with the Merger. This proposal is referred to as the Advisory Compensation Proposal.

Q: Does the SXE GP Board recommend that unitholders approve the Advisory Compensation Proposal?

A: Yes. The SXE GP Board unanimously recommends that you vote FOR the Advisory Compensation Proposal. See *Proposal No. 2 Advisory Vote to Approve Merger-Related Compensation for SXE Named Executive Officers* beginning on page 221 of this proxy statement/prospectus.

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Q: What happens if the Advisory Compensation Proposal is not approved?

A: Approval of the Advisory Compensation Proposal is not a condition to completion of the Merger. The vote is an advisory vote and is not binding. If the Merger is completed, SXE will pay the related compensation to its named executive officers in connection with the Merger even if SXE Unitholders fail to approve the Advisory Compensation Proposal.

Q: What unitholder vote is required for the approval of each proposal?

A: The following are the vote requirements for each proposal:

Merger Proposal. The affirmative vote of holders of at least a majority of the outstanding SXE Common Units (excluding the outstanding Affiliated SXE Common Units), the affirmative vote of holders of at least a majority of the outstanding SXE Subordinated Units, and the affirmative vote of holders of at least a majority of the outstanding SXE Class B Convertible Units, voting as separate classes. Abstentions and unvoted SXE Units will have the same effect as votes AGAINST the proposal.

Advisory Compensation Proposal. The affirmative vote of holders of at least a majority of the outstanding SXE Common Units (including the outstanding Affiliated SXE Common Units). Abstentions and unvoted SXE Units will have the same effect as votes AGAINST the proposal.

Pursuant to the Support Agreement, the Affiliated Unitholders, which collectively own 100% of the SXE Subordinated Units and 100% of the SXE Class B Convertible Units entitled to vote at the Special Meeting, have agreed to vote all of such SXE Subordinated Units and SXE Class B Convertible Units in favor of approval of the Merger Proposal and any other matter necessary for the consummation of the Merger.

Q: What constitutes a quorum for the Special Meeting?

A: At least a majority of the outstanding SXE Common Units (including the outstanding SXE Common Units owned by the Affiliated Unitholders), a majority of the outstanding SXE Subordinated Units, and a majority of the outstanding SXE Class B Convertible Units, considered as separate classes, must be represented in person or by proxy at the Special Meeting in order to constitute a quorum.

Q: What other transactions will occur in connection with the Merger?

A: Pursuant to the Contribution Agreement, substantially concurrently with, and as a condition to, the Merger, Southcross Holdings will contribute to AMID and AMID GP its equity interests in SXH Holdings, which will hold substantially all the current subsidiaries (Southcross Holdings Intermediary LLC, Southcross Holdings Guarantor GP LLC and Southcross Holdings Guarantor LP (together referred to herein as SXH), which in turn directly or indirectly own 100% of the limited liability company interest of SXE GP, 100% of the outstanding SXE Class B Convertible Units, 100% of the outstanding SXE Subordinated Units and approximately 55% of the outstanding SXE Common Units) and business of Southcross Holdings, in exchange for (i) the number of AMID Common Units equal to $185,697,148, subject to certain adjustments for cash, indebtedness, working capital and transaction expenses contemplated by the Contribution Agreement, divided by $13.69, (ii) 4.5 million new series E convertible preferred units of AMID (series E preferred units), (iii) options to acquire 4.5 million AMID Common Units, and (iv) 15% of the equity interest in AMID GP.

Q: When is this proxy statement/prospectus being mailed?

A: This proxy statement/prospectus and the proxy card are first being sent to SXE Unitholders on or about [ ], 2018.

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Q: When and where is the Special Meeting?

A: The Special Meeting will be held at the Houston offices of Locke Lord LLP, JPMorgan Chase Tower, 600 Travis Street, Suite 2800, Houston, TX 77002, on March 27, 2018, at 10 a.m., Central Time.

Q: How do I vote my SXE Units at the Special Meeting?

A: There are four ways you may cast your vote. You may vote:

In Person. If you are a unitholder of record, you may vote in person at the Special Meeting. SXE Units held by a broker, bank or other nominee may be voted in person by you only if you obtain a legal proxy from the record holder (which is your broker, bank or other nominee) giving you the right to vote the SXE Units;

Via the Internet. You may vote electronically via the Internet by accessing the Internet address provided on each proxy card (if you are a unitholder of record) or vote instruction card (if your SXE Units are held by a broker, bank or other nominee);

By Telephone. You may vote by using the toll-free telephone number listed on the enclosed proxy card (if you are a unitholder of record) or vote instruction card (if your SXE Units are held by a broker, bank or other nominee); or

By Mail. You may vote by filling out, signing and dating the enclosed proxy card (if you are a unitholder of record) or vote instruction card (if your SXE Units are held by a broker, bank or other nominee) and returning it by mail in the prepaid envelope provided.

Even if you plan to attend the Special Meeting in person, you are encouraged to submit your proxy as described above so that your vote will be counted if you later decide not to attend the Special Meeting.

If your SXE Units are held by a broker, bank or other nominee, also known as holding units in street name, you should receive instructions from the broker, bank or other nominee that you must follow in order to have your SXE Units voted. Please review such instructions to determine whether you will be able to vote via the Internet or by telephone. The deadline for voting SXE Units by telephone or electronically through the Internet is 11:59 p.m., Eastern Time, on March 26, 2018 (the Telephone/Internet Deadline).

Q: If my SXE Units are held in street name by my broker, will my broker automatically vote my SXE Units for me?

A: No. If your SXE Units are held in an account at a broker or through another nominee, you must instruct the broker or other nominee on how to vote your SXE Units by following the instructions that the broker or other nominee provides to you with these materials. Most brokers offer the ability for unitholders to submit voting instructions by mail by completing a voting instruction card, by telephone and via the Internet.

If you do not provide voting instructions to your broker, your SXE Units will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is referred to as a broker non-vote. Under the current

rules of the NYSE, brokers do not have discretionary authority to vote on any of the proposals, including the Merger Proposal. Accordingly, the broker cannot register your SXE Units as being present at the Special Meeting for purposes of determining a quorum, and will not be able to vote on those matters for which specific authorization is required. A broker non-vote will have the same effect as a vote AGAINST the Merger Proposal and the Advisory Compensation Proposal.

Q: How will my SXE Units be represented at the Special Meeting?

A: If you submit your proxy by telephone, the Internet website or by signing and returning your proxy card, the officers named in your proxy card will vote your SXE Units in the manner you requested if you correctly

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submitted your proxy. If you sign your proxy card and return it without indicating how you would like to vote your SXE Units, your proxy will be voted as the SXE GP Board recommends, which is:

Merger Proposal: FOR the approval of the Merger Agreement and the transactions contemplated thereby, including the Merger; and

Advisory Compensation Proposal: FOR the approval, on an advisory (non-binding) basis, of the related compensation payments that will or may be paid to SXE named executive officers in connection with the Merger.

Q: Who may attend the Special Meeting?

A: SXE Unitholders (or their authorized representatives) and SXE s invited guests may attend the Special Meeting. All attendees at the Special Meeting should be prepared to present government-issued photo identification (such as a driver s license or passport) for admittance.

Q: Is my vote important?

A: Yes, your vote is very important. If you do not submit a proxy or vote in person at the Special Meeting, it will be more difficult for SXE to obtain the necessary quorum to hold the Special Meeting. In addition, an abstention or your failure to submit a proxy or to vote in person will have the same effect as a vote AGAINST the approval of the Merger Agreement and the transactions contemplated thereby. If you hold your SXE Units through a broker or other nominee, your broker or other nominee will not be able to cast a vote on such approval without instructions from you. The SXE GP Board recommends that SXE Unitholders vote FOR the Merger Proposal.

Q: Can I revoke my proxy or change my voting instructions?

A: Yes. If you are a unitholder of record, you may revoke your proxy and/or change your vote at any time before the telephone/internet deadline or before the polls close at the Special Meeting by:

sending a written notice, no later than the telephone/internet deadline, to Southcross Energy Partners, L.P. at 1717 Main Street, Suite 5200, Dallas, TX 75201, Attention: Corporate Secretary, that bears a date later than the date of this proxy and is received prior to the Special Meeting and states that you revoke your proxy;

submitting a valid, later-dated proxy by mail, telephone or Internet that is received prior to the Special Meeting; or

attending the Special Meeting and voting by ballot in person (your attendance at the Special Meeting will not, by itself, revoke any proxy that you have previously given).

If you hold your SXE Units through a broker or other nominee, you must follow the directions you receive from your broker or other nominee in order to revoke your proxy or change your voting instructions.

Q: What happens if I sell my SXE Units after the record date but before the Special Meeting?

A: The record date for the Special Meeting is earlier than the date of the Special Meeting and earlier than the date that the Merger is expected to be completed. If you sell or otherwise transfer your SXE Units after the record date but before the date of the Special Meeting, you will retain your right to vote at the Special Meeting. However, you will not have the right to receive the Merger consideration to be received by SXE s Unitholders in the Merger. In order to receive the Merger consideration, you must hold your SXE Units through completion of the Merger.

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Q: What does it mean if I receive more than one proxy card or vote instruction card?

A: Your receipt of more than one proxy card or vote instruction card may mean that you have multiple accounts with SXE s transfer agent or with a brokerage firm, bank or other nominee. If voting by mail, please sign and return all proxy cards or vote instruction cards to ensure that all of your SXE Units are voted. Each proxy card or vote instruction card represents a distinct number of SXE Units, and it is the only means by which those particular SXE Units may be voted by proxy.

Q: Am I entitled to appraisal rights if I vote against the approval of the Merger Agreement?

A: No. Appraisal rights are not available in connection with the Merger under the Delaware Revised Uniform Limited Partnership Act (the Delaware LP Act) or under the SXE Partnership Agreement.

Q: Is completion of the Merger subject to any conditions?

A: Yes. In addition to the approval of the Merger Agreement by SXE Unitholders, completion of the Merger requires the closing of the Contribution in accordance with the terms of the Contribution Agreement (which contains additional conditions to closing), the receipt of the necessary governmental clearances and the satisfaction or, to the extent permitted by applicable law, waiver of the other conditions specified in the Merger Agreement.

Q: When do you expect to complete the Merger?

A: AMID and SXE currently expect to complete the Merger in the second quarter of 2018, subject to receipt of SXE Unitholder approval, regulatory approvals and clearances, the substantially simultaneous closing of the Contribution and other usual and customary closing conditions. However, no assurance can be given as to when, or if, the Merger will occur.

Q: What are the material U.S. federal income tax consequences of the Merger to the SXE Unitholders?

A: Except to the extent that cash or nonqualified liability assumption causes the Merger to be treated as a disguised sale, and except to the extent amounts are deducted and withheld by AMID or the Exchange Agent, no gain or loss should be recognized by SXE Unitholders holding SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units (other than SXE Common Units, SXE Subordinated Units, SXE Class B Convertible Units or other equity interests in SXE held by Southcross Holdings or an affiliate, subsidiary or partner thereof or AMID or any of its affiliates) solely as a result of the receipt of the Merger consideration, other than any gain resulting from (i) any actual or constructive distribution of cash, including as a result of any decrease in partnership liabilities pursuant to Section 752 of the Internal Revenue Code of 1986, as amended (the Code), (ii) the receipt of any Merger consideration that is not pro rata with the other holders of the same class of units (other than units held by Southcross Holdings or an affiliate, subsidiary or partner thereof or AMID or any of its affiliates) or, as described in *Material U.S. Federal Income Tax Consequences of the Merger* , the IRS successfully determines that the Merger consideration issued to holders of SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units is disproportionate to their pro rata shares of SXE and its assets prior to the Merger or (iii) any liabilities incurred other than in the ordinary course of business of SXE or its subsidiaries), provided, however, that such conclusion does not extend to any SXE Unitholder who acquired SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units from SXE in exchange for property or services other than cash. The amount and effect of any gain that may be recognized by SXE Unitholders holding SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units will depend on such unitholder s particular situation, including the ability of such unitholder to utilize any suspended passive losses.

SXE Unitholders are urged to read the discussion in the section entitled *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 134 of this proxy statement/prospectus for a more complete discussion of the U.S. federal income tax consequences of the Merger, and to consult their tax advisors as to the U.S. federal income tax consequences of the transaction, as well as the effects of state, local and non-U.S. tax laws.

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Q: What are the expected U.S. federal income tax consequences for an SXE Unitholder of the ownership of AMID Common Units after the Merger is completed?

A: Each SXE Unitholder who becomes a holder of AMID Common Units as a result of the Merger will, as is the case for existing holders of AMID Common Units, be allocated such unitholder s distributive share of AMID s income, gains, losses, deductions and credits. In addition to U.S. federal income taxes, such a holder will be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangibles taxes that may be imposed by the various jurisdictions in which AMID conducts business or owns property or in which the unitholder is resident. See *Material U.S. Federal Income Tax Consequences of AMID Common Unit Ownership*.

Q: How many Schedule K-1s will I receive if I am an SXE Unitholder for the year during which the Merger closes?

A: You will receive two Schedule K-1s, one from SXE, which will describe your share of SXE s income, gain, loss and deduction for the portion of the tax year that you held SXE Units prior to the Effective Time of the Merger, and one from AMID, which will describe your share of AMID s income, gain, loss and deduction for the portion of the tax year you held AMID Common Units following the Effective Time of the Merger.

SXE s taxable year will terminate as of the Effective Time of the Merger and SXE expects to furnish a Schedule K-1 to each SXE Unitholder in the first quarter of 2019, AMID expects to furnish a Schedule K-1 to each holder of AMID Common Units (the AMID Common Unitholders and, together with the holders of series A preferred units, series C preferred units and series E preferred units, the AMID Unitholders) within 90 days of the closing of AMID s taxable year on December 31, 2018.

Q: What do I need to do now?

A: Carefully read and consider the information contained in and incorporated by reference into this proxy statement/prospectus, including its annexes. Then, please vote your SXE Units in accordance with the instructions described above.

If you hold SXE Units through a broker or other nominee, please instruct your broker or nominee to vote your SXE Units by following the instructions that the broker or nominee provides to you with these materials.

Q: Whom should I call with questions?

A: SXE Unitholders should call Georgeson LLC, SXE s proxy solicitor, with any questions about the Merger or the Special Meeting, or to obtain additional copies of this proxy statement/prospectus, proxy cards or voting instruction forms.

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SUMMARY

The following is a summary of the information contained in this proxy statement/prospectus relating to the Merger. This summary may not contain all of the information about the Merger that is important to you. For a more complete description of the Merger, AMID and SXE encourage you to read carefully this entire proxy statement/prospectus, including the attached annexes. In addition, AMID and SXE encourage you to read the information incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about AMID and SXE. SXE Unitholders may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled Where You Can Find More Information beginning on page 227 of this proxy statement/prospectus.

The Merger

AMID and SXE have agreed to combine their businesses under the terms of the Merger Agreement that is described in this proxy statement/prospectus. Under the terms of the Merger Agreement, a wholly owned subsidiary of AMID will merge with SXE, with SXE surviving as a wholly owned subsidiary of AMID. Upon completion of the Merger, holders of SXE Common Units other than Affiliated Unitholders and AMID or any of its subsidiaries will be entitled to receive 0.160 of an AMID Common Unit for each SXE Common Unit held. Each SXE Common Unit, SXE Subordinated Unit and SXE Class B Convertible Unit held by Southcross Holdings or any of its subsidiaries and AMID or any of its subsidiaries outstanding immediately prior to the Effective Time will be cancelled for no consideration at the Effective Time of the Merger. As a result of the transactions contemplated by the Merger Agreement, including the Merger, former holders of SXE Common Units will own AMID Common Units. AMID Common Unitholders will continue to own their existing AMID Common Units after the Merger.

The Merger Agreement is attached as *Annex A* to this proxy statement/prospectus. We encourage you to read the Merger Agreement because it is the legal document that governs the terms and conditions of the Merger.

The Contribution

In connection with the Merger, Southcross Holdings, AMID and AMID GP entered into the Contribution Agreement, pursuant to which Southcross Holdings will contribute to AMID and AMID GP its equity interests in SXH Holdings, which will hold substantially all the current subsidiaries (Southcross Holdings Intermediary LLC, Southcross Holdings Guarantor GP LLC and Southcross Holdings Guarantor LP, which in turn directly or indirectly own 100% of the limited liability company interest of SXE GP, 100% of the outstanding SXE Class B Convertible Units, 100% of the outstanding SXE Subordinated Units and approximately 55% of the outstanding SXE Common Units) and business of Southcross Holdings, in exchange for (i) the number of AMID Common Units equal to $185,697,148, subject to certain adjustments for cash, indebtedness, working capital and transaction expenses contemplated by the Contribution Agreement, divided by $13.69, (ii) 4.5 million series E preferred units, (iii) options to acquire 4.5 million AMID Common Units and (iv) 15% of the equity interest in AMID GP.

In connection with the Contribution Agreement, certain funds or accounts managed or advised by EIG Global Energy Partners (the EIG Sponsors) and certain funds or accounts managed or advised by Tailwater Capital LLC (the Tailwater Sponsors and, together with the EIG Sponsors, the Sponsors) guaranteed, for the benefit of AMID, Southcross Holdings performance of certain post-closing obligations under the Contribution Agreement.

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Parties to the Merger (see page 42)

American Midstream Partners, LP

2103 CityWest Blvd., Bldg. 4, Suite 800

Houston, TX 77042

Phone: (346) 241-3400

AMID is a growth-oriented Delaware limited partnership that was formed in August 2009 to own, operate, develop and acquire a diversified portfolio of midstream energy assets. It is engaged in the business of gathering, treating, processing, and transporting natural gas; gathering, transporting, storing, treating and fractionating natural gas liquids (NGLs); gathering, storing and transporting crude oil and condensates; and storing specialty chemical products and selling refined products. AMID owns or has ownership interests in more than 5,100 miles of onshore and offshore natural gas, crude oil, NGL and saltwater pipelines across 17 gathering systems, seven interstate pipelines and nine intrastate pipelines; eight natural gas processing plants; four fractionation facilities; an offshore semi-submersible floating production system with nameplate processing capacity of 100 thousand barrels per day (MBbl/d) of crude oil and 240 million cubic feet per day (MMcf/d) of natural gas; six terminal sites with approximately 6.7 million barrels (MMBbls) of above-ground aggregate storage capacity; and 75 crude oil transportation trucks and a fleet of 95 trailers.

American Midstream GP, LLC

2103 CityWest Blvd., Bldg. 4, Suite 800

Houston, TX 77042

Phone: (346) 241-3400

AMID GP is the general partner of AMID. Its board of directors (the AMID GP Board) and executive officers manage AMID. AMID GP is 77% owned by High Point Infrastructure Partners, LLC (HPIP) and 23% owned by AMID GP Holdings, LLC (AMID GP Holdings), both of which are affiliates of ArcLight Capital Partners, LLC (ArcLight Capital). Through HPIP, ArcLight Capital controls AMID GP. AMID holds assets through a number of subsidiaries.

Cherokee Merger Sub LLC

c/o American Midstream Partners, LP

2103 CityWest Blvd., Bldg. 4, Suite 800

Houston, TX 77042

Phone: (346) 241-3400

AMID Merger Sub, a Delaware limited liability company and a wholly owned subsidiary of AMID, was formed solely for the purpose of facilitating the Merger. AMID Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the Merger Agreement. By operation of the Merger, AMID Merger Sub will be merged with and into

SXE, with SXE surviving the Merger as a wholly owned subsidiary of AMID.

Southcross Energy Partners, L.P.

1717 Main Street, Suite 5200

Dallas, TX 75201

Phone: (214) 979-3700

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SXE is a master limited partnership that provides natural gas gathering, processing, treating, compression and transportation services and NGL fractionation and transportation services. It also sources, purchases, transports and sells natural gas and NGLs. Its assets are located in South Texas, Mississippi and Alabama and include two gas processing plants, one fractionation plant, one treating facility and approximately 3,100 miles of gathering and transportation pipeline. The South Texas assets are located in or near the Eagle Ford shale region.

Southcross Energy Partners GP, LLC

1717 Main Street, Suite 5200

Dallas, TX 75201

Phone: (214) 979-3700

Southcross Energy Partners GP, LLC is the general partner of SXE. Its board of directors and executive officers manage SXE. Southcross Holdings indirectly owns 100% of and controls SXE GP.

Merger Consideration (see page 108)

The Merger Agreement provides that, at the Effective Time, each SXE Common Unit issued and outstanding as of immediately prior to the Effective Time (other than SXE Common Units held by Affiliated Unitholders and AMID or any of its subsidiaries) will be converted into the right to receive 0.160 of an AMID Common Unit. Each SXE Common Unit, SXE Subordinated Unit and SXE Class B Convertible Unit held by Southcross Holdings or any of its subsidiaries and AMID or any of its subsidiaries, issued and outstanding as of the Effective Time, will be cancelled at the Effective Time for no consideration. The incentive distribution rights in SXE outstanding immediately prior to the Effective Time and any equity interest in SXE owned upon consummation of the Merger and immediately prior to the Effective Time by AMID, SXE or any of their respective subsidiaries will be cancelled for no consideration.

Treatment of SXE Equity-Based Awards (see page 109)

Each award of SXE LTIP Units that is outstanding immediately prior to the Effective Time, automatically and without any action on the part of the holder of such SXE LTIP Unit, will at the Effective Time be fully vested and settled in the form of SXE Common Units, provided that SXE will withhold a portion of the SXE Common Units that would otherwise be delivered upon vesting equal to the amount of any applicable federal, state and local taxes. The holder of the SXE Common Units provided in exchange for SXE LTIP Units will receive the consideration as described above. See *The Merger Agreement Merger Consideration*.

The SXE Special Unitholder Meeting (see page 44)

Meeting. The Special Meeting will be held at the time and place specified in the Notice of Meeting. At the Special Meeting, SXE Unitholders will be asked to vote on the following proposals:

> ***Merger Proposal:*** To approve the Merger Agreement, a copy of which is attached as *Annex A* to this proxy statement/prospectus, and the transactions contemplated thereby, including the Merger; and

Advisory Compensation Proposal*:* To approve, on an advisory (non-binding) basis, the compensation that may be paid by SXE to its named executive officers in connection with the Merger.

Who Can Vote at the Special Meeting. Only SXE Unitholders of record at the close of business on February 12, 2018 will be entitled to receive notice of and to vote at the Special Meeting. As of the close of business on the record date, there were [26,492,074] SXE Common Units, [12,213,713] SXE Subordinated Units and [18,656,071] SXE Class B Convertible Units outstanding and entitled to vote at the Special Meeting. Each holder of SXE Common Units, SXE Subordinated Units and SXE Class B Convertible Units is entitled to one

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vote for each SXE Common Unit, SXE Subordinated Unit and SXE Class B Convertible Unit owned as of the record date; provided that holders of Affiliated SXE Common Units will not be entitled to vote upon the Merger Proposal.

Required Vote. The affirmative vote of holders of at least a majority of the outstanding Non-Affiliated SXE Common Units is required to approve the Merger Agreement and the Merger. As of the record date, there were [22,144,280] Non-Affiliated SXE Common Units outstanding. The affirmative vote of a majority of the Non-Affiliated SXE Common Units would be deemed to approve the Merger for all purposes of Section 14.3(b) of the SXE Partnership Agreement. The affirmative vote of the holders of at least a majority of the outstanding SXE Subordinated Units and at least a majority of the SXE Class B Convertible Units is also required to approve the Merger Agreement and the Merger. The Affiliated Unitholders, which collectively own 100% of the SXE Subordinated Units and 100% of the SXE Class B Convertible Units entitled to vote at the Special Meeting, have agreed to vote all of such SXE Subordinated Units and SXE Class B Convertible Units in favor of approval of the Merger Proposal and any other matter necessary for the consummation of the Merger.

The affirmative vote of holders of at least a majority of the outstanding SXE Common Units (including the outstanding SXE Common Units owned by the Affiliated Unitholders) is required to approve, on an advisory (non-binding) basis, the related compensation payments that may be paid or become payable to SXE s named executive officers in connection with the Merger.

Abstentions will have the same effect as votes AGAINST approval and if you fail to cast your vote in person or by proxy or fail to give voting instructions to your broker, bank or other nominee and are otherwise represented in person or by proxy, it will have the same effect as a vote AGAINST the proposal.

Unit Ownership of and Voting by Affiliated Unitholders. As of the record date of the Special Meeting, the Affiliated Unitholders owned, in the aggregate, [26,492,074] SXE Common Units, [12,213,713] SXE Subordinated Units and [18,656,071] SXE Class B Convertible Units which respectively represent 100% of the SXE Subordinated Units and 100% of the SXE Class B Convertible Units outstanding and entitled to vote at the Special Meeting. Pursuant to the Support Agreement, the Affiliated Unitholders have agreed to vote all of their SXE Subordinated Units and SXE Class B Convertible Units in favor of the Merger and the approval of the Merger Agreement and the transactions contemplated thereby. Pursuant to the SXE Partnership Agreement, SXE Common Units owned by Southcross Holdings and its affiliates will not be entitled to vote for, and will not be counted toward the required majority vote for, approval of the Merger Agreement or the Merger. SXE Common Units owned by Southcross Holdings and its affiliates will be entitled to vote for, and will be counted toward the required majority vote for, the Advisory Compensation Proposal.

Recommendation of the SXE Conflicts Committee and the SXE GP Board and Reasons for the Merger (see page 75)

The SXE GP Board recommends that SXE Unitholders vote FOR the approval of the Merger Proposal and that SXE Unitholders vote FOR the Advisory Compensation Proposal.

In the course of reaching its decision to approve the Merger Agreement and the transactions contemplated by the Merger Agreement, the SXE GP Board considered a number of factors in its deliberations. For a more complete discussion of these factors, see *The Merger Recommendation of the SXE Conflicts Committee and the SXE GP Board and Reasons for the Merger*.

Opinion of the Financial Advisor to the SXE Conflicts Committee (see page 81)

In August 2017, the SXE Conflicts Committee retained Jefferies LLC (Jefferies) to act as the SXE Conflicts Committee s financial advisor in connection with certain potential strategic transactions, including a

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possible sale of, or other business combination involving, SXE and its affiliates, on the one hand, and AMID and its affiliates, on the other hand. At a meeting of the SXE Conflicts Committee on October 31, 2017, Jefferies rendered its opinion to the SXE Conflicts Committee to the effect that, as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken as set forth in its opinion, the Exchange Ratio pursuant to the Merger Agreement was fair, from a financial point of view, to the holders of SXE Common Units other than SXE, SXE GP, AMID, AMID GP, AMID Merger Sub, Southcross Holdings or any of their respective affiliates (collectively, the Unaffiliated SXE Unitholders), as more fully described in the section of this proxy statement/prospectus entitled *The Merger Opinion of the Financial Advisor to the SXE Conflicts Committee* beginning on page 81 of this proxy statement/prospectus.

The full text of the written opinion of Jefferies, dated as of October 31, 2017, is attached hereto as *Annex B*. Jefferies opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Jefferies in rendering its opinion. SXE encourages you to read Jefferies opinion carefully and in its entirety. Jefferies opinion was directed to the SXE Conflicts Committee (in its capacity as such) and addresses only the fairness, from a financial point of view, to the Unaffiliated SXE Unitholders of the Exchange Ratio pursuant to the Merger Agreement. It does not address the relative merits of the transactions contemplated by the Merger Agreement as compared to any alternative transaction or opportunity that might be available to SXE, nor does it address the underlying business decision by SXE or SXE GP to engage in the Merger or the terms of the Merger Agreement or the documents referred to therein. Jefferies opinion does not constitute a recommendation as to how any holder of SXE Common Units should vote on the Merger or any matter related thereto.

AMID Unitholder Approval is Not Required

AMID Unitholders are not required to approve the Merger Agreement or the Merger or the issuance of AMID Common Units in connection with the Merger.

Governance Matters After the Transaction (see page 94)

In connection with the closing of the Contribution, Southcross Holdings, as the Class D member of AMID GP following the closing of the Contribution, will appoint two directors reasonably acceptable to the Class A members of AMID GP to the board of AMID GP, expanding the AMID GP board from nine directors to 11 directors.

Ownership of AMID After the Transaction (see page 95)

AMID will issue approximately 3.5 million AMID Common Units to Unaffiliated SXE Unitholders in the Merger. AMID estimates that it will issue approximately 13.6 million AMID Common Units to Southcross Holdings (subject to certain adjustments and escrows) in connection with the Contribution. As of January 31, 2018, after the completion of the Transaction, it is expected that there will be outstanding approximately 69.8 million AMID Common Units. The AMID Common Units estimated to be issued to the SXE Unitholders and to Southcross Holdings in the Merger and in connection with the Contribution, respectively, will represent approximately 5% and 19.4%, respectively, of the outstanding AMID Common Units after the Transaction on a fully diluted basis.

Interests of the Directors and Executive Officers of SXE in the Transaction (see page 95)

SXE s directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of SXE Unitholders generally. The members of the SXE GP Board were aware of and considered these interests, among other matters, in evaluating and negotiating the Merger Agreement and the Merger, and in

recommending to the SXE Unitholders that the Merger Agreement be adopted.

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These interests include:

- The directors and executive officers of SXE are entitled to continued indemnification and insurance coverage in accordance with the Merger Agreement.
- The executive officers of SXE are entitled to payment of their annual incentive cash bonus awards for fiscal year 2017 at target level.
- Each executive officer of SXE is entitled to severance payments in the event of the executive officer s qualifying termination of employment within 12 months following the closing of the Merger.
- Unvested SXE LTIP Units held by each of the SXE executive officers will become fully vested and settled in SXE Common Units immediately prior to the Effective Time, subject to withholding for applicable taxes. Then, upon the Effective Time, each such SXE Common Unit shall be converted into the right to receive 0.160 of an AMID Common Unit. Any tandem dividend equivalent right issued in connection with such SXE LTIP Unit awards shall be settled as soon as administratively feasible following the Effective Time.
- All executive officers of SXE are entitled to Transaction Bonuses (as defined below) if they are employed by SXE GP as of the closing of the Merger.
- Unvested 2016 cash-based long term incentive awards held by certain of the SXE executive officers will become fully vested upon the closing of the Merger, such that each executive officer is entitled to receive a single lump sum cash payment within 30 days after the closing of the Merger.

Risks Relating to the Merger and Ownership of AMID Common Units (see page 32)

SXE Unitholders should consider carefully all the risk factors together with all of the other information included or incorporated by reference in this proxy statement/prospectus before deciding how to vote. Risks relating to the Merger and ownership of AMID Common Units are described in the section titled *Risk Factors*. Some of these risks include, but are not limited to, those described below:

- Because the Exchange Ratio is fixed and because the market price of AMID Common Units will fluctuate prior to the consummation of the Merger, SXE Unitholders cannot be sure of the market value of the AMID Common Units they will receive as Merger consideration relative to the value of SXE Common Units they exchange.
- AMID and SXE may be unable to obtain the regulatory clearances required to complete the Merger or, in order to do so, AMID and SXE may be required to comply with material restrictions or satisfy material conditions.

The Merger Agreement contains provisions that limit SXE s ability to pursue alternatives to the Merger, which could discourage a potential competing acquirer of SXE from making a favorable alternative transaction proposal and, in specified circumstances, including if unitholder approval is not obtained or if the Merger Agreement is terminated due to an adverse recommendation change having occurred, could require SXE to pay all of the reasonable documented out-of-pocket expenses incurred by AMID in connection with the Merger Agreement and the transactions contemplated thereby, in certain circumstances, up to a maximum amount of $500,000 and to pay AMID a termination fee of $2 million, less any expenses previously paid by SXE.

Directors and officers of SXE may have certain interests that are different from those of SXE Unitholders generally.

SXE Unitholders will have a reduced ownership in the combined organization after the Merger and will exercise less influence over management.

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AMID Common Units to be received by SXE Unitholders as a result of the Merger have different rights from SXE Common Units.

No ruling has been requested with respect to the U.S. federal income tax consequences of the Merger.

The intended U.S. federal income tax consequences of the Merger are dependent upon SXE and AMID being treated as partnerships for U.S. federal income tax purposes.

Conditions to Consummation of the Merger (see page 103)

AMID and SXE currently expect to complete the Transaction in the second quarter of 2018, subject to receipt of the required SXE Unitholder vote and regulatory approvals and clearances and to the satisfaction or waiver of the other conditions to the transactions contemplated by the Transaction Agreements described below.

As more fully described in this proxy statement/prospectus, each party s obligation to complete the transactions contemplated by the Merger Agreement depends on a number of customary closing conditions being satisfied or, where legally permissible, waived, including the following:

the Merger Agreement and the transactions contemplated thereby must have been approved by the affirmative vote of the holders of at least a majority of the outstanding Non-Affiliated SXE Common Units, the holders of at least a majority of the outstanding SXE Subordinated Units and the holders of at least a majority of the SXE Class B Convertible Units, voting as separate classes;

the waiting period applicable to the Merger, if any, under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended (the HSR Act), must have been terminated or expired;

no law, injunction, judgment or ruling enacted, promulgated, issued, entered, amended or enforced by any governmental authority will be in effect enjoining, restraining, preventing or prohibiting the consummation of the transactions contemplated by the Merger Agreement or making the consummation of such transactions illegal;

the registration statement of which this proxy statement/prospectus forms a part must have been declared effective by the SEC and must not be subject to any stop order or proceedings initiated or threatened by the SEC;

the AMID Common Units to be issued in the Merger must have been approved for listing on the NYSE, subject to official notice of issuance;

closing of the Contribution must have occurred in accordance with the terms of the Contribution Agreement;

AMID must have received from Gibson, Dunn & Crutcher LLP (Gibson Dunn), counsel to AMID, a written opinion regarding certain U.S. federal income tax matters, as described under *The Merger Agreement Conditions to Consummation of the Merger* ; and

SXE must have received from Locke Lord LLP (Locke Lord), counsel to SXE, a written opinion regarding certain U.S. federal income tax matters, as described under *The Merger Agreement Conditions to Consummation of the Merger* .

The obligation of AMID to effect the Merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of SXE in the Merger Agreement being true and correct both when made and at and as of the date of the closing of the Merger, subject to certain standards, including materiality and material adverse effect qualifications, as described under *The Merger Agreement Conditions to Consummation of the Merger*;

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SXE and SXE GP having performed, in all material respects, all obligations required to be performed by them under the Merger Agreement; and

the receipt of an officer s certificate executed by an executive officer of SXE certifying that the two preceding conditions have been satisfied.

The obligation of SXE to effect the Merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of AMID in the Merger Agreement being true and correct both when made and at and as of the date of the closing of the Merger, subject to certain standards, including materiality and material adverse effect qualifications, as described under *The Merger Agreement Conditions to Consummation of the Merger*;

AMID and AMID GP having performed, in all material respects, all obligations required to be performed by them under the Merger Agreement;

the receipt of an officer s certificate executed by an executive officer of AMID certifying that the two preceding conditions have been satisfied; and

AMID having either paid or caused to be paid on behalf of SXE (i) the dollar amount of all indebtedness and any other amounts required to be paid under SXE s credit facilities in order to fully pay off SXE s credit facilities and (ii) as applicable, to such accounts as designated in a qualifying notes payoff letter by Southcross Holdings and/or the Sponsors, and in accordance with the qualifying notes payoff letter, the dollar amount of indebtedness and any other amounts required to be paid in order to fully pay off the qualifying notes.

In addition, the Contribution Agreement contains customary representations and warranties and covenants by each of the parties. The closing under the Contribution Agreement is conditioned upon, among other things: (i) expiration or termination of any applicable waiting period under the HSR Act, (ii) the absence of certain legal impediments prohibiting the transactions, and (iii) with respect to AMID s obligation to close only, the conditions precedent contained in the Merger Agreement having been satisfied or being satisfied concurrently with the closing of the Contribution Agreement. In the event the condition described in clause (iii) is not satisfied, subject to satisfaction or waiver of the other conditions to the Contribution, AMID has the ability to waive the condition described in clause (iii) and consummate the Contribution without consummating the Merger.

Regulatory Approvals and Clearances Required for the Transaction (see page 98)

Consummation of the Merger is conditioned on the expiration or termination of a 30-day waiting period under the HSR Act. On November 28, 2017, AMID and SXE filed Notification and Report Forms (HSR Forms) with the Antitrust Division of the Department of Justice (the Antitrust Division) and the Federal Trade Commission (the FTC). On December 8, 2017, AMID and SXE received early termination of the applicable waiting period under the HSR Act. The Merger is also subject to review by state regulatory authorities such as the Mississippi Public Services Commission (MPSC). See *The Merger Regulatory Approvals and Clearances Required for the Transaction*.

Amendments to the Existing AMID Partnership Agreement (see page 98)

In connection with the closing of the Merger, AMID GP will enter into the Sixth Amended and Restated Agreement of Limited Partnership of AMID (the AMID Partnership Agreement).

In conjunction with the Merger, and as partial consideration under the Contribution Agreement, AMID will issue to Southcross Holdings 4.5 million series E preferred units. Concurrently with the closing of the

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Transaction, AMID GP will enter into the AMID Partnership Agreement to reflect the issuance of series E preferred units. Series E preferred units have the right to receive cumulative distributions in the same priority as distributions to the series A preferred units and series C preferred units and prior to any other distributions made in respect of the common units (the series E quarterly distribution). Distributions on series E units can be made with paid-in-kind series E units, cash or a combination thereof, at the discretion of the AMID GP Board.

The AMID Partnership Agreement amends certain rights and preferences of holders of series C preferred units. In AMID GP s discretion, the quarterly distribution with respect to series C preferred units representing underlying AMID Common Units having a value of $50 million based upon the closing price of AMID Common Units on the trading date immediately preceding the applicable record date for such conversion the $50 million of series C preferred units (as defined below) may instead be paid as (x) an amount in cash up to the series C distribution rate, as such term is defined in the AMID Partnership Agreement, and (y) a number of series C preferred units equal to (a) the remainder of (i) the series C distribution rate less (ii) the amount of cash paid pursuant to clause (x), divided by (b) the series C adjusted issue price, as such term is defined in the AMID Partnership Agreement. In AMID GP s discretion, the series C quarterly distribution with respect to the remaining series C preferred units (that is, other than the $50 million of Series C Preferred Units) may be paid as (x) an amount in cash up to the greater of (a) $0.4125 per unit and (b) the series C subsequent distribution rate, as such term is defined in the AMID Partnership Agreement, and (y) a number of series C PIK preferred units equal to (a) the remainder of (i) the greater of (I) $0.4125 and (II) the series C subsequent distribution rate less (ii) the amount of cash paid pursuant to clause (x), divided by (b) the series C adjusted issue price. The AMID Partnership Agreement also provides the Partnership with certain redemption rights related to the series C preferred units. The $50 million series C preferred units are convertible upon the election of the Partnership at any time after the series E preferred units become convertible.

The AMID Partnership Agreement provides each of Southcross Holdings and its permitted transferees of series E preferred units that is the registered holder of any series E preferred units (Holdings) with certain limited preemptive rights. If AMID issues to the Class A Member, as such term is defined in the Amended GP LLC Agreement (as defined below), or its affiliates limited partnership interests of the same class held by Holdings (other than issuances of PIK preferred units or issuances of limited partner interests purchased by the general partner to maintain its percentage interest as described above), Holdings has the right to purchase limited partner interests of such class from AMID up to the amount necessary to maintain its aggregate percentage interest equal to that which existed immediately prior to the issuance of such limited partner interests on the same terms provided to the Class A Member or its affiliates. Further, if AMID issues to Magnolia Infrastructure Holdings, LLC (Magnolia), or any of its affiliates that holds series C preferred units (the Magnolia LPs), or any of their respective affiliates limited partner interests (other than (i) issuances of PIK preferred units or conversion units, (ii) issuances of limited partner interests purchased by the general partner to maintain its percentage interest as described above, (iii) issuances to finance a capital improvement or the replacement of a capital asset or (iv) issuances to all holders of common units on a pro rata basis), Holdings has the right to purchase such limited partner interests from AMID up to the amount necessary to maintain its percentage interest equal to that which existed immediately prior to the issuance of such limited partner interests on the same terms provided to Magnolia, the Magnolia LPs or any of their respective affiliates.

Under the AMID Partnership Agreement, AMID has agreed to register for resale under the Securities Act and applicable state securities laws any AMID Common Units, series A preferred units, series C preferred units, series E preferred units or other partnership securities proposed to be sold by Holdings or any of its affiliates, if an exemption from the registration requirements is not otherwise available. AMID is not obligated to effect more than two registrations at the request of Holdings or its affiliates. These registration rights continue, following any withdrawal or removal of AMID GP as the AMID general partner, for two years and for so long thereafter as is required for the holder to sell its partnership securities. AMID is obligated to pay all expenses incidental to the registration at the request of Holdings or its affiliates, excluding underwriting discounts and commissions, but

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only to the extent such request is made within 20 days after the issuance of common units pursuant to AMID s right to exercise its series E conversion right, and all costs and expenses of any other such registration shall be paid by Holdings or its affiliates.

For a description of the relative rights and preferences of holders of series C preferred units and series E preferred units, see *The AMID Partnership Agreement* and *Provisions of the AMID Partnership Agreement Relating to Cash Distributions*. This is only a summary of material changes to the Existing AMID Partnership Agreement and is qualified in its entirety by reference to the form AMID Partnership Agreement filed as an exhibit to this registration statement of which this proxy statement/prospectus forms a part.

No Solicitation by SXE of Alternative Proposals (see page 106)

The Merger Agreement provides that SXE and SXE GP will not, and SXE will cause its subsidiaries and use reasonable best efforts to cause its and its subsidiaries directors, officers, employees, investment bankers, financial advisors, attorneys, accountants, agents and other representatives not to, directly or indirectly:

- solicit, initiate, knowingly facilitate, knowingly encourage (including by way of furnishing confidential information) or knowingly induce or take any other action intended to lead to any inquiries or any proposals that constitute the submission of an alternative proposal;

- grant approval to any person to acquire 20% or more of any partnership securities issued by SXE without such person being subject to the limitations in SXE s partnership agreement that prevent certain persons or groups that beneficially own 20% or more of any outstanding partnership securities of any class then outstanding from voting any partnership securities of such party on any matter; or

- except as permitted by the Merger Agreement, enter into any confidentiality agreement, merger agreement, letter of intent, agreement in principle, unit purchase agreement, asset purchase agreement or unit exchange agreement, option agreement or other similar agreement relating to an alternative proposal.

In addition, the Merger Agreement requires SXE and its subsidiaries to (i) cease and cause to be terminated any discussions or negotiations with any persons conducted prior to the execution of the Merger Agreement regarding an alternative proposal, (ii) request the return or destruction of all confidential information previously provided to any such persons, and (iii) immediately prohibit any access by any persons (other than AMID and its representatives) to any physical or electronic data room relating to a possible alternative proposal.

SXE has also agreed in the Merger Agreement that it (i) will promptly, and in any event within 48 hours after receipt, notify AMID of any alternative proposal or any request for information or inquiry with regard to any alternative proposal and the identity of the person making any such alternative proposal, request or inquiry (including providing AMID with copies of any written materials received from or on behalf of such person relating to such proposal, offer, request or inquiry) and (ii) will provide AMID with the material terms, conditions and nature of any such alternative proposal, request or inquiry. In addition, SXE agrees to keep AMID reasonably informed of all material developments affecting the status and terms of any such alternative proposals, offers, inquiries or requests (and promptly provide AMID with copies of any written materials received by it or that it has delivered to any third party making an alternative proposal that relate to such proposals, offers, requests or inquiries) and of the status of any such discussions or negotiations.

Change in SXE GP Board Recommendation (see page 107)

The Merger Agreement provides that SXE and SXE GP will not, and SXE will cause its subsidiaries and use reasonable best efforts to cause its representatives not to, directly or indirectly, withdraw, modify or qualify, or

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propose publicly to withdraw, modify or qualify, in a manner adverse to AMID, the recommendation of the SXE GP Board that SXE s Unitholders approve the Merger Agreement or publicly recommend the approval of, or publicly approve, or propose to publicly recommend or approve, any alternative proposal. In addition, subject to certain limitations, if SXE receives an alternative proposal it will, within 10 business days of receipt of a written request from AMID, publicly reconfirm the recommendation of the SXE GP Board that SXE s Unitholders approve the Merger Agreement.

SXE s taking or failing to take, as applicable, any of the actions described above is referred to as an adverse recommendation change.

Subject to the satisfaction of specified conditions in the Merger Agreement described under *The Merger Agreement Change in SXE GP Board Recommendation*, the SXE GP Board may, at any time prior to the approval of the Merger Agreement by SXE Unitholders, effect an adverse recommendation change in response to either (i) any alternative proposal constituting a designated proposal or (ii) a changed circumstance that was not known by the SXE GP Board prior to the date of the Merger Agreement, in each case if the SXE GP Board, after consultation with SXE GP s financial advisor and outside legal counsel, determines in good faith that the failure to take such action would not be in the best interest of SXE and would be inconsistent with its duties under the SXE Partnership Agreement and applicable law.

Termination of the Merger Agreement (see page 110)

AMID or SXE may terminate the Merger Agreement at any time prior to the Effective Time:

by mutual written consent; or

by either AMID or SXE:

- if the Merger has not occurred on or before June 1, 2018 (the Outside Date); provided, that the right to terminate is not available to a party if the inability to satisfy such condition was due to the failure of such party to perform any of its obligations under the Merger Agreement or if the other party has filed and is pursuing an action seeking specific performance pursuant to the terms of the agreement;

- if any governmental authority has issued a final and nonappealable law, injunction, judgment or ruling that enjoins, restrains, prevents or otherwise prohibits the consummation of the transactions contemplated by the Merger Agreement or makes the transactions contemplated by the Merger Agreement illegal; provided, however, that the right to terminate is not available to a party if such final law, injunction, judgment or rule was due to the failure of such party to perform any of its obligations under the agreement; or

- if the unitholders of SXE do not approve the Merger Agreement and the transactions contemplated thereby at the Special Meeting or any adjournment or postponement of such meeting.

AMID may terminate the Merger Agreement at any time prior to the Effective Time:

if an adverse recommendation change by the SXE GP Board has occurred; or

if there is a breach by SXE of any of its representations, warranties, covenants or agreements in the Merger Agreement such that certain closing conditions would not be satisfied or, if capable of being cured, such breach has not been cured within 30 days following delivery of written notice of such breach by AMID, subject to certain exceptions discussed in *The Merger Agreement Termination of the Merger Agreement*.

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SXE may terminate the Merger Agreement at any time prior to the Effective Time:

- if there is a breach by AMID of any of its representations, warranties, covenants or agreements in the Merger Agreement such that certain closing conditions would not be satisfied or, if capable of being cured, such breach has not been cured within 30 days following delivery of written notice of such breach by SXE, subject to certain exceptions discussed in *The Merger Agreement Termination of the Merger Agreement*.

In addition, the Merger Agreement will be automatically terminated without further action of any party to the Merger Agreement upon the termination of the Contribution Agreement.

Termination Fee and Expense Reimbursement (see page 111)

Generally, all fees and expenses incurred in connection with the transactions contemplated by the Merger Agreement will be the obligation of the respective party incurring such fees and expenses.

In addition, following a termination of the Merger Agreement in specified circumstances, SXE will be required to pay all of the reasonably documented out-of-pocket expenses incurred by AMID in connection with the Merger Agreement; provided, however, that in the event of a termination of the Merger Agreement by either party because the Merger was not approved at the Special Meeting of SXE Unitholders called for such purpose (or termination by SXE pursuant to a different termination provision provided in the Merger Agreement at a time when the Merger Agreement is terminable because the Merger was not approved at the Special Meeting of SXE Unitholders called for such purpose), SXE will pay AMID s out-of-pocket expenses, in certain circumstances, up to a maximum amount of $500,000.

Following termination of the Merger Agreement under specified circumstances, including due to an adverse recommendation change having occurred, SXE will be required to pay AMID a termination fee of $2 million, less any expenses previously reimbursed by SXE pursuant to the Merger Agreement.

Comparison of Rights of AMID Unitholders and SXE Unitholders (see page 191)

SXE Unitholders will own AMID Common Units following the completion of the Merger, and their rights associated with those AMID Common Units will be governed by the AMID Partnership Agreement, which differs in a number of respects from the SXE Partnership Agreement, and the Delaware LP Act.

Material United States Federal Income Tax Consequences of the Merger (see page 134)

Tax matters associated with the Merger are complicated. The U.S. federal income tax consequences of the Merger to an SXE Unitholder will depend, in part, on such unitholder s own tax situation. The tax discussions contained herein focus on the U.S. federal income tax consequences generally applicable to individuals who are residents or citizens of the United States that hold their SXE Units as capital assets, and these discussions have only limited application to other unitholders, including those subject to special tax treatment. SXE Unitholders are urged to consult their tax advisors for a full understanding of the U.S. federal, state, local and foreign tax consequences of the Merger that will be applicable to them.

In connection with the Merger, SXE expects to receive an opinion from Locke Lord to the effect that except to the extent that cash or nonqualified liability assumption causes the Merger to be treated as a disguised sale, and except to the extent amounts are deducted and withheld by AMID or the Exchange Agent: (A) no gain or loss should be

recognized by SXE Unitholders holding SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units (other than SXE Common Units, SXE Subordinated Units, SXE Class B Convertible Units or other equity interests in SXE held by Southcross Holdings or an affiliate, subsidiary or partner thereof or

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AMID or any of its affiliates) as a result of the Merger with respect to any SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units held by such SXE Unitholder (other than any gain resulting from (x) any actual or constructive distribution of cash, including as a result of any decrease in partnership liabilities pursuant to Section 752 of the Code, (y) the receipt of any merger consideration that is not pro rata with the other holders of the same class of units (other than units held by Southcross Holdings or an affiliate, subsidiary or partner thereof or AMID or any of its affiliates) or (z) any liabilities incurred other than in the ordinary course of business of SXE or its subsidiaries); provided that such opinion shall not extend to any SXE Unitholder who acquired SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units from SXE in exchange for property or services other than cash; and (B) SXE is classified as a partnership for U.S. federal income tax purposes.

In connection with the Merger, AMID expects to receive an opinion from Gibson Dunn, to the effect that for U.S. federal income tax purposes: (A) AMID should not recognize any income or gain as a result of the Merger (other than any gain resulting from any decrease in partnership liabilities pursuant to Section 752 of the Code); (B) no gain or loss should be recognized by AMID Common Unitholders as a result of the Merger (other than any gain resulting from (w) any decrease in partnership liabilities pursuant to Section 752 of the Code, (x) any liabilities incurred other than in the ordinary course of business of AMID or its subsidiaries, (y) any disposition or deemed disposition of non-pro rata Merger Consideration or (z) relating to an AMID Unit received for property or services other than cash); and (C) AMID is classified as a partnership for U.S. federal income tax purposes.

Opinions of counsel, however, are subject to limitations and are not binding on the Internal Revenue Service (IRS), and no assurance can be given that the IRS would not successfully assert a contrary position. In addition, opinions of counsel are based upon various factual assumptions, representations, warranties and covenants made by the officers of the SXE entities and AMID entities and any of their respective affiliates as to such matters as counsel may reasonably request. See *Material U.S. Federal Income Tax Consequences of the Merger* for a more complete discussion of the material U.S. federal income tax consequences of the Merger.

Accounting Treatment of the Merger (see page 100)

In accordance with accounting principles generally accepted in the United States and in accordance with the Financial Accounting Standards Board s Accounting Standards Codification Topic 805 Business Combinations, AMID will account for the merger as an acquisition of a business.

Listing of AMID Common Units; Delisting and Deregistration of SXE Common Units (see page 100)

AMID Common Units are currently listed on the NYSE under the ticker symbol AMID. It is a condition to closing that the AMID Common Units to be issued in the Merger to SXE Unitholders be approved for listing on the NYSE, subject to official notice of issuance.

SXE Common Units are currently listed on the NYSE under the ticker symbol SXE. If the Merger is completed, SXE Common Units will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

No Appraisal Rights (see page 100)

Appraisal rights are not available in connection with the Merger under the Delaware LP Act or under the SXE Partnership Agreement.

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Organizational Structure Prior to and Following the Merger

The following represents the simplified organizational structure of AMID and SXE prior to the Transaction(1):

(1) For purposes of the simplified organizational structure, all of AMID s preferred limited partner interests are presented as if converted to AMID Common Units, as of January 31, 2018.

(2) ArcLight Capital Holdings, LLC (ArcLight Holdings) is the sole manager and member of ArcLight Capital and, together with ArcLight Holdings and ArcLight Energy Partners Fund V, L.P. (Fund V), the ArcLight Entities). ArcLight Capital is the investment adviser to Fund V. ArcLight Holdings is the manager of the general partner of Fund V. Fund V directly owns Magnolia Infrastructure Holdings, LLC (Magnolia Holdings), which owns Magnolia Infrastructure Partners, LLC (Magnolia). Fund V, through Magnolia, also owns approximately 90% of the ownership interest in HPIP.

(3) AMID s directors and officers who are not affiliated with the ArcLight Entities collectively own an additional approximately 0.45% limited partner interest.

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The following represents the simplified organizational structure of the combined company following the Transaction(1):

(1) For purposes of the simplified organizational structure, all of AMID s preferred limited partner interests are presented as if converted to AMID Common Units, as of January 31, 2018.

(2) AMID s directors and officers who are not affiliated with the ArcLight Entities collectively own an additional approximately 0.37% limited partner interest.

(3) Indirectly held through subsidiaries contributed to AMID by Southcross Holdings immediately prior to the Merger.

(4) Following the Transaction, AMID GP will be entitled, but not required, to make an additional capital contribution to maintain its general partner interest of 1.28%.

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Litigation Related to the Merger (see page 100)

In connection with the Merger, as of February 8, 2018, five putative class actions have been filed in the United States District Court for the Northern District of Texas. The actions were filed against multiple entities and individuals, including by way of example only and among others, SXE, SXE GP, Southcross Holdings, Holdings GP, AMID, AMID Merger Sub, and certain former and current members of SXE executive management and the SXE GP Board.

The complaints generally allege, among other things, that the registration statement on Form S-4 (file no. 333-222501) of which this proxy statement/prospectus is a part is false and materially misleading and that the defendants have violated Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and Rule 14a-9 promulgated thereunder. Generally, the complaints seek class certification, injunctive relief, damages, declaratory relief, and attorney s fees and court costs.

All defendants deny any wrongdoing in connection with the proposed Transaction and plan to vigorously defend against all pending claims.

Selected Historical Financial Information of AMID

The following table sets forth AMID s selected historical consolidated financial data for the periods ended and as of the dates indicated. The consolidated statements of operations for the years ended December 31, 2016, 2015 and 2014 and the consolidated balance sheet data as of December 31, 2016 and 2015 have been derived from AMID s audited consolidated financial statements incorporated by reference into this proxy statement/prospectus. The consolidated statements of operations presented below for the years ended December 31, 2013 and 2012 and the consolidated balance sheet data presented below as of December 31, 2014, 2013 and 2012 are unaudited; however, they have been derived from AMID s audited consolidated financial statements that are not incorporated by reference into this proxy statement/prospectus. The consolidated statements of operations for the nine months ended September 30, 2017 and 2016 and the consolidated balance sheet data as of September 30, 2017 have been derived from AMID s unaudited condensed consolidated financial statements incorporated by reference into this proxy statement/prospectus. The data presented below has been prepared on the same basis as the audited consolidated financial statements included in AMID s Current Report on Form 8-K dated December 6, 2017 (the Recast Form 8-K), reflecting the change in classification of AMID s propane and marketing services business (the Propane Business) to discontinued operations for all periods presented. The data presented below should be read in conjunction with the consolidated financial statements and the related notes contained in the Recast Form 8-K and AMID s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017, and the section entitled *Management s Discussion and Analysis of Financial Condition and Results of Operations* contained in AMID s Current Report on Form 8-K/A dated December 6, 2017 and filed on December 12, 2017 and AMID s Quarterly Report on Form 10-Q/A for the quarterly period ended September 30, 2017, which are incorporated by reference into this proxy statement/prospectus. See the section entitled *Where You Can Find More Information* beginning on page 227 of this proxy statement/prospectus.

	Nine Months ended September 30,		For the Years Ended December 31,				
	2017[1] (unaudited)	2016[1] (unaudited)	2016[1]	2015[1]	2014[1]	2013[1] (unaudited)	2012[1, 2] (unaudited)
	(in thousands, except per unit data)						
Consolidated Statement of Operations							

Revenues							
Total operating revenue	$ 488,398	$ 413,153	$ 589,026	$ 750,304	$ 838,949	$ 436,021	$ 77,717
Operating expenses							
Costs of sales	342,886	270,712	393,351	567,682	672,948	331,831	72,520
Direct operating expenses	56,819	53,872	71,544	71,729	58,048	33,962	5,080
Corporate expenses	84,570	60,945	89,438	65,327	60,465	51,193	10,747
Depreciation, amortization and accretion	78,834	65,937	90,882	81,335	57,818	43,458	4,790
Loss (gain) on sale of assets, net	(4,064)	297	688	2,860	4,087	(17)	2

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	Nine Months ended September 30,		For the Years Ended December 31,				
	2017[1] (unaudited)	2016[1] (unaudited)	2016[1]	2015[1]	2014[1]	2013[1] (unaudited)	2012[1, 2] (unaudited)
	(in thousands, except per unit data)						
Loss on impairment of property, plant and equipment			697		21,344	8,830	
Loss on impairment of goodwill			2,654	148,488			
Total operating expenses	559,045	451,763	649,254	937,421	874,710	469,257	93,139
Operating loss	(70,647)	(38,610)	(60,228)	(187,117)	(35,761)	(33,236)	(15,422)
Other income (expense):							
Interest expense	(51,037)	(24,723)	(21,433)	(20,077)	(16,497)	(15,418)	(3,167)
Loss on extinguishment of debt					(1,634)		(497)
Other income (expense)	32,248	245	254	1,460	(1,096)	544	13
Earnings in unconsolidated affiliates	49,781	29,513	40,158	8,201	348		
Loss from continuing operations before income taxes	(39,655)	(33,575)	(41,249)	(197,533)	(54,640)	(48,110)	(19,073)
Income tax (expense) benefit	(2,611)	(1,839)	(2,580)	(1,885)	(856)	212	(185)
Loss from continuing operations	(42,266)	(35,414)	(43,829)	(199,418)	(55,496)	(47,898)	(19,258)
Discontinued operations:							
Income (loss) from discontinued operations	42,185	7,532	(4,715)	(423)	(24,071)	13,446	10,870
Net loss	(81)	(27,882)	(48,544)	(199,841)	(79,567)	(34,452)	(8,388)
Net income (loss) attributable to non-controlling interests	3,386	2,192	2,766	(13)	3,993	705	
Net loss attributable to the Partnership	$ (3,467)	$ (30,074)	$ (51,310)	$ (199,828)	$ (83,560)	$ (35,157)	$ (8,388)
General Partner s Interest in net loss	$ (98)	$ (235)	$ (233)	$ (1,823)	$ (398)	$ (864)	$
Limited Partners Interest in net loss	$ (3,369)	$ (29,839)	$ (51,077)	$ (198,005)	$ (83,162)	$ (34,293)	$ (8,388)
Limited Partners net (loss) per common unit:							
Basic and diluted:							
Loss from continuing operations	$ (1.35)	$ (1.14)	$ (1.51)	$ (4.91)	$ (2.77)	$ (3.21)	$ (1.19)
Income (loss) from discontinued operations	$ 0.81	$ 0.15	$ (0.09)	$ (0.01)	$ (0.52)	$ (0.07)	$ 0.61
Net loss	$ (0.54)	$ (0.99)	$ (1.60)	$ (4.92)	$ (3.29)	$ (3.28)	$ (0.58)

Weighted average number of common units outstanding:							
Basic and diluted [3]	52,021	51,310	51,176	45,050	27,524	18,931	12,069

	As of September 30, 2017[1] (unaudited)	2016[1]	2015[1]	As of December 31, 2014[1] (unaudited)	2013[1] (unaudited)	2012[1, 2] (unaudited)
	(in thousands, except per unit data)					
Balance Sheet Data						
Cash and cash equivalents	$ 6,739	$ 5,666	$ 1,987	$ 3,824	$ 3,627	$ 10,099
Accounts receivable and unbilled revenue	79,065	67,625	61,016	116,676	129,724	59,721
Property, plant and equipment, net	1,140,826	1,066,608	981,321	887,045	537,304	103,954
Total assets	2,023,207	2,349,321	1,751,889	1,865,210	1,292,695	562,124
Current portion of long-term debt	1,234	5,438	2,758	3,141	3,141	2,694
Long-term debt	1,057,845	1,235,538	687,100	456,965	314,764	164,429

(1) On March 8, 2017, AMID completed its acquisition of JP Energy Partners LP (JPE), an entity controlled by ArcLight Capital affiliates, in a unit-for-unit merger (JPE Acquisition). As both AMID and JPE were controlled by ArcLight Capital affiliates, the acquisition represented a transaction among entities under common control. The selected historical financial information for the periods presented has been retrospectively adjusted to give effect to the JPE Acquisition.

On September 1, 2017, AMID completed the disposition of its Propane Business. As a result of the disposition of its Propane Business, AMID classified the results of operations of the Propane Business as discontinued operations. The selected historical financial information for the periods presented has been retrospectively adjusted to reflect the change in classification of the Propane Business to discontinued operations.

(2) The 2012 selected financial data represents JPE financial activity only (including the Propane Business disposition), given the common control was April 15, 2013, as mentioned above.

(3) Includes unvested phantom units with distribution equivalent rights, which are considered participating securities, of 200,000 at December 31, 2016 and 2015.

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Selected Historical Financial Information of SXE

The following table sets forth SXE s selected historical consolidated financial data for the periods ended and as of the dates indicated. The consolidated statements of operations for the years ended December 31, 2016 and 2015 and the consolidated balance sheet data as of December 31, 2016 and 2015 have been derived from SXE s audited consolidated financial statements incorporated by reference into this proxy statement/prospectus. The consolidated statements of operations for the years ended December 31, 2014, 2013, and 2012 and the consolidated balance sheet data as of December 31, 2014, 2013 and 2012 have been derived from SXE s audited consolidated financial statements that are not incorporated by reference into this proxy statement/prospectus. The consolidated statement of operations for the nine months ended September 30, 2017 and 2016 and the consolidated balance sheet data as of September 30, 2017 have been derived from SXE s unaudited condensed consolidated financial statements incorporated by reference into this proxy statement/prospectus. The data presented below should be read in conjunction with the section entitled *Management s Discussion and Analysis of Financial Condition and Results of Operations* and the consolidated financial statements and the related notes contained in SXE s most recent Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the period ended September 30, 2017 incorporated by reference into this proxy statement/prospectus. See the section entitled *Where You Can Find More Information* beginning on page 227 of this proxy statement/prospectus.

	Nine Months Ended September 30,		Year Ended December 31,				
	2017	2016	2016	2015[1]	2014[1]	2013	2012
	(in thousands, except per unit data)						
Revenues:							
Revenues	$ 493,914	$ 389,091	$ 548,723	$ 698,473	$ 848,513	$ 634,722	$ 496,129
Expenses:							
Cost of natural gas and liquids sold	388,362	273,638	395,874	517,157	721,132	541,176	424,489
Operations and maintenance	43,779	54,173	70,242	82,529	59,915	41,254	35,532
Depreciation and amortization	53,673	68,898	106,947	70,814	46,050	33,548	18,977
General and administrative	19,616	22,879	28,546	30,026	32,723	21,764	13,842
Impairment of assets	1,769	476	476	7,067	1,556		
Loss (gain) on sale of assets, net	(5)	(12,755)	(11,768)	416	365	(25)	
Total expenses	507,194	407,309	590,317	708,009	861,741	637,717	492,840
Income (loss) from operations	(13,280)	(18,218)	(41,594)	(9,536)	(13,228)	(2,995)	3,289
Other income (expense):							
Equity in losses of joint venture investments	(9,865)	(10,656)	(21,123)	(13,452)	(6,496)		
Interest expense	(28,670)	(26,601)	(35,166)	(32,738)	(15,562)	(12,590)	(5,767)
Other income (expense)	1,508		2,933		(2,393)		(1,764)
Total other expense	(37,027)	(37,257)	(53,356)	(46,190)	(24,451)	(12,590)	(7,531)
Loss before income tax benefit (expense)	(50,307)	(55,475)	(94,950)	(55,726)	(37,679)	(15,585)	(4,242)

Income tax benefit (expense)	(4)	2	2	233	(52)	(385)	(246)
Net loss	$ (50,311)	$ (55,473)	$ (94,948)	$ (55,493)	$ (37,731)	$ (15,970)	$ (4,488)

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	Nine Months Ended September 30,		Year Ended December 31,				
	2017	2016	2016	2015[1]	2014[1]	2013	2012
	(in thousands, except per unit data)						
Earnings Per Unit:							
Net loss allocated to limited partner common units	$ (30,590)	$ (29,235)	$ (50,612)	$ (24,790)	$ (20,175)	$ (8,683)	$ (2,072)
Weighted average number of limited partner common units	48,545	33,119	34,161	26,781	21,642	12,225	12,214
Basic and diluted loss per common unit	$ (0.63)	$ (0.88)	$ (1.48)	$ (0.93)	$ (0.93)	$ (0.71)	$ (0.17)
Distributions declared per common unit	$	$	$	$ 1.20	$ 1.60	$ 1.60	$ 0.24
Net loss allocated to limited partner subordinated units	$ (7,694)	$ (10,777)	$ (18,089)	$ (11,300)	$ (8,355)	$ (8,638)	$ (2,072)
Weighted average number of limited partner subordinated units outstanding	12,214	12,214	12,214	12,214	12,214	12,214	12,214
Basic and diluted loss per subordinated unit	$ (0.63)	$ (0.88)	$ (1.48)	$ (0.93)	$ (0.68)	$ (0.71)	$ (0.17)

(1) On May 7, 2015, SXE acquired gathering, treating, compression and transportation assets (the 2015 Holdings Acquisition). The acquired assets consist of the Valley Wells sour gas gathering and treating system (the Valley Wells System), compression assets that are part of the Valley Wells and Lancaster gathering and treating systems (the Compression Assets) and two NGL pipelines. The 2015 Holdings Acquisition was deemed a transaction between entities under common control and, as such, was accounted for on an as if pooled basis for all periods which common control existed (which began on August 4, 2014). SXE s financial results retrospectively include the financial results of the Valley Wells System and Compression Assets for all periods ending after August 4, 2014, the date that Southcross Energy LLC and TexStar Midstream Services, LP, combined pursuant to a contribution agreement in which Southcross Holdings was formed.

	As of September 30,	As of December 31,				
	2017	2016	2015	2014	2013	2012
	(in thousands, except per unit data)					
Balance Sheet Data:						
Cash and cash equivalents	$ 14,652	$ 21,226	$ 11,348	$ 1,649	$ 3,349	$ 7,490
Trade accounts receivable	30,448	51,894	39,585	74,086	57,669	50,994
Accounts receivable affiliates	18,706	7,976	49,734	11,325		
Property, plant and equipment, net	928,247	971,286	1,066,001	1,058,570	575,795	550,603
Total assets	1,113,506	1,186,076	1,318,960	1,299,712	647,078	614,220
Current portion of long-term debt	4,256	4,500	4,500	4,500		
Long-term debt	518,480	543,872	604,518	454,527	262,063	186,615
Total partners capital	516,726	563,629	621,336	697,104	275,024	326,467

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Selected Unaudited Pro Forma Condensed Consolidated Financial Information

The following selected unaudited pro forma condensed consolidated balance sheet data as of September 30, 2017 reflects the Transaction as if it occurred on September 30, 2017. The unaudited pro forma condensed consolidated statement of operations data for the nine months ended September 30, 2017 and the year ended December 31, 2016 reflect the Transaction and a separate completed acquisition by AMID as if they occurred on January 1, 2016.

The following selected unaudited pro forma condensed consolidated financial information has been prepared for illustrative purposes only and is not necessarily indicative of what the combined organization s condensed consolidated financial position or results of operations actually would have been had the Transaction been completed as of the dates indicated. In addition, the unaudited pro forma condensed consolidated financial information does not purport to project the future financial position or operating results of the combined organization. Future results may vary significantly from the results reflected because of various factors. The following selected unaudited pro forma condensed consolidated financial information should be read in conjunction with the section entitled *Unaudited Pro Forma Condensed Consolidated Financial Statements* and related notes included in this proxy statement/prospectus.

Unaudited Pro Forma Condensed Consolidated Balance Sheet Data as of September 30, 2017

	As of September 30, 2017 (in thousands)					
	AMID Historical	**SXE Historical**	**SXH Historical**	**Eliminations**	**Pro Forma Adjustments**	**AMID Pro Forma Combined**
Total assets	$ 2,023,207	$ 1,113,506	$ 1,263,746	$ (331,508)	$ (1,093,156)	$ 2,975,795
Long term debt	1,059,079	522,736	121,856			1,703,671
Total equity and partners capital	444,874	516,726	1,062,820	(313,081)	(1,183,028)	528,311

Unaudited Pro Forma Condensed Consolidated Statement of Operations Data for Nine Months ended September 30, 2017

	Nine Months Ended September 30, 2017 (in thousands)					
	AMID Pro Forma	**SXE Historical**	**SXH Historical**	**Eliminations**	**Pro Forma Adjustments**	**AMID Pro Forma Combined**
Revenues	$ 488,398	$ 493,914	$ 247,817	$ (135,275)	$	$ 1,094,854
Total operating expenses	559,045	507,194	304,912	(135,275)	(87,934)	1,147,942
Operating income (loss)	(70,647)	(13,280)	(57,095)		87,934	(53,088)
Interest expense	(55,553)	(28,670)	(11,295)		(3,471)	(98,989)
Earnings (losses) in unconsolidated affiliates	77,141	(9,865)	(48,419)	48,419		67,276
	(16,811)	(50,307)	(116,809)	48,419	84,463	(51,045)

Income (loss) from continuing operations before taxes

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Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2016

	Year Ended December 31, 2016 (in thousands)					
	AMID Pro Forma	**SXE Historical**	**SXH Historical**	**Eliminations**	**Pro Forma Adjustments**	**AMID Pro Forma Combined**
Revenues	$ 589,026	$ 548,723	$ 210,585	$ (126,028)	$	$ 1,222,306
Total operating expenses	649,254	590,317	302,416	(126,028)	(149,235)	1,266,724
Operating income (loss)	(60,228)	(41,594)	(91,831)		149,235	(44,418)
Interest expense	(26,813)	(35,166)	(20,454)		(2,295)	(84,728)
Earnings (losses) in unconsolidated affiliates	73,004	(21,123)	(96,935)	96,935		51,881
Income (loss) from continuing operations before taxes	(13,783)	(94,950)	277,899	96,935	146,940	413,041

Unaudited Comparative Per Unit Information

Historical Per Unit Information of AMID and SXE

The historical per unit information of AMID and SXE set forth in the table below is derived from the audited consolidated financial statements as of and for the year ended December 31, 2016 and the unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2017 for each of AMID and SXE.

Pro Forma Combined Per Unit Information of AMID

The unaudited pro forma combined per unit information of AMID set forth in the table below gives effect to the Transaction as if it had been effective on January 1, 2016, in the case of income from continuing operations per unit and distributions data, and September 30, 2017, in the case of book value per unit data, and, in each case, assuming that a number of AMID Common Units equal to 0.160 of an AMID Common Unit have been issued in exchange for each outstanding Non-Affiliated SXE Common Unit.

Unaudited Equivalent Pro Forma per Unit Information of SXE

The unaudited equivalent pro forma per unit information of SXE set forth in the table below is calculated by multiplying the corresponding unaudited pro forma combined per unit information by the Exchange Ratio.

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General

You should read the information set forth below in conjunction with the selected historical financial information of AMID and SXE included elsewhere in this proxy statement/prospectus and the historical financial statements and related notes of AMID and SXE that are incorporated into this proxy statement/prospectus by reference. See *Selected Historical Financial Information of AMID*, *Selected Historical Financial Information of SXE* and *Where You Can Find More Information*.

	Nine Months Ended September 30, 2017 (per unit data)	For the Year ended December 31, 2016 (per unit data)
Historical SXE		
Basic earnings per common unit from continuing operations	$ (0.63)	$ (1.48)
Diluted earnings per common unit from continuing operations	$ (0.63)	$ (1.48)
Distributions per unit declared for the period	$	$
Book value per unit common	$ 10.63	$ 11.62
Historical AMID		
Basic earnings per common unit from continuing operations	$ (1.35)	$ (1.51)
Diluted earnings per common unit from continuing operations	$ (1.35)	$ (1.51)
Distributions per unit declared for the period	$ 1.24	$ 3.01[(1)]
Book value per unit common	$ 8.17	$ 11.07
Unaudited Pro Forma Combined per Unit AMID		
Basic earnings per common unit from continuing operations	$ (1.48)	$ 6.27
Diluted earnings per common unit from continuing operations	$ (1.48)	$ 4.71
Distributions per unit declared for the period	$ 1.24	$ 3.01[(1)]
Book value per unit common	$ 8.67	
Unaudited Equivalent Pro Forma per Unit SXE		
Basic earnings per common unit from continuing operations	$ (0.24)	$ 1.00
Diluted earnings per common unit from continuing operations	$ (0.24)	$ 0.75
Distributions per unit declared for the period	$ 0.20	$ 0.48
Book value per unit common	$ 1.39	

(1) Distribution declared and paid during the year ended December 31, 2016.

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Equivalent and Comparative Per Unit Information and Distributions

The table below sets forth, for the calendar quarters indicated, the high and low sales prices per unit, as well as the distribution paid per unit, of AMID Common Units, which trade on the NYSE under the symbol AMID, and SXE Common Units, which trade on the NYSE under the symbol SXE.

	Unaudited Comparative per Unit Information					
	SXE Common Units			AMID Common Units		
	High	Low	Distribution	High	Low	Distribution
	(in dollars per unit)					
2016						
First Quarter	3.73	0.38		8.49	4.03	0.4125
Second Quarter	3.65	1.02		14.00	6.18	0.4125
Third Quarter	2.10	1.32		15.19	10.39	0.4125
Fourth Quarter	1.65	1.10		18.30	13.06	0.4125
2017						
First Quarter	3.70	1.20		18.45	14.20	0.4125
Second Quarter	4.74	2.50		15.25	11.10	0.4125
Third Quarter	3.19	2.02		15.00	12.35	0.4125
Fourth Quarter	2.45	1.50		14.75	11.65	0.4125
2018						
First Quarter (through February 9, 2018)	2.20	1.69		15.25	11.65	

The table below sets forth per unit closing prices of AMID Common Units and SXE Common Units on (i) October 31, 2017, the last trading day before the public announcement of the Merger, and (ii) on [ ], 2018, the most recent practicable trading day before the date of this proxy statement/prospectus. The table also sets forth the equivalent market value per Non-Affiliated SXE Common Unit on such dates. The equivalent market value per Non-Affiliated SXE Common Unit has been determined by multiplying the closing prices of AMID Common Units on those dates by the exchange ratio of 0.160 of an AMID Common Unit per SXE Common Unit.

	SXE Common Units	AMID Common Units	Equivalent Market Value per Non-Affiliated SXE

			Common Unit
October 31, 2017	$2.10	$13.55	$2.17
[ ], 2018	[ ]	[ ]	[ ]

Although the Exchange Ratio is fixed, the market prices of AMID Common Units and SXE Common Units will fluctuate prior to the consummation of the Merger and the market value of the AMID Common Unit Merger consideration ultimately received by SXE Unitholders will depend on the closing price of AMID Common Units on the day the Merger is consummated. Thus, SXE Unitholders will not know the exact market value of the Merger consideration until the closing of the Merger.

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RISK FACTORS

In addition to the other information included or incorporated by reference in this proxy statement/prospectus, including the matters addressed under the section entitled *Special Note Concerning Forward-Looking Statements*, you should carefully consider the following risks before deciding whether to vote for approval of the Merger Agreement. You should read and consider the risks associated with each of the businesses of AMID and SXE because these risks will relate to the combined company. Certain of these risks can be found in AMID s annual report on Form 10-K for the fiscal year ended December 31, 2016, in AMID s subsequent quarterly reports on Form 10-Q and in other filings it makes with the SEC, each of which is incorporated by reference into this proxy statement/prospectus, and in SXE s annual report on Form 10-K for the fiscal year ended December 31, 2016, in SXE s subsequent quarterly reports on Form 10-Q and in other filings it makes with the SEC, each of which is incorporated by reference into this proxy statement/prospectus. You should also consider the other information in this proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus. See the section entitled *Where You Can Find More Information*.

Risks Relating to the Merger

Because the market price of AMID Common Units will fluctuate prior to the consummation of the Merger, SXE Unitholders cannot be sure of the market value of the AMID Common Units they will receive as unit consideration relative to the value of SXE Common Units they exchange.

The market value of the unit consideration that SXE Unitholders will receive in the Merger will depend on the trading price of AMID Common Units at the closing of the Merger. The Exchange Ratio that determines the number of AMID Common Units that SXE Unitholders will receive as unit consideration in the Merger is fixed. This means that there is no mechanism contained in the Merger Agreement that would adjust the number of AMID Common Units that SXE Unitholders will receive based on any decreases in the trading price of AMID Common Units. Unit price changes may result from a variety of factors (many of which are beyond AMID s or SXE s control), including:

- changes in AMID s business, operations and prospects;
- changes in market assessments of AMID s business, operations and prospects;
- interest rates, general market, industry and economic conditions, and other factors generally affecting the price of AMID Common Units; and
- federal, state and local legislation, governmental regulation, and legal developments in the businesses in which AMID operates.

Because the Merger will be completed after the Special Meeting, at the time of the meeting you will not know the exact market value of the AMID Common Units that the SXE Unitholders will receive upon completion of the Merger. If the price of AMID Common Units at the closing of the Merger is less than the price of AMID Common Units on the date that the Merger Agreement was signed, then the market value of the unit consideration received by SXE Unitholders will be less than contemplated at the time the Merger Agreement was signed.

AMID and SXE may be unable to obtain the regulatory clearances required to complete the Merger or, in order to do so, AMID and SXE may be required to comply with material restrictions or satisfy material conditions.

AMID and SXE received early termination of the applicable waiting period under the HSR Act on December 8, 2017. The Merger may still be reviewed under antitrust statutes of other governmental authorities, including by state regulatory authorities such as the MPSC. The closing of the Merger is subject to the condition that there is no law, injunction, judgment or ruling by a governmental authority in effect enjoining, restraining,

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preventing or prohibiting the Merger. AMID and SXE can provide no assurance that all required regulatory clearances will be obtained. If a governmental authority asserts objections to the Merger, AMID or SXE may be required to divest assets in order to obtain antitrust clearance. There can be no assurance as to the cost, scope or impact of the actions that may be required to obtain antitrust or other regulatory approval. If AMID or SXE takes such actions, it could be detrimental to it or to the combined organization following the consummation of the Merger. Furthermore, these actions could have the effect of delaying or preventing completion of the Merger or imposing additional costs on or limiting the revenues or cash available for distribution of the combined organization following the consummation of the Merger. See *The Merger Agreement Regulatory Matters*.

State attorneys general could seek to block or challenge the Merger as they deem necessary or desirable in the public interest at any time, including after completion of the transaction. In addition, in some circumstances, a third party could initiate a private action under antitrust laws challenging or seeking to enjoin the Merger, before or after it is completed. AMID may not prevail and may incur significant costs in defending or settling any action under the antitrust laws.

The MPSC requires that when a company proposes a change of control of a certificate of public convenience and necessity (CPCN), the company must obtain an order from the MPSC approving the sale and transfer of the CPCN. Southcross Mississippi Industrial Gas Sales, L.P. (Southcross Mississippi), an indirect subsidiary of SXE, has a CPCN that, subject to the approval of the MPSC, will be transferred in connection with the Transaction. The MPSC could decide not to issue an order authorizing the transfer of the CPCN. Moreover, there is no guarantee that, if granted, such order will be granted in a timely manner or will be free from potentially burdensome conditions.

SXE is subject to provisions that limit its ability to pursue alternatives to the Merger, which could discourage a potential competing acquirer of SXE from making a favorable alternative transaction proposal and, in specified circumstances under the Merger Agreement, would require SXE to reimburse AMID s out-of-pocket expenses, in certain circumstances up to $500,000, and pay a termination fee to AMID of $2 million.

Under the Merger Agreement, SXE is restricted from entering into alternative transactions. Unless and until the Merger Agreement is terminated, subject to specified exceptions (which are discussed in more detail in *The Merger Agreement No Solicitation by SXE of Alternative Proposals*), SXE is restricted from soliciting, initiating, knowingly facilitating, knowingly encouraging or knowingly inducing or taking any other action intended to lead to any inquiries or any proposals for a competing proposal with any person. In addition, SXE may not grant approval to any person to acquire 20% or more of any class of its outstanding units without such person losing the ability to vote on any matter under the SXE Partnership Agreement. Under the Merger Agreement, in the event of a potential change by the SXE GP Board of its recommendation with respect to the Merger in light of a designated proposal, SXE must provide AMID with five days notice to allow AMID to propose an adjustment to the terms and conditions of the Merger Agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of SXE from considering or proposing that acquisition, even if such third party were prepared to pay consideration with a higher per unit market value than the merger consideration, or might result in a potential competing acquirer of SXE proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in specified circumstances.

Under the terms of the Transaction Agreements, in certain circumstances AMID may consummate the Contribution without consummating the Merger, which may discourage a third party that may have an interest in acquiring all or a significant part of SXE from considering or proposing that acquisition.

If the Merger Agreement is terminated under specified circumstances, including if the SXE Unitholder approval is not obtained, then SXE will be required to pay all of the reasonable documented out-of-pocket expenses incurred by

AMID in connection with the Merger Agreement and the transactions contemplated thereby up to a maximum amount of $500,000. In addition, if the Merger Agreement is terminated due to an adverse

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recommendation change by the SXE GP Board having occurred, SXE may be required to pay AMID a termination fee of $2 million, less any expenses previously paid by SXE. SXE will also be required to pay AMID a termination fee in the event that SXE enters into an agreement with respect to an alternative proposal within 12 months after the date that the Merger Agreement is terminated for certain reasons if such alternative proposal was publicly proposed prior to the Special Meeting or prior to the termination of the Merger Agreement in the event that the Special Meeting never occurred. See *The Merger Agreement Expenses* and *Termination Fee*. For a discussion of the restrictions on soliciting or entering into an alternative transaction and the ability of the SXE GP Board to change its recommendation, see *The Merger Agreement No Solicitation by SXE of Alternative Proposals* and *Change in SXE GP Board Recommendation*.

AMID or SXE may have difficulty attracting, motivating and retaining executives and other employees in light of the Merger.

Uncertainty about the effect of the Merger on AMID or SXE employees may have an adverse effect on the combined organization. This uncertainty may impair these companies ability to attract, retain and motivate personnel until the Merger is completed. Employee retention may be particularly challenging during the pendency of the Merger, as employees may feel uncertain about their future roles with the combined organization. In addition, SXE may have to provide additional compensation in order to retain employees. If employees of SXE depart because of issues relating to the uncertainty and difficulty of integration or a desire not to become employees of the combined organization, the combined organization s ability to realize the anticipated benefits of the Merger could be reduced.

AMID and SXE are subject to business uncertainties and contractual restrictions while the Merger is pending, which could adversely affect each party s business and operations.

In connection with the pending Merger, it is possible that some customers, suppliers and other persons with whom AMID or SXE have business relationships may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationship with AMID or SXE as a result of the Merger, which could negatively affect AMID s and SXE s respective revenues, earnings and cash available for distribution, as well as the market price of AMID Common Units and SXE Common Units, regardless of whether the Merger is completed.

Under the terms of the Merger Agreement, each of AMID and SXE is subject to certain restrictions on the conduct of its business prior to completing the Merger, which may adversely affect its ability to execute certain of its business strategies. Such limitations could negatively affect each party s businesses and operations prior to the completion of the Merger. For a discussion of these restrictions, see *The Merger Agreement Conduct of Business Pending the Consummation of the Merger*.

Furthermore, the process of planning to integrate two businesses and organizations for the post-merger period can divert management attention and resources and could ultimately have an adverse effect on each party.

However, each of AMID and SXE are permitted to engage in certain activities and transactions prior to completion of the Merger, such as certain financings, incurrence of indebtedness, issuances of equity, sales of assets and acquisitions. Any of these transactions could affect the current and future financial and operating results of each company and the combined company.

The Merger is subject to conditions, including certain conditions that may not be satisfied on a timely basis, if at all. Failure to complete the Merger, or significant delays in completing the Merger, could negatively affect the trading prices of AMID Common Units and SXE Common Units and the future business and financial results of AMID and SXE.

The completion of the Merger is subject to a number of conditions. The completion of the Merger is not assured and is subject to risks, including the risk that approval of the Merger by SXE Unitholders or by

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governmental agencies is not obtained or that other closing conditions are not satisfied. If the Merger is not completed, or if there are significant delays in completing the Merger, the trading prices of AMID Common Units and SXE Common Units and the respective future business and financial results of AMID and SXE could be negatively affected, and each of them will be subject to several risks, including the following:

- the parties may be liable for damages to one another under the terms and conditions of the Merger Agreement;
- negative reactions from the financial markets, including declines in the price of AMID Common Units or SXE Common Units due to the fact that current prices may reflect a market assumption that the Merger will be completed; and
- the attention of management of AMID and SXE will have been diverted to the Merger rather than each organization s own operations and pursuit of other opportunities that could have been beneficial to that organization.

The Merger will not occur if the conditions to closing the Contribution under the Contribution Agreement, including AMID refinancing SXE s indebtedness, are not satisfied and the closing of the Contribution does not occur or if the Contribution Agreement is otherwise terminated.

It is a condition to the closing of the Merger under the terms of the Merger Agreement that the Contribution will have closed in accordance with the Contribution Agreement. Additionally, the Merger Agreement will terminate automatically, and the Merger will not occur, if the Contribution Agreement is terminated. The completion of the Contribution is subject to a number of conditions, is not assured and is subject to risks, including the risk that approval by governmental agencies is not obtained or that other closing conditions are not satisfied. Additionally, Southcross Holdings may not be able to force AMID to complete the Contribution if AMID has not obtained sufficient financing to make the cash payments required to be made at the closing of the Contribution, including for the refinancing of SXE s indebtedness, in which case AMID may be required under certain circumstances to pay a reverse termination fee of $17 million to Southcross Holdings. AMID does not have in place committed financing sufficient to make the payments at the closing of the Contribution, and there can be no assurances that AMID will be able to obtain such financing on acceptable terms or at all. Any such failure to obtain financing would likely result in the termination of the Contribution Agreement and Merger Agreement and the failure to complete the Merger.

The pro forma financial statements included in this proxy statement/prospectus are based on various assumptions that may not prove to be correct, and they are presented for illustrative purposes only and may not be an indication of the combined company s financial condition or results of operations following the Merger.

The pro forma financial statements contained in this proxy statement/prospectus are based on various adjustments, assumptions and preliminary estimates and may not be an indication of the combined company s financial condition or results of operations following the Merger for several reasons. See *Summary Selected Unaudited Pro Forma Condensed Consolidated Financial Information*. The actual financial condition and results of operations of the combined company following the Merger may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company s financial condition or results of operations following the Merger. For instance, the cost of AMID s financing may be greater than that assumed in the pro formas and may be

funded with sources other than debt securities. Any potential decline in the combined company s financial condition or results of operations may cause significant variations in the price of AMID Common Units.

SXE s and AMID s financial estimates are based on various assumptions that may not be realized.

The financial estimates set forth in the forecasts included under *The Merger Certain Unaudited Financial Projections of SXE and AMID* were based on assumptions of, and information available to, SXE s management

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and AMID s management when prepared and these estimates and assumptions are subject to uncertainties, many of which are beyond SXE s and AMID s control and may not be realized. Many factors mentioned in this proxy statement/prospectus, including the risks outlined in this *Risk Factors* section and the events or circumstances described under *Special Note Concerning Forward-Looking Statements*, will be important in determining SXE s, AMID s and the combined company s future results. As a result of these contingencies, actual future results may vary materially from SXE s and AMID s financial estimates. In view of these uncertainties, the inclusion of SXE s and AMID s financial estimates in this proxy statement/prospectus is not and should not be viewed as a representation that the forecasted results will necessarily reflect actual future results.

SXE s and AMID s financial estimates were not prepared with a view toward public disclosure, and such financial estimates were not prepared with a view toward compliance with published guidelines of any regulatory or professional body. Further, any forward-looking statement speaks only as of the date on which it is made, and neither SXE nor AMID undertakes any obligation, other than as required by applicable law, to update the financial estimates herein to reflect events or circumstances after the date those financial estimates were prepared or to reflect the occurrence of anticipated or unanticipated events or circumstances.

The financial estimates of SXE and AMID included in this proxy statement/prospectus have been prepared by, and are the responsibility of, SXE and AMID. Moreover, neither SXE s nor AMID s respective independent registered public accounting firms, nor any other independent accountants, have audited, reviewed, examined, compiled, or applied agreed-upon procedures with respect to SXE s or AMID s prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or achievability thereof, and, accordingly, such independent registered public accounting firm assumes no responsibility for, and disclaims any association with, SXE s and AMID s prospective financial information. The reports of such independent registered public accounting firm incorporated by reference herein relate exclusively to the historical financial information of the entities named in those reports and do not cover any other information in this proxy statement/prospectus and should not be read to do so. See *The Merger Certain Unaudited Financial Projections of SXE and AMID* for more information.

The number of outstanding AMID Common Units will increase as a result of the Transaction, which could make it more difficult for AMID to pay the current level of quarterly distributions.

As of January 31, 2018, there were approximately 52.7 million AMID Common Units outstanding. AMID estimates that it will issue approximately 3.5 million AMID Common Units in connection with the Merger and 13.6 million AMID Common Units in connection with the Contribution. Accordingly, the aggregate dollar amount required to pay the current per unit quarterly distribution on all AMID Common Units will increase, which could increase the likelihood that AMID will not have sufficient funds to pay the current level of quarterly distributions to all AMID Common Unitholders. Using a $0.4125 per AMID Common Unit distribution (the distribution AMID had declared with respect to the third fiscal quarter of 2017 paid on November 14, 2017 to holders of record as of November 6, 2017) the aggregate cash distribution paid to AMID Common Unitholders totaled approximately $21.6 million, including a distribution to AMID GP in respect of its general partner interest. The combined pro forma AMID distribution with respect to the third fiscal quarter of 2017, had the Merger been completed prior to such distribution, would have resulted in $0.4125 per unit being distributed on approximately 69.8 million AMID Common Units, or a total of approximately $29.1 million including a distribution of $0.3 million to AMID GP in respect of its general partner interest. As a result, AMID would have been required to distribute an additional $7.5 million in order to maintain the distribution level of $0.4125 per AMID Common Unit payable with respect to the third fiscal quarter of 2017.

A substantial number of AMID Common Units and other securities convertible into, or exercisable for, AMID Common Units, will be issued in connection with the Transaction, which will dilute the ownership interests of existing unitholders, or may otherwise reduce the value of AMID Common Units.

Upon the terms and subject to the conditions set forth in the Merger Agreement, at the Effective Time, each SXE Common Unit issued and outstanding as of immediately prior to the Effective Time will be converted into

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the right to receive 0.160 of an AMID Common Unit. In addition, upon the terms and subject to the conditions set forth in the Contribution Agreement, Southcross Holdings will receive AMID Common Units, series E preferred units, which will be convertible into AMID Common Units, and the Options, which will be exercisable into AMID Common Units. The issuance of AMID Common Units in the Transaction and the issuance of AMID Common Units upon conversion of the series E preferred units or the exercise of the Options issued in the Contribution will dilute the ownership interests of existing unitholders.

While Southcross Holdings has agreed not to sell any AMID Common Units, or any other securities convertible into, or exercisable for, AMID Common Units, for a specified period set forth in the Contribution Agreement, any sales, or expectation of sales, in the public market of AMID Common Units, including those issuable upon the conversion of the series E preferred units or the exercise of the Options, after the expiration of such period could adversely affect prevailing market prices of AMID Common Units.

No ruling has been obtained with respect to the U.S. federal income tax consequences of the Merger.

No ruling has been or will be requested from the IRS with respect to the U.S. federal income tax consequences of the Merger. Instead, AMID and SXE are relying on the opinions of their respective counsel as to the U.S. federal income tax consequences of the Merger, and such counsel s conclusions may not be sustained if challenged by the IRS. See *Material U.S. Federal Income Tax Consequences of the Merger*.

The expected U.S. federal income tax consequences of the Merger are dependent upon AMID being treated as a partnership for U.S. federal income tax purposes.

The treatment of the Merger as nontaxable to SXE Unitholders holding SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units is dependent upon AMID being treated as a partnership for U.S. federal income tax purposes. If AMID were treated as a corporation for U.S. federal income tax purposes, the tax consequences of the Merger would be materially different and the Merger would likely be a fully taxable transaction to holders of SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units.

Holders of SXE Common Units and SXE Subordinated Units could recognize taxable income or gain for U.S. federal income tax purposes, in certain circumstances, as a result of the Merger.

For U.S. federal income tax purposes, the Merger will be treated as a merger of AMID and SXE within the meaning of Treasury Regulations promulgated under Code Section 708, with AMID being treated as the continuing partnership and SXE being treated as the terminated partnership. As a result, the following is deemed to occur for U.S. federal income tax purposes: (1) SXE will be deemed to contribute its assets to AMID for (i) the issuance to SXE of AMID Common Units and (ii) the assumption of SXE s liabilities, and (2) SXE will be deemed to liquidate, distributing AMID Common Units to the holders of SXE Common Units, SXE Subordinated Units and SXE Class B Convertible Units (other than SXE Common Units, SXE Subordinated Units, SXE Class B Convertible Units or other equity interests in SXE held by Southcross Holdings or an affiliate, subsidiary or partner thereof or AMID or any of its affiliates) in exchange for such SXE Common Units, SXE Subordinated Units and SXE Class B Convertible Units . If the Merger were characterized, in part, as a disguised sale of property, rather than as a non-taxable contribution of property by SXE to AMID in exchange for AMID Common Units, such disguised sale could result in substantial additional amounts of taxable gain being allocated to the SXE Unitholders. In addition, as a result of the Merger, the holders of SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units who receive AMID Common Units will become limited partners of AMID and will be allocated a share of AMID s nonrecourse liabilities. Each holder of SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units will be treated as receiving a deemed cash distribution equal to the net reduction in the amount of nonrecourse liabilities allocated to

such SXE Unitholder (as adjusted to take into account any nonrecourse liabilities included in the Section 707 Consideration (as defined below)). If the amount of such deemed cash distribution received by a holder of SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units exceeds such SXE Unitholder s basis in AMID

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Common Units immediately after the Merger, after reduction to account for any basis allocable to the portion of such unitholder s SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units deemed sold as a result of the receipt of disguised sale consideration, such SXE Unitholder will recognize gain in an amount equal to such excess. The amount and effect of any gain that may be recognized by holders of SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units will depend on such unitholder s particular situation, including the ability of such unitholder to utilize any suspended passive losses. Moreover, as a result of the transactions to be consummated pursuant to the Contribution Agreement, Southcross Holdings will contribute substantially all of its business assets to AMID, in addition to its indirect equity interest in SXE, in exchange for AMID Common Units, series E preferred units and other consideration. If the IRS concludes that the value received in exchange for Southcross Holdings SXE units is disproportionate to the value received by holders of Relevant SXE Units (as defined below) on a per unit basis, the holders of Relevant SXE Units could be deemed for U.S. federal income tax purposes to have received an amount of consideration in the Merger disproportionate to their pro rata share of SXE and its assets prior to the Merger with any amount in excess of such pro rata share treated as a taxable transfer to such SXE Unitholders includable in gross income. For additional information, please read *Material U.S. Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to Holders of Relevant SXE Units* and *Risk Factors Risks Relating to the Merger.*

Litigation filed against SXE, the SXE GP Board and AMID could prevent or delay the consummation of the Merger or result in the payment of damages following completion of the Merger.

In connection with the Transaction, purported unitholders of SXE have filed putative unitholder class action lawsuits against SXE, the SXE GP Board and AMID, among others. Among other remedies, the plaintiffs seek to enjoin the transactions contemplated by the Merger Agreement, including the Merger. The outcome of any such litigation is uncertain. If a dismissal is not granted or a settlement is not reached, these lawsuits could prevent or delay completion of the Merger and result in substantial costs to SXE, AMID or the combined partnership following the Merger. Additional lawsuits with similar allegations may be filed in connection with the Merger. The defense or settlement of any lawsuit or claim that remains unresolved at the time the Merger is completed may adversely affect the combined partnership s business, financial condition, results of operations and cash flows. See *The Merger Litigation Relating to the Merger* for more information about the lawsuits that have been filed related to the Merger.

Risk Factors Relating to the Combined Company Following the Merger

AMID and SXE will incur substantial transaction-related costs in connection with the Transaction.

AMID and SXE expect to incur a number of non-recurring transaction-related costs associated with completing the Transaction, combining the operations of the acquired organizations and achieving desired synergies. These fees and costs will be substantial. Non-recurring transaction costs include, but are not limited to, fees paid to financial, legal and accounting advisors, filing fees and printing costs. Additional unanticipated costs may be incurred in the integration of the businesses of AMID, SXE and the other businesses acquired from Southcross Holdings. There can be no assurance that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction-related costs over time.

Failure to successfully combine the businesses of AMID, SXE and the other businesses acquired from Southcross Holdings in the expected time frame may adversely affect the future results of the combined organization, and, consequently, the value of the AMID Common Units that SXE Unitholders receive as part of the Merger consideration.

The success of the Merger will depend, in part, on the ability of AMID to realize the anticipated benefits and synergies from combining the businesses of AMID, SXE and the other businesses acquired from Southcross Holdings. To realize these anticipated benefits, the businesses must be successfully combined. If the combined

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organization is not able to achieve these objectives, or is not able to achieve these objectives on a timely basis, the anticipated benefits of the Merger may not be realized fully or at all. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the Merger. These integration difficulties could result in declines in the market value of AMID Common Units and, consequently, result in declines in the market value of the AMID Common Units that SXE Unitholders receive as part of the Merger consideration.

A downgrade in AMID s credit ratings could impact its access to capital and costs of doing business, and maintaining credit ratings is under the control of independent third parties.

Rating agencies may reevaluate AMID s ratings, and any additional actual or anticipated downgrades in such credit ratings could limit its ability to access credit and capital markets, including to finance the Transaction, or to restructure or refinance its indebtedness. On November 1, 2017, S&P and Moody s both announced that AMID s credit ratings were on negative watch. As a result of any such downgrades, future financings or refinancings, including to finance the Transaction, may result in higher borrowing costs and require more restrictive terms and covenants, including obligations to post collateral with third parties, which may further restrict its operations and negatively impact liquidity.

Credit rating agencies perform independent analysis when assigning credit ratings. The analysis includes a number of criteria including, but not limited to, business composition, market and operational risks, as well as various financial tests. Credit rating agencies continue to review the criteria for industry sectors and various debt ratings and may make changes to those criteria from time to time. Credit ratings are not recommendations to buy, sell or hold investments in the rated entity. Ratings are subject to revision or withdrawal at any time by the rating agencies, and AMID cannot assure you that it will maintain its current credit ratings.

Risks Relating to SXE

The Affiliated Unitholders of SXE have certain interests that are different from those of holders of Non-Affiliated SXE Common Units generally.

Southcross Holdings, which, through the Affiliated Unitholders, controls SXE s general partner, is party to the Contribution Agreement and, subject to the terms and conditions thereunder, Southcross Holdings will receive certain consideration at the closing of the Contribution. As a result, the Affiliated Unitholders may have certain interests in the Merger that may be different from, or be in addition to, your interests as a unitholder of SXE.

Directors and executive officers of SXE GP may have certain interests that are different from those of SXE Unitholders generally.

Directors and executive officers of SXE GP are participants in other arrangements that may give them interests in the Merger that may be different from, or be in addition to, your interests as a unitholder of SXE. You should consider these interests in voting on the Merger. These different interests are described under *The Merger Interests of Directors and Executive Officers of SXE GP in the Transaction.*

If the Merger is approved by SXE Unitholders, the date that SXE Unitholders will receive the Merger consideration is uncertain.

As described in this proxy statement/prospectus, completing the Merger is subject to several conditions, not all of which are controllable or waiveable by AMID or SXE. Accordingly, if the Merger is approved by SXE Unitholders, the date that SXE Unitholders will receive the Merger consideration depends on the completion date of the Merger,

which is uncertain.

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SXE Unitholders will have a reduced ownership after the Merger.

When the Merger occurs, each SXE Unitholder that receives AMID Common Units will become a unitholder of AMID with a percentage ownership of the combined organization that is much smaller than such unitholder s percentage ownership of SXE. In addition, AMID Common Unitholders have only limited voting rights on matters affecting AMID s business and, therefore, limited ability to influence management s decisions regarding AMID s business.

AMID Common Units to be received by SXE Unitholders as a result of the Merger have different rights from SXE Common Units.

Following completion of the Merger, SXE Unitholders will no longer hold SXE Common Units, but will instead be unitholders of AMID. There are important differences between the rights of SXE Unitholders and the rights of AMID Unitholders. See *Comparison of Unitholder Rights* for a discussion of the different rights associated with AMID Common Units and SXE Common Units.

Risks Relating to the Ownership of AMID Common Units

In addition to the risks described above, AMID is, and will continue to be, subject to the risks described in AMID s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as updated by any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. See *Where You Can Find More Information* for the location of information incorporated by reference in this proxy statement/prospectus.

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SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This document and the documents incorporated herein by reference contain forward-looking statements. Statements identified by words such as expects, anticipates, intends, plans, believes, seeks, estimates, targets, pro creates, may or words of similar meaning generally are intended to identify forward-looking statements. These statements are based upon the current beliefs and expectations of AMID s and SXE s management and are inherently subject to significant business, economic and competitive risks and uncertainties, many of which are beyond their respective control. These forward-looking statements are subject to a number of factors, assumptions, risks and uncertainties which could cause AMID s, SXE s or the combined company s actual results and experience to differ from the anticipated results and expectations expressed in such forward-looking statements, and such differences may be material. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. These factors, assumptions, risks and uncertainties include, but are not limited to:

- failure by SXE s Unitholders to approve the Merger Agreement and the Merger, on the expected timeframe or at all;
- failure, difficulties and delays in satisfying conditions to the closing of the Merger Agreement on the expected timeframe or at all;
- unexpected costs, liabilities or delays of the Merger;
- failure to obtain governmental approvals of the Merger on the proposed terms or expected timeframe;
- potential modification of the terms of the Merger Agreement to satisfy such approvals or conditions;
- failure to integrate the businesses of AMID and SXE successfully or a more difficult, time-consuming or costly integration process than expected;
- failure or delays in fully realizing the expected growth opportunities, cost savings or other benefits from the Merger;
- lower revenues than expected following the transaction as a result of customer loss or other reasons;
- greater than expected operating costs, customer loss and business disruption following the Merger, including difficulties in maintaining relationships with employees;

failure by AMID to obtain financing required to complete the Merger or to obtain financing on terms other than those currently anticipated;

reputational risks and the reaction of the companies customers to the Merger;

diversion of management time on Merger-related issues;

customer acceptance of the combined company s products and services;

the outcome of any legal proceeding relating to the Merger;

the availability of, or ability to consummate, acquisition or combination opportunities;

any changes in the strategy of AMID, SXE or the anticipated strategy of the combined company;

the occurrence of a natural disaster, catastrophe, terrorist attack or other event, including attacks on electronic and computer systems;

tightened capital markets or other factors that increase cost of capital or limit access to capital;

the level of creditworthiness of, and performance by, the customers and counterparties of AMID and SXE;

the use of derivative financial instruments to hedge commodity and interest rate risks;

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industry changes including the impact of consolidations and changes in competition among natural gas midstream companies;

changes in governmental regulation or enforcement practices with respect to the midstream sector of the natural gas industry, especially with respect to environmental, health and safety matters;

dispositions of assets currently owned by AMID or SXE following completion of the Merger, which assets may have been material to AMID or SXE or the combined company;

transactions by AMID or SXE prior to completion of the Merger, including certain financings, issuance of equity, sales of assets or acquisitions;

liabilities or events that are not covered by an indemnity, insurance or existing reserves;

changes in regional, national and worldwide prices of crude oil, refined products, natural gas and NGLs;

fluctuations in consumer demand for refined products, natural gas and NGLs, including seasonal fluctuations;

risks and uncertainties relating to general domestic and international economic (including inflation, interest rates and financial and credit markets) and political conditions; and

any distribution increase by AMID or SXE.

Additional factors that could cause AMID s and SXE s results to differ materially from those described in the forward-looking statements can be found in AMID and SXE s reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the SEC and available at the SEC s website (www.sec.gov). All subsequent written and oral forward-looking statements concerning AMID, SXE, or the Merger, or other matters that are attributable to AMID, SXE or any person acting on behalf of either organization, are expressly qualified in their entirety by the cautionary statements above. In view of these uncertainties, AMID and SXE caution that investors should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and, except as required by law, AMID and SXE do not undertake any obligation to update any forward-looking statements, whether written or oral, to reflect circumstances or events that occur after the date the forward-looking statements are made.

PARTIES TO THE MERGER

American Midstream Partners, LP

2103 CityWest Blvd., Bldg. 4, Suite 800

Houston, TX 77042

(346) 241-3400

AMID is a growth-oriented Delaware limited partnership that was formed in August 2009 to own, operate, develop and acquire a diversified portfolio of midstream energy assets. AMID provides critical midstream infrastructure that links producers of natural gas, crude oil, NGLs, condensate and specialty chemicals to numerous intermediate and end-use markets. Through the following five financial reporting segments, (i) Gas Gathering and Processing Services, (ii) Liquid Pipelines and Services, (iii) Natural Gas Transportation Services, (iv) Offshore Pipelines and Services and (v) Terminalling Services, AMID engages in the business of gathering, treating, processing, and transporting natural gas; gathering, transporting, storing, treating and fractionating NGLs; gathering, storing and transporting crude oil and condensates; storing specialty chemical products and selling refined products. As of September 1, 2017, as a result of the disposition of AMID s propane business, AMID has eliminated its Propane Marketing Services segment.

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AMID s primary assets are strategically located in some of the most prolific onshore and offshore producing regions and key demand markets in the United States. Its gathering and processing assets are primarily located in (i) the Permian Basin of West Texas, (ii) the Cotton Valley/Haynesville Shale of East Texas, (iii) the Eagle Ford Shale of South Texas and (iv) offshore in the deep water Gulf of Mexico. Its liquid pipelines, natural gas transportation and offshore pipelines and terminal assets are located in prolific producing regions and key demand markets in Alabama, Louisiana, Mississippi, North Dakota, Texas, Tennessee and in the Port of New Orleans in Louisiana and the Port of Brunswick in Georgia. Additionally, AMID operates a fleet of NGL gathering and transportation trucks in the Eagle Ford Shale and the Permian Basin.

AMID owns or has ownership interests in more than 5,100 miles of onshore and offshore natural gas, crude oil, NGL and saltwater pipelines across 17 gathering systems, seven interstate pipelines and nine intrastate pipelines; eight natural gas processing plants; four fractionation facilities; an offshore semi-submersible floating production system with nameplate processing capacity of 100 MBbl/d of crude oil and 240 MMcf/d of natural gas; six terminal sites with approximately 6.7 MMBbls of above-ground aggregate storage capacity; and 75 crude oil transportation trucks and a fleet of 95 trailers.

American Midstream GP, LLC

2103 CityWest Blvd., Bldg. 4, Suite 800

Houston, TX 77042

(346) 241-3400

AMID GP is the general partner of AMID. Its board of directors and executive officers manage AMID. AMID GP is 77% owned by HPIP and 23% owned by AMID GP Holdings. Through HPIP, ArcLight Capital controls AMID GP. AMID holds assets through a number of subsidiaries.

Cherokee Merger Sub LLC

c/o American Midstream Partners, LP

2103 CityWest Blvd., Bldg. 4, Suite 800

Houston, TX 77042

(346) 241-3400

AMID Merger Sub, LLC, a wholly owned subsidiary of AMID, was formed solely for the purpose of facilitating the Merger. AMID Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the Merger Agreement. By operation of the Merger, AMID Merger Sub will be merged with SXE, with SXE surviving the Merger as a wholly owned subsidiary of AMID.

Southcross Energy Partners, L.P.

1717 Main Street, Suite 5200

Dallas, TX 75201

(214) 979-3700

SXE is a master limited partnership that provides natural gas gathering, processing, treating, compression and transportation services and NGL fractionation and transportation services. It also sources, purchases, transports and sells natural gas and NGLs. Its assets are located in South Texas, Mississippi and Alabama and include two gas processing plants, one fractionation plant, one treating facility and approximately 3,100 miles of gathering and transportation pipeline. The South Texas assets are located in or near the Eagle Ford shale region.

Southcross Energy Partners GP, LLC

1717 Main Street, Suite 5200

Dallas, Texas 75201

(214) 979-3700

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SXE GP is the general partner of SXE. Its board of directors and executive officers manage SXE. Southcross Holdings indirectly owns 100% of and controls SXE GP.

THE SXE SPECIAL UNITHOLDER MEETING

SXE is providing this proxy statement/prospectus to its unitholders in connection with the solicitation of proxies to be voted at the Special Meeting of unitholders that SXE has called for, among other things, the purpose of holding a vote upon a proposal to approve the Merger Agreement and the transactions contemplated thereby and at any adjournment or postponement thereof. This proxy statement/prospectus constitutes a proxy statement of SXE in connection with the Special Meeting of SXE Unitholders and a prospectus for AMID in connection with the issuance by AMID of AMID Common Units in connection with the Merger.

Date, Time and Place of the Special Meeting

The Special Meeting is scheduled to be held at the time and place specified in the notice of meeting.

Matters to be Considered at the Special Meeting

At the Special Meeting, SXE Unitholders will be asked to consider and vote on the following proposals and consider the following matters:

Merger Proposal. To approve the Merger Agreement and the transactions contemplated thereby, including the Merger;

Advisory Compensation Proposal. To approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to SXE GP s named executive officers in connection with the Merger; and

To transact such other business as may properly come before the Special Meeting, including any adjournment of the Special Meeting.

Recommendation of the SXE GP Board

The SXE Conflicts Committee of the SXE GP Board determined that the Merger Agreement and the Merger are in the best interests of SXE and its subsidiaries, including the holders of the Non-Affiliated SXE Common Units, approved the Merger and the Merger Agreement and recommended that the SXE GP Board approve the Merger and the Merger Agreement. Upon the receipt of such approval and recommendation of the SXE Conflicts Committee, the SXE GP Board unanimously determined that the Merger Agreement and the transactions contemplated by the Merger Agreement are advisable and in the best interests of SXE, approved the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, and directed that the Merger and the Merger Agreement be submitted to a vote of the SXE Unitholders. The SXE GP Board recommends that SXE Unitholders vote FOR the Merger Proposal and that holders of SXE Common Units vote FOR the Advisory Compensation Proposal.

In considering the recommendation of the SXE GP Board with respect to the Merger Agreement and the transactions contemplated thereby, you should be aware that some of SXE GP s directors and executive officers may have interests

that are different from, or in addition to, the interests of SXE Unitholders more generally. See *The Merger Interests of Directors and Executive Officers of SXE GP in the Transaction*.

Who Can Vote at the Special Meeting

The record date for the Special Meeting is February 12, 2018. Only SXE Unitholders of record at the close of business on the record date will be entitled to receive notice of and to vote at the Special Meeting or any adjournment or postponement of the meeting.

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As of the close of business on the record date, there were approximately [26,492,074] SXE Common Units, [12,213,713] SXE Subordinated Units, and [18,656,071] SXE Class B Convertible Units outstanding and entitled to vote at the Special Meeting. Each holder of SXE Common Units, SXE Subordinated Units and SXE Class B Convertible Units entitled to vote at the Special Meeting may cast one vote for each SXE Common Unit, each SXE Subordinated Unit or each SXE Class B Convertible Unit that such holder owned on the close of business on the record date.

If at any time any person or group (other than SXE GP and its affiliates) beneficially owns 20% or more of any class of SXE units, such person or group loses voting rights on all of its units and such units will not be considered outstanding. This loss of voting rights does not apply to (i) any person or group who acquired 20% or more of any class of SXE Units from SXE GP or its affiliates (other than SXE), (ii) any person or group who directly or indirectly acquired 20% or more of any class of SXE Units from that person or group described in clause (i) provided SXE GP notified such transferee that such loss of voting rights did not apply, or (iii) any person or group who acquired 20% or more of any class of units issued by SXE with the prior approval of the SXE GP Board.

A complete list of SXE Unitholders entitled to vote at the Special Meeting will be available for inspection at the principal place of business of SXE during regular business hours for a period of no less than ten days before the Special Meeting and at the place of the Special Meeting during the meeting.

Quorum

A quorum of unitholders represented in person or by proxy at the Special Meeting is required to vote on approval of the Merger Agreement and the Merger at the Special Meeting. At least a majority of the outstanding SXE Common Units, at least a majority of the outstanding SXE Subordinated Units and at least a majority of the outstanding SXE Class B Convertible Units must be represented in person or by proxy at the meeting in order to constitute a quorum. Any abstentions will be considered to be present at the meeting for purposes of determining whether quorum is present at the Special Meeting. Any broker non-votes will not be considered to be present at the meeting for purposes of determining whether a quorum is present at the Special Meeting.

Vote Required for Approval

The affirmative vote of holders of at least a majority of the outstanding Non-Affiliated SXE Common Units is required to approve the Merger Agreement and the Merger. As of the record date, there were [22,144,280] Non-Affiliated SXE Common Units outstanding. For purposes of determining whether the Merger Agreement and the Merger have been approved by the Non-Affiliated SXE Common Units, SXE Common Units held by SXE GP and its affiliates will not be counted toward the required majority vote of outstanding Non-Affiliated SXE Common Units. The affirmative vote of a majority of the Non-Affiliated SXE Common Units would be deemed to approve the Merger for all purposes of Section 7.9(a) of the SXE Partnership Agreement. The affirmative vote of holders of at least a majority of the outstanding SXE Subordinated Units and SXE Class B Convertible Units is also required to approve the Merger Agreement and the Merger. SXE GP and certain of its affiliates, which collectively own all of the SXE Subordinated Units and SXE Class B Convertible Units entitled to vote at the Special Meeting, have agreed to vote all of such SXE Subordinated Units and SXE Class B Convertible Units in favor of approval of the Merger Proposal and any other matter necessary for the consummation of the Merger.

The affirmative vote of holders of at least a majority of the outstanding SXE Common Units is required to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to SXE s named executive officers in connection with the Merger.

Abstentions will have the same effect as votes AGAINST approval, and if you fail to cast your vote in person or by proxy or fail to give voting instructions to your broker, bank or other nominee and are otherwise represented in person or by proxy, it will have the same effect as a vote AGAINST the proposal.

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Unit Ownership of and Voting by SXE GP and its Affiliates

For purposes of determining whether the Merger Agreement and the Merger have been approved by the Non-Affiliated SXE Common Units, SXE Common Units held by SXE GP and its affiliates will not be counted.

At the close of business on the record date for the Special Meeting, SXE GP and its affiliates beneficially owned [12,213,713] SXE Subordinated Units and [18,656,071] SXE Class B Convertible Units, which represent all of the SXE Subordinated Units and SXE Class B Convertible Units entitled to vote at the Special Meeting, and have agreed to vote all of such SXE Subordinated Units and SXE Class B Convertible Units in favor of approval of the Merger Proposal and any other matter necessary for the consummation of the Merger.

Voting of Units by Holders of Record

If you are entitled to vote at the Special Meeting and hold your units in your own name, you can submit a proxy or vote in person by completing a ballot at the Special Meeting. However, SXE encourages you to submit a proxy before the Special Meeting even if you plan to attend the Special Meeting in order to ensure that your units are voted. A proxy is a legal designation of another person to vote your SXE Units on your behalf. If you hold units in your own name, you may submit a proxy for your units by:

- calling the toll-free number specified on the enclosed proxy card and follow the instructions when prompted;
- accessing the Internet website specified on the enclosed proxy card and follow the instructions provided to you; or
- filling out, signing and dating the enclosed proxy card and mailing it in the prepaid envelope included with these proxy materials.

When a unitholder submits a proxy by telephone or through the Internet, his or her proxy is recorded immediately. SXE encourages its unitholders to submit their proxies using these methods whenever possible. If you submit a proxy by telephone or the Internet website, please do not return your proxy card by mail.

All units represented by each properly executed and valid proxy received before the Special Meeting will be voted in accordance with the instructions given on the proxy. If an SXE Unitholder executes a proxy card without giving instructions, the SXE Units represented by that proxy card will be voted as the SXE GP Board recommends. The SXE GP Board recommends that SXE Unitholders vote FOR the Merger Proposal and that holders of SXE Common Units vote FOR the Advisory Compensation Proposal.

Your vote is important. Accordingly, please submit your proxy by telephone, through the Internet or by mail, whether or not you plan to attend the meeting in person.

Voting of Units Held in Street Name

If your units are held in an account at a broker or through another nominee, you must instruct the broker or other nominee on how to vote your units by following the instructions that the broker or other nominee provides to you with these proxy materials. Most brokers offer the ability for unitholders to submit voting instructions by mail by

completing a voting instruction card, by telephone and via the Internet.

If you do not provide voting instructions to your broker, your SXE Units will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is referred to as a broker non-vote. Under the current rules of the NYSE, brokers do not have discretionary authority to vote on any of the proposals, including the Merger Proposal. Accordingly, the broker cannot register your SXE Units as being present at the Special Meeting for purposes of determining a quorum, and will not be able to vote on those matters for which specific authorization is required. A broker non-vote will have the same effect as a vote AGAINST the Merger Proposal and the Advisory Compensation Proposal.

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If you hold units through a broker or other nominee and wish to vote your units in person at the Special Meeting, you must obtain a proxy from your broker or other nominee and present it to the inspector of election with your ballot when you vote at the Special Meeting.

Revocability of Proxies; Changing Your Vote

You may revoke your proxy and/or change your vote at any time before your proxy is voted at the Special Meeting. If you are a unitholder of record, you can do this by:

- sending a written notice, no later than the telephone/internet deadline, to Southcross Energy Partners, L.P. at 1717 Main Street, Suite 5200, Dallas, Texas 75201, Attention: Corporate Secretary, that bears a date later than the date of this proxy and is received prior to the Special Meeting and states that you revoke your proxy;

- submitting a valid, later-dated proxy by mail, telephone or Internet that is received prior to the Special Meeting; or

- attending the Special Meeting and voting by ballot in person (your attendance at the Special Meeting will not, by itself, revoke any proxy that you have previously given).

If you hold your SXE Units through a broker or other nominee, you must follow the directions you receive from your broker or other nominee in order to revoke your proxy or change your voting instructions.

Solicitation of Proxies

This proxy statement/prospectus is furnished in connection with the solicitation of proxies by the SXE GP Board to be voted at the Special Meeting. Under the Merger Agreement, SXE and AMID agreed to each pay one-half of the expenses incurred in connection with the filing, printing and mailing of this proxy statement/prospectus. SXE will bear all costs and expenses in connection with the solicitation of proxies. SXE has engaged Georgeson LLC to assist in the solicitation of proxies for the meeting and SXE estimates it will pay Georgeson LLC a fee of approximately $15,000 for these services. SXE has also agreed to reimburse Georgeson LLC for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify against certain losses, costs and expenses. In addition, SXE may reimburse brokerage firms and other persons representing beneficial owners of SXE Units for their reasonable expenses in forwarding solicitation materials to such beneficial owners. Proxies may also be solicited by certain of SXE GP s directors, officers and employees by telephone, electronic mail, letter, facsimile or in person, but no additional compensation will be paid to them.

A letter of transmittal and instructions for the surrender of SXE Common Units will be mailed to holders of such SXE Units shortly after the completion of the Merger. The AMID Common Units that SXE Unitholders will receive in the Merger will be in book-entry form.

No Other Business

Under the SXE Partnership Agreement, no other business may be brought by any SXE Unitholders before the Special Meeting except as set forth in the notice to SXE Unitholders provided with this proxy statement/prospectus.

Adjournments

Adjournments may be made for the purpose of, among other things, soliciting additional proxies if there are not sufficient votes to approve a proposal. SXE GP may adjourn the Special Meeting one or more times for any reason. No unitholder vote is required for any adjournment. SXE is not required to notify holders of SXE

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Common Units of any adjournment of 45 days or less if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At any adjourned meeting, SXE may transact any business that it might have transacted at the original Special Meeting, provided that a quorum is present at such adjourned meeting. Proxies submitted by holders of SXE Common Units for use at the original Special Meeting will be used at any adjournment or postponement of the meeting. References to the Special Meeting in this proxy statement/prospectus are to such Special Meeting as adjourned or postponed.

Assistance

If you need assistance in completing your proxy card or have questions regarding the Special Meeting, please contact Georgeson LLC toll-free at 1-888-293-6812.

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THE MERGER

This section of the proxy statement/prospectus describes the material aspects of the proposed Merger. This section may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the documents incorporated herein by reference, including the full text of the Merger Agreement, for a more complete understanding of the Merger. A copy of the Merger Agreement is attached as Annex A hereto. In addition, important business and financial information about each of AMID and SXE is included in or incorporated into this proxy statement/prospectus by reference. See Where You Can Find More Information.

Effect of the Merger and the Contribution

Subject to the terms and conditions of the Merger Agreement and in accordance with Delaware law, the Merger Agreement provides for the merger of SXE with AMID Merger Sub. SXE, which is sometimes referred to following the Merger as the surviving entity, will survive the Merger, and the separate limited liability company existence of AMID Merger Sub will cease. As a result of the Merger, AMID will become the sole limited partner of SXE. After the completion of the Merger, the certificate of limited partnership of SXE in effect immediately prior to the Effective Time will be the certificate of limited partnership of the surviving entity, until amended in accordance with its terms and applicable law, and the SXE Partnership Agreement in effect immediately prior to the Effective Time will be the agreement of limited partnership of the surviving entity, until amended in accordance with its terms and applicable law.

Concurrently with the execution of the Merger Agreement, Southcross Holdings, AMID and AMID GP entered into the Contribution Agreement, pursuant to which Southcross Holdings will contribute to AMID and AMID GP its equity interests in SXH Holdings, which will hold substantially all the current subsidiaries (Southcross Holdings Intermediary LLC, Southcross Holdings Guarantor GP LLC and Southcross Holdings Guarantor LP, which, in turn, directly or indirectly own 100% of the limited liability company interest of SXE GP, 100% of the outstanding SXE Class B Convertible Units, 100% of the outstanding SXE Subordinated Units and approximately 55% of the outstanding SXE Common Units) and business of Southcross Holdings, in exchange for (i) the number of AMID Common Units equal to $185,697,148, subject to certain adjustments for cash, indebtedness, working capital and transaction expenses contemplated by the Contribution Agreement, divided by $13.69, (ii) 4.5 million series E preferred units, (iii) options to acquire 4.5 million AMID Common Units, and (iv) 15% of the equity interest in AMID GP. After the completion of the Contribution, Southcross Holdings will become a limited partner of AMID and a member of AMID GP.

The Contribution Agreement contains customary representations and warranties and covenants by each of the parties. Completion of the Contribution is conditioned upon, among other things: (1) the absence of certain legal impediments prohibiting the transactions, (2) applicable regulatory approvals, including the termination or expiration of the applicable waiting period under the HSR Act, and (3) with respect to AMID s obligation to close only, the conditions precedent contained in the Merger Agreement having been satisfied or being satisfied concurrently with the closing of the Contribution Agreement. The Contribution Agreement contains provisions granting both AMID and Southcross Holdings the right to terminate the Contribution Agreement for certain reasons, including, among others, if the Contribution does not occur on or before June 1, 2018. The Merger Agreement provides that, at the Effective Time, each SXE Common Unit issued and outstanding or as of immediately prior to the Effective Time, other than those held by the Affiliated Unitholders and by AMID or any of its subsidiaries, will be converted into the right to receive 0.160 of an AMID Common Unit. Each SXE Common Unit, SXE Subordinated Unit and SXE Class B Convertible Unit held by Southcross Holdings or any of its subsidiaries and by AMID or any of its subsidiaries outstanding immediately prior to the Effective Time will be cancelled at the Effective Time for no consideration.

Because the Exchange Ratio was fixed at the time the Merger Agreement was executed and because the market value of AMID Common Units and SXE Common Units will fluctuate prior to the consummation of the

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Merger, SXE Unitholders cannot be sure of the value of the Merger consideration they will receive relative to the value of SXE Common Units that they are exchanging. For example, decreases in the market value of AMID Common Units will negatively affect the value of the Merger consideration that SXE Unitholders receive, and increases in the market value of SXE Common Units may mean that the Merger consideration that such unitholders receive will be worth less than the market value of the SXE Common Units that they are exchanging. See *Risk Factors Risks Relating to the Merger Because the market price of AMID Common Units will fluctuate prior to the consummation of the Merger, SXE Common Unitholders cannot be sure of the market value of the AMID Common Units they will receive as unit consideration relative to the value of SXE Common Units they exchange*.

AMID will not issue any fractional units of AMID Common Units in connection with the Merger. Instead, all fractional AMID Common Units that an SXE Unitholder would otherwise be entitled to receive will be aggregated and then, if a fractional AMID Common Unit results from that aggregation, be rounded up to the nearest whole AMID Common Unit.

Each award of SXE LTIP Units that is outstanding immediately prior to the Effective Time will, at the Effective Time, be fully vested and settled in the form of SXE Common Units, provided that SXE will withhold a portion of the SXE Common Units that would otherwise be delivered upon vesting equal to the amount of any applicable federal, state and local taxes. The holder of the SXE Common Units provided in exchange for SXE LTIP Units will receive 0.160 of an AMID Common Unit for each SXE Common Unit.

In connection with the Merger, the incentive distribution rights in SXE outstanding immediately prior to the Effective Time will be cancelled. See the section entitled *The Merger Agreement* for further information.

Background of the Merger

For purposes of the discussion in this *Background of the Merger* section, SXE and Southcross Holdings are referred to collectively herein as Southcross.

Southcross management, the board of directors of Holdings GP (the Holdings GP Board) and the SXE GP Board regularly assess Southcross financial position and results of operations as well as potentially available options to create value for Southcross unitholders, considering Southcross performance and prospects in light of the business and economic environment, as well as developments in the U.S. energy industry and challenges facing participants in the midstream energy sector. These assessments have included, from time to time, consideration of potential alternatives that would further Southcross strategic objectives and ability to engage in growth and development projects, taking into account Southcross expected capital needs and funding requirements, and an assessment of the expected opportunities and risks relating to Southcross strategic plans. Similarly, Southcross management periodically explores and evaluates, and discusses with the Holdings GP Board and the SXE GP Board, various strategic alternatives potentially available to Southcross, including acquisitions and divestitures, joint ventures and other potential transactions, including a potential acquisition by Southcross Holdings of all of the outstanding equity of SXE in a going private transaction.

In August 2016, senior management of another company, which we refer to as Company A, contacted Bruce A. Williamson, who was serving as non-executive Chairman of the SXE GP Board and Chairman of Holdings GP, to express an interest in discussing a potential business transaction involving both Southcross Holdings and SXE. On August 11, 2016, Southcross Holdings entered into a confidentiality agreement with Company A in an effort to explore a potential strategic business transaction. On August 23, 2016, Mr. Williamson, together with representatives of the Sponsors met in person with Company A s senior management regarding a potential strategic transaction. On August 31, 2016, Mr. Williamson received a preliminary proposal from Company A contemplating (i) a joint venture

with Southcross involving certain assets of Company A and the Southcross entities, (ii) equity of Company A in exchange for equity of Southcross Holdings and the repayment of net debt outstanding of Southcross Holdings as of December 31, 2016, and (iii) a cash contribution from Company A to

repay SXE s outstanding debt and to purchase all outstanding Non-Affiliated SXE Common Units for cash through a limited call right at no premium to the unit market price. After consultation with the Holdings GP Board, on September 21, 2016, Mr. Williamson and Company A s chief executive officer met to discuss Company s A proposal. At the time, the parties could not agree on the relative contributions of the Southcross entities and those of Company A to the proposed joint venture, and there was a significant issue regarding the magnitude of SXE s debt compared to the balance sheet leverage of Company A. Consequently, negotiations ceased.

For the quarter ended September 30, 2016, SXE was not in compliance with the financial covenant in its revolving credit agreement requiring it to maintain a consolidated total leverage ratio (as defined in the revolving credit agreement) of less than 5.00 to 1.00 for the quarter ended September 30, 2016. This prompted both the SXE GP Board and Holdings GP Board to begin to evaluate possible alternative strategies to address SXE s leverage and, given the cross default and potential acceleration of debt to Southcross Holdings, to address overall leverage.

On December 29, 2016, SXE entered into a limited waiver agreement and fifth amendment (the Amendment) to SXE s revolving credit agreement. Pursuant to the Amendment, SXE received a full waiver for all defaults or events of default arising from its failure to comply with the financial covenant to maintain a consolidated total leverage ratio of less than 5.00 to 1.00 for the quarter ended September 30, 2016. Among other things, the Amendment suspended the requirement for SXE to comply with the consolidated total leverage ratio until March 31, 2019 and reduced the total aggregate commitments under SXE s revolving credit agreement. As further required by the lenders under SXE s revolving credit agreement, in connection with the Amendment, SXE also entered into an investment agreement with Southcross Holdings and Wells Fargo Bank, N.A., a backstop commitment letter with Southcross Holdings, Wells Fargo Bank, N.A. and the Sponsors and a first amendment to equity cure contribution agreement with Southcross Holdings. Under these agreements, Southcross Holdings contributed $17 million to SXE in exchange for 11,486,486 SXE Common Units, SXE partially repaid the outstanding balance under SXE s revolving credit agreement, Southcross Holdings agreed to provide an additional $15 million to SXE in the future under certain circumstances and the Sponsors agreed to fund any shortfall if Southcross Holdings were required, but unable, to provide the additional funds.

During the second half of 2016 and thereafter, Southcross Holdings and SXE GP continued to evaluate and consider various potential financial and strategic opportunities as part of its strategy to enhance unitholder value at both Southcross Holdings and SXE and to restructure SXE s balance sheet. The Holdings GP Board and SXE GP Board recognized that SXE s access to additional credit was limited and the Sponsors were not willing to provide additional financial support to SXE.

In its ongoing assessment of Southcross, the Holdings GP Board and the SXE GP Board considered that as a standalone entity and without a significant equity contribution, which SXE may not be able to obtain, or absent additional amendments to its revolving credit agreement or waivers of the March 31, 2019 requirement to comply with the consolidated total leverage ratio, SXE may not be able to comply with such financial covenant as of such date, which would trigger an event of default, and result in substantial doubt regarding SXE s ability to continue as a going concern as early as the second quarter of 2018. If SXE s independent auditors subsequently report in their next annual audit report the existence of substantial doubt regarding SXE s ability to continue as a going concern, this would also lead to an event of default under SXE s revolving credit agreement and term loan which, in turn, would trigger a cross default under Southcross Holdings credit facilities. Such events of default, if not cured, would allow the lenders under each of these borrowing arrangements to accelerate the maturity of the debt, making it due and payable immediately.

On January 4, 2017, Company A sent Mr. Williamson an amended and restated confidentiality agreement pursuant to which Company A and another party, which we refer to as Company B, and together with Company A, as Company

AB, would jointly consider the acquisition of an interest in Southcross.

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On January 19, 2017, Mr. Williamson and Bret M. Allan, Senior Vice President and Chief Financial Officer of SXE GP, had a lunch meeting with senior management of Company A to discuss possible strategic business alternatives.

In addition, in connection with its consideration of potential strategic alternatives, in January 2017, Mr. Williamson, who was hired as Chairman, President and Chief Executive Officer of SXE GP effective January 6, 2017, was directed by the Holdings GP and SXE GP Boards to retain a financial advisor to assist it in an evaluation of potential strategic alternatives. In January 2017, the Holdings GP Board selected RBC Capital Markets, LLC (RBC Capital Markets) as its financial advisor. RBC Capital Markets was selected because of, among other things, its recent experience with transactions in the midstream and energy sectors, its strong investment banking reputation and its experience in advising companies and boards of directors in connection with business combination transactions. In February 2017, the Holdings GP Board also determined to engage Wells Fargo Securities, LLC (Wells Fargo) to assist the Holdings GP Board in, among other things, its consideration of potential strategic alternatives. Wells Fargo was selected because of, among other things, its depth of knowledge related to Southcross as a long-standing lender and advisor.

In February 2017, members of Southcross senior management contacted Locke Lord, and engaged Locke Lord, as counsel to Southcross in connection with the evaluation of a potential third-party transaction or other strategic alternatives.

On February 22, 2017, the Holdings GP Board held a meeting attended by the SXE GP Board, members of Southcross senior management and representatives of RBC Capital Markets. At this meeting, the participants discussed Southcross positioning in the midstream energy sector, various measures of Southcross Holdings and SXE s market valuation and potential strategic alternatives to enhance unitholder value. Mr. Williamson stated that the SXE Conflicts Committee, with the assistance of its legal and financial advisors, would be asked to evaluate any potential strategic alternatives, including without limitation, continuing to operate the business as a standalone entity, engaging in a sale of Southcross Holdings or SXE, selling all or a portion of the midstream business segment and/or obtaining an equity infusion from a new Sponsor, thereby diluting all current equity owners. RBC Capital Markets discussed, among other things, an illustrative overview of steps involved in a potential sale process, including potential partners to a strategic alternative transaction, preparation of initial information materials regarding Southcross Holdings and SXE, and an indicative timetable. As envisioned, the third-party solicitation process would involve two phases. In the first phase, a broad range of potential bidders would receive, subject to a confidentiality agreement, a confidential information memorandum (CIM) with information regarding Southcross Holdings and SXE and an initial indication of interest instruction letter (the Phase I Process Letter) requesting a response by April 5, 2017. Based on the initial response, the Holdings GP Board would determine which potential transaction parties would be invited to participate in the second phase of the sale process which would involve the opportunity to conduct detailed due diligence. These second round potential transaction parties would also be provided with a form of a transaction agreement reflecting the terms on which Southcross intended to pursue a strategic transaction.

Following this meeting, Southcross management, with the assistance of RBC Capital Markets, prepared the CIM.

On February 23, 2017, at the request of the Holdings GP Board, RBC Capital Markets met with Company A regarding the sale process. On March 6, 2017, Southcross Holdings and Company A and Company B entered into an amended and restated confidentiality agreement.

Between February 22, 2017 and March 24, 2017, a total of 40 potential counterparties, including AMID, Company A, Company B and other strategic buyers and new financial sponsors, were contacted. Between February 22, 2017 and March 31, 2017, confidentiality agreements were executed with all interested parties to facilitate further discussions on the basis of confidential information. This resulted in 21 strategic buyers and five financial sponsors signing confidentiality agreements. 23 of the 26 confidentiality agreements included a

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customary standstill provision, which, among other things, (i) prohibited the counterparty from acquiring securities of Southcross and waging a proxy contest or other unitholder activism campaign and (ii) automatically terminated upon the entry by Southcross into a definitive acquisition agreement with a third party. The remaining three confidentiality agreements did not contain a standstill provision. Upon execution of a confidentiality agreement, each qualified bidder received the CIM and a summary financial model.

Beginning on March 24, 2017, the Phase I Process Letter was provided to all potential bidders that had entered into confidentiality agreements with Southcross Holdings.

During this time and throughout the process, the members of each of the Holdings GP Board and the SXE GP Board received periodic informal updates regarding the status of negotiations and transaction documentation from members of Southcross senior management and representatives of Locke Lord and RBC Capital Markets.

On March 1, 2017, the SXE Conflicts Committee, consisting of Jerry W. Pinkerton, Nicholas J. Caruso and Andrew A. Cameron, held a meeting attended by representatives of Akin Gump Strauss Hauer & Feld LLP, legal counsel to the SXE Conflicts Committee (Akin Gump). At the meeting, the SXE Conflicts Committee discussed the potential for a future transaction involving SXE and the potential retention of a financial advisor to the SXE Conflicts Committee. The SXE Conflicts Committee considered Jefferies qualifications, reputation and experience, as well as Jefferies familiarity with and experience advising the SXE Conflicts Committee in the past, and determined to retain Jefferies in connection with its review and consideration of a potential transaction, subject to Jefferies disclosure of any relationships related to this retention and agreement on an acceptable fee arrangement and engagement letter.

On April 5 and April 6, 2017, initial indications of interest were received from 12 of the 21 potential counterparties consisting of nine strategic parties, including AMID and Company AB, and three financial sponsors. Thirteen other potential counterparties indicated that they were not interested in pursuing a potential transaction at that time. Eight of the indications of interests received, including those received from AMID and Company AB, provided for an acquisition of Southcross Holdings inclusive of SXE and the assumption of the outstanding debt of Southcross Holdings and SXE. One of the indications of interest received was for a business combination involving Southcross Holdings and SXE with SXE s public units remaining outstanding and Southcross Holdings and SXE s public unitholders owning a minority position in the merged entity. Two indications of interests were for acquisitions of assets only, one of which was for SXE s Mississippi and Alabama assets only and the other proposal was for Southcross Holdings and SXE s Robstown and Bonnie View fractionators only. The final indication of interest was for a joint venture with Southcross Holdings and SXE involving the potential buyer s asset portfolio.

On April 6, 2017, the Holdings GP Board met telephonically with members of Southcross senior management and representatives of RBC Capital Markets to discuss the initial indications of interest received. After discussion regarding the terms of the indications of interest and the financial capacity of each of the interested parties to engage in a transaction with Southcross Holdings and SXE, the Holdings GP Board instructed Southcross senior management to invite seven of the 12 initial bidders, including AMID and Company AB, to conduct detailed due diligence and participate in the second phase of the bid process (the Second Round Bidders). These Second Round Bidders were selected based on, among other things, their indicated valuation, ability to conduct due diligence in a timely manner and ability to complete the financing of a transaction.

Between April 13, 2017 through May 8, 2017, members of Southcross senior management, with input from representatives of the Sponsors and representatives of Locke Lord, prepared a form of a purchase and sale agreement. The draft purchase and sale agreement contemplated the sale by Southcross Holdings of all of its equity interest in Southcross Holdings Intermediary LLC, Southcross Holdings Guarantor GP LLC and Southcross Holdings Guarantor LP, which directly or indirectly own 100% of the limited liability company interest of SXE GP and 100% of the

partnership interest of Southcross Holdings Borrower LP (which directly

holds [26,492,074] SXE Common Units, [12,213,713] SXE Subordinated Units, and [18,656,071] SXE Class B Convertible Units as of the record date, together representing [72.2]% of SXE s outstanding limited partnership interests).

Beginning on April 14, 2017, the Second Round Bidders, including AMID and Company AB, began their review of materials in a virtual data room. On May 8, 2017, final proposal instruction letters were sent to the Second Round Bidders, including AMID and Company AB, requesting submission of final proposals on or before May 24, 2017. The draft purchase and sale agreement was also made available to these parties.

Between April 18 and April 25, 2017, six of the Second Round Bidders, including AMID and Company AB, participated in management presentations with members of Southcross senior management. The seventh Second Round Bidder, after receiving additional materials prior to a management presentation, withdrew its proposal and declined to continue in the process. Shortly after the management presentation to another of the Second Round Bidders, such party also indicated that it was no longer interested in pursuing a transaction with Southcross.

On May 11, 2017, the Holdings GP Board held a telephonic meeting attended by members of Southcross senior management and representatives of Tailwater, Locke Lord and RBC Capital Markets. At the meeting, representatives of Locke Lord reviewed the duties of the Holdings GP Board and its obligations pursuant to the Southcross Holdings partnership agreement in connection with its consideration of a proposed transaction. Mr. Williamson and representatives of RBC Capital Markets provided an update on the status of the third-party solicitation process, noting that 40 potential parties had been contacted resulting in 12 parties (including AMID and Company AB) submitting first round indications of interest. RBC Capital Markets then outlined potential steps for the second part of the process, including the evaluation of the consideration and documentation proposed, certain considerations for the Southcross Holdings limited partners and the SXE Conflicts Committee approvals and an indicative timeline.

On May 24, 2017, three final bids were received from each of AMID, Company AB and Company C.

On May 26, 2017, the Holdings GP Board held a telephonic meeting attended by members of Southcross senior management and representatives of RBC Capital Markets, at which the final proposals received were discussed.

AMID s initial proposal provided for an acquisition of Southcross Holdings and SXE and the assumption of the outstanding debt of Southcross Holdings and SXE. AMID proposed a total equity consideration of $256 million for Southcross Holdings, payable in AMID Common Units based on the 20-day trading volume weighted average price (VWAP) of AMID Common Units prior to execution of a definitive agreement, and offered $80 million to the holders of Non-Affiliated SXE Common Units payable in AMID Common Units based on the 20-trading day VWAP of AMID Common Units prior to execution of a definitive agreement. Since AMID s proposed consideration was in the form of publicly listed equity securities, AMID s proposal could be valued. The total enterprise value of the AMID proposal was approximately $1.0 billion.

Company AB s initial proposal contemplated a cash acquisition of both Southcross Holdings and SXE. At the time of the submission of their final proposal, Company AB indicated that the best they could do would be to form a joint venture with Southcross Holdings and SXE involving certain assets of Company AB, as well as a cash contribution from Company AB and the owners of Southcross Holdings to repay debt and to purchase for cash the outstanding Non-Affiliated SXE Common Units through a limited call right at no premium to the unit market price. Since Company AB s initial proposal was in the form of a combination of South Texas assets and an earn-out structure, a discernible valuation could not be determined.

Company C s initial proposal provided for an acquisition of Southcross Holdings for an equity value of $205 million in cash and did not contemplate any acquisition of SXE. The implied total enterprise value of Company C s proposal was approximately $932 million.

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After discussion, the Holdings GP Board concluded that AMID s proposal had the potential to deliver the highest value to the Southcross Holdings owners while also providing an attractive combination for the holders of Non-Affiliated SXE Common Units . The Holdings GP Board instructed Southcross senior management, with the assistance of RBC Capital Markets, to engage in negotiations with AMID regarding AMID s proposed valuation of Southcross Holdings and SXE and to obtain clarifications regarding AMID s valuation, financing assumptions and expectations regarding transaction timing and whether AMID s sponsor support had reviewed and was supportive of AMID s proposal.

On June 1, 2017, the SXE GP Board held a telephonic meeting attended by members of Southcross senior management and representatives of Locke Lord and RBC Capital Markets. At the meeting, representatives of Locke Lord reviewed the duties of the SXE GP Board and its obligations pursuant to the SXE Partnership Agreement in connection with its consideration of the proposed transaction. RBC Capital Markets then reviewed the final proposals received and relayed AMID s clarifications to its proposals. The SXE GP Board discussed the merits of an AMID transaction, including the potential benefit of SXE s public unitholders, receiving a security of a company that currently is making distributions, reducing leverage on SXE and increasing liquidity at SXE. The SXE GP Board directed Southcross senior management to conduct due diligence on AMID in order to further assess AMID s final proposal.

On June 2, 2017, the SXE Conflicts Committee held a telephonic meeting attended by representatives of Akin Gump, members of Southcross senior management, and representatives of RBC Capital Markets and Jefferies. At the meeting, Mr. Williamson updated the SXE Conflicts Committee regarding certain transactions under consideration by the Holdings GP Board, including the general terms of such transactions, the status of negotiations with potential counterparties, and certain potential benefits and drawbacks of each transaction. Mr. Williamson also discussed certain challenges SXE was facing on a standalone basis, including SXE s significant exposure to the Eagle Ford shale region and its declining production levels, low natural gas prices, reduced drilling and reduced contract renewals, as well as SXE s balance sheet, leverage and financing requirements.

On June 6, 2017, in accordance with the direction of the Holdings GP Board, representatives of RBC Capital Markets met with members of the senior management of AMID regarding AMID s final proposal, relayed the request of the Holdings GP Board and the SXE GP Board that AMID improve its valuation of both Southcross Holdings and SXE and also conveyed Southcross due diligence requests of AMID. On that same day, Mr. Williamson and Lynn L. Bourdon III, President and Chief Executive Officer of AMID, telephonically discussed the timeline for AMID s responses to Southcross reverse due diligence requests on AMID, as well as the provision of AMID s financial model.

On June 9, 2017, at the request of Southcross senior management, RBC Capital Markets provided Southcross list of reverse due diligence requests to AMID s financial advisor, Deutsche Bank Securities Inc. (Deutsche Bank). Later that day, Deutsche Bank provided AMID s financial model to RBC Capital Markets which it relayed to Southcross senior management.

On the morning of June 13, 2017, members of Southcross senior management, together with representatives of the Sponsors, met with members of AMID s senior management and its sponsor, ArcLight Capital, to negotiate the terms and structure of a potential transaction involving AMID, Southcross Holdings and SXE.

Later that afternoon, members of Southcross senior management and members of AMID s senior management met in person to discuss AMID s financial model. Representatives of RBC Capital Markets and Deutsche Bank also attended these meetings.

On June 14, 2017, Southcross management met with PricewaterhouseCoopers to discuss the firm s potential engagement to assist Southcross management in evaluating the tax implications of the potential transaction involving

AMID, Southcross Holdings and SXE.

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On June 15, 2017, Mr. Williamson and Mr. Bourdon telephonically discussed the potential transactions with AMID, Southcross Holdings and SXE, including possible transaction structures, interim covenants and integration approaches. Mr. Williamson and Mr. Bourdon corresponded on a regular basis about these and other matters related to the proposed transaction until the execution of the Merger Agreement and the Contribution Agreement on October 31, 2017.

On June 19, 2017, the Holdings GP Board and the SXE GP Board held a joint telephonic meeting attended by members of Southcross senior management, and representatives of the Sponsors, Locke Lord and RBC Capital Markets. At the meeting, representatives of Locke Lord reviewed the duties of Holdings GP Board and SXE GP Board and their respective obligations pursuant to the Southcross Holdings partnership agreement and SXE Partnership Agreement, respectively, in connection with its consideration of the proposed transaction. Mr. Williamson and Mr. Allan then provided an update on the progress of the discussions with AMID and the due diligence review to date. Mr. Williamson discussed the need for further meetings with AMID for due diligence purposes. Mr. Williamson further discussed the perceived strategic rationale for the transaction for Southcross, which included the holders of Non-Affiliated SXE Common Units receiving cash distribution-paying AMID Common Units as merger consideration, and reduced leverage of the pro forma entity (as compared to SXE on a standalone basis). Mr. Williamson further informed the boards that the proposed deal structure involved the holders of Non-Affiliated SXE Common Units receiving AMID Common Units in exchange for their SXE Common Units and Southcross Holdings limited partners receiving AMID Common Units and/or AMID preferred units, and potentially an interest in AMID GP.

Beginning on June 23, 2017, members of Southcross senior management together with representatives of the Sponsors, Locke Lord and RBC Capital Markets began weekly update calls to discuss the status of the proposed transaction with AMID.

On June 26, 2017, members of Southcross senior management, together with representatives of the Sponsors, met with members of the senior management of AMID and ArcLight Capital to continue to negotiate the terms of a potential transaction involving Southcross Holdings and SXE. Representatives of RBC Capital Markets also attended this meeting.

On June 28, 2017, members of AMID s senior management, together with representatives of ArcLight Capital, gave a management presentation at the offices of Locke Lord in Houston to members of Southcross senior management and representatives of the Sponsors. Also present at the meeting were representatives of Locke Lord, Gibson Dunn, counsel to AMID, and RBC Capital Markets and, at the request of the SXE Conflicts Committee, representatives of Jefferies.

On June 29, 2017, the Holdings GP Board and the SXE GP Board held a joint telephonic meeting attended by Southcross senior management and representatives of Locke Lord and RBC Capital Markets. At the meeting, representatives of Locke Lord reviewed the duties of Holdings GP Board and SXE GP Board and their respective obligations pursuant to the Southcross Holdings partnership agreement and SXE Partnership Agreement, respectively, in connection with its consideration of the proposed transaction. Mr. Williamson and representatives of RBC Capital Markets then provided an update on the progress of discussions with AMID. Mr. Williamson also discussed the need for further due diligence on AMID, including a review of its financial projections. At this meeting, Mr. Williamson suggested that it may be advisable for the Holdings GP Board to form a special committee (the A-II Special Committee) to consider the potential impact of the transactions on holders of Southcross Holdings Class A-II units (the A-II Holders).

Also at this meeting, Mr. Williamson informed the boards of directors that another company, which we refer to as Company D, had submitted a non-binding indication of interest on June 27, 2017 to acquire certain natural gas liquids assets owned by Southcross Holdings and SXE for total consideration of $685 million ($620 million for the Southcross Holdings assets and $65 million for the SXE assets) and no assumption of Southcross debt. In addition, Company D s proposal provided that it would cause its affiliate to dedicate certain production from

certain of its leasehold interests to Southcross. As proposed, the sale of the SXE assets would be prohibited under the terms of SXE s revolving credit agreement and would result in a breach of that agreement, triggering an event of default under SXE s debt of $517 million, which would allow the lenders to accelerate the debt and declare it immediately due and payable. Mr. Williamson stated that Southcross management was reviewing the proposal with the assistance of RBC Capital Markets.

On June 29, 2017, at the direction of the Holdings GP Board and the SXE GP Board, representatives of RBC Capital Markets informed Company D that in order to participate in the process, it would be required to submit a proposal for an en bloc acquisition of both Southcross Holdings and SXE, and not just the acquisition of select assets from those entities.

From June 29, 2017 until the execution of the Merger Agreement and the Contribution Agreement, Southcross and AMID continued to engage in due diligence reviews of one another.

On July 5, 2017, the SXE Conflicts Committee held a telephonic meeting attended by representatives of Akin Gump. At the meeting the SXE Conflicts Committee discussed the proposed terms and conditions of Jefferies engagement as its financial advisor, the process for evaluating a possible transaction involving SXE, and the SXE Conflicts Committee s responsibilities under the SXE Partnership Agreement.

On July 7, 2017, on the recommendation of Southcross Holdings senior management, the Holdings GP Board established the A-II Special Committee consisting of Mark Cox and Mike Reddin, who are the independent directors designated by the A-II Holders to serve on the Holdings GP Board, to review and evaluate the proposed Contribution Agreement and related transactions on behalf of the A-II Holders and to review, evaluate and negotiate any terms and conditions that might apply to the A-II Holders differently than those applied to the Sponsors, and to determine the advisability of the proposed Contribution Agreement and related transactions, including the Merger Agreement and the Merger, with respect to the A-II Holders.

On July 10, 2017, representatives of Southcross met via teleconference with representatives of AMID to discuss AMID s financial model. Representatives of RBC Capital Markets and Deutsche Bank also attended this teleconference.

On that same day, Company D provided a revised proposal to acquire 100% of the outstanding partnership interests in Southcross Holdings and 100% of the membership interests in Holdings GP for $645 million in cash, an assumption of $139 million in Southcross Holdings debt and $100 million to $120 million reserved as a capital investment to recapitalize SXE. Southcross senior management determined that Company D s proposal was inadequate, after taking into account that SXE s debt of $517 million would accelerate and become immediately due and payable upon a change of control and that Company D s offer would have resulted in a negative equity value for Southcross Holdings.

On July 12, 2017, Gibson Dunn sent an initial draft of a Merger Agreement to representatives of Locke Lord. The draft Merger Agreement provided for consideration consisting of an exchange of AMID Common Units for each SXE Common Unit. The initial draft Merger Agreement did not contain any provisions allowing for SXE to explore an alternative proposal that might be a superior proposal and to pursue a potentially superior proposal, or to withdraw board support for the merger. Further, the initial draft of the Merger Agreement did not provide for SXE s ability to withdraw board support in the event of a material changed circumstance.

On July 13, 2017, members of senior management of Southcross, AMID and ArcLight Capital, together with representatives of RBC Capital Markets and Deutsche Bank, met in person for further negotiations on the terms of a potential transaction. At this meeting, AMID presented a revised proposal for an acquisition of Holdings and SXE (the

July 13 Proposal). The revised proposal provided for equity consideration to Holdings consisting of (i) 9.7 million AMID Common Units ($133 million implied value, at $13.69 per AMID Common Unit (the AMID Reference Price)), (ii) 3.3 million series E preferred units ($50 million implied value at $15.00

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issuance price), (iii) a 15% sharing percentage interest in AMID GP, and (iv) $50 million of nominal contingent consideration. In addition, the July 13 Proposal proposed consideration to the holders of Non-Affiliated SXE Common Units that would equal the number of AMID Common Units per SXE Common Unit reflecting a 6% premium to the exchange ratio of the 20-trading day VWAP of AMID and SXE Common Units. For illustrative purposes, the exchange ratio as presented by AMID in the July 13 Proposal was 0.230 of an AMID Common Unit per SXE Common Unit, implying total equity consideration of $68 million to the holders of Non-Affiliated SXE Common Units, and implying a total enterprise value below AMID s original May 24, 2017 proposal of $1,000 million.

On July 14, 2017, Company D submitted a revised proposal pursuant to which it would acquire certain assets of Southcross Holdings, which also contemplated that an affiliate would dedicate certain acreage to SXE for processing at competitive terms and Company D would enter into a new NGL purchase agreement with SXE.

On July 17, 2017, the A-II Special Committee held a telephonic meeting attended by representatives of Jones Day, legal counsel retained by the A-II Special Committee. At the meeting, the A-II Special Committee discussed the engagement of Tudor Pickering Holt & Co. (TPH) as the A-II Special Committee s financial advisor with respect to the proposed Contribution and related transactions. TPH was selected by the A-II Special Committee because of, among other things, its investment banking reputation and expertise in similar transactions in the energy industry. The A-II Special Committee engaged TPH pursuant to an engagement letter dated July 19, 2017.

Also, on July 17, 2017, Southcross Holdings and Company D entered into a confidentiality agreement. Following execution of the confidentiality agreement, Southcross made certain confidential information available to Company D and provided responses to Company D s due diligence requests.

On July 19, 2017, RBC Capital Markets received an inbound email, which was relayed to Southcross senior management, from a potential bidder that had participated in the first round of the third-party solicitation process, reiterating its interest in acquiring Southcross Holdings Robstown facility and SXE s Bonnie View fractionator and related assets. After discussion of this proposal, the Holdings GP Board and the SXE GP Board determined that the proposal was still unacceptable as it would have depleted Southcross Holdings and SXE of operational assets on a going forward basis.

Later that day, Deutsche Bank provided an updated version of AMID s financial model to RBC Capital Markets, which relayed such financial model to Southcross senior management.

On July 27, 2017, representatives of Southcross met via teleconference with representatives of AMID and ArcLight Capital to discuss AMID s financial model. Representatives of RBC Capital Markets and Deutsche Bank also attended this teleconference.

On July 28, 2017, Locke Lord sent a revised draft of the Merger Agreement to Gibson Dunn. The revised draft included, among other changes, (i) symmetrical representations and warranties made by AMID, (ii) the inclusion of certain interim covenants restricting AMID s conduct during the interim period between signing and closing, and (iii) exceptions to the non-solicitation provisions and flexibility for a material change in circumstances.

On July 29, 2017, Deutsche Bank provided a summary of updates to AMID s financial model to RBC Capital Markets, which relayed such summary of updates to Southcross senior management.

On August 4, 2017, Mr. Williamson sent Mr. Bourdon a counterproposal to the July 13 Proposal (the August 4 Counterproposal). The August 4 Counterproposal provided for consideration to Southcross Holdings consisting of (i) 8.7 million AMID Common Units ($119 million implied value at the AMID Reference Price), (ii) 8.7 million series E

preferred units ($131 million implied value at a $15.00 issuance price), and (iii) a 17.5%

sharing percentage interest in AMID GP. The August 4 Counterproposal did not include the $50 million of nominal contingent consideration as contemplated in the July 13 Proposal and provided that the contemplated consideration to the holders of Non-Affiliated SXE Common Units would be discussed with the SXE Conflicts Committee.

On the morning of August 8, 2017, Mr. Bourdon sent Mr. Williamson a revised term sheet (the August 8 Term Sheet). The August 8 Term Sheet reflected proposed consideration to Southcross Holdings consisting of (i) a number of AMID Common Units equal to $244 million, subject to certain adjustments for cash, indebtedness, working capital and transaction expenses contemplated by the Contribution Agreement, divided by the AMID Reference Price of $13.69, (ii) 4.5 million series E preferred units ($68 million implied value at a $15.00 issuance price), and (iii) a 15% sharing percentage interest in AMID GP. Consideration to the holders of Non-Affiliated SXE Common Units would equal the number of AMID Common Units per SXE Common Unit reflecting a 10% premium to the exchange ratio of the 20-trading day VWAPs of AMID and SXE Common Units.

Also, on August 8, 2017, the Holdings GP Board and the SXE GP Board met in Dallas with members of Southcross senior management for a regularly scheduled joint meeting of the boards. Also in attendance at the meeting were representatives of the Sponsors, Locke Lord and RBC Capital Markets. At the meeting, representatives of Locke Lord reviewed the duties of Holdings GP Board and SXE GP Board and their respective obligations pursuant to the Southcross Holdings partnership agreement and SXE Partnership Agreement, respectively, in connection with its consideration of the proposed transaction. Mr. Williamson then provided an update on the progress of the discussions with AMID and ArcLight Capital and discussed the August 8 Term Sheet. RBC Capital Markets reviewed the sale process to date, including initial contact with potential parties, the first and second round indications of interests and the final proposals received and certain financial aspects of AMID s proposal. On the recommendations of Mr. Williamson and Kelly J. Jameson, Senior Vice President, General Counsel and Corporate Secretary of SXE GP, the SXE GP Board authorized and empowered the SXE Conflicts Committee to (i) review and evaluate the proposed merger on behalf of SXE and the holders of Non-Affiliated SXE Common Units, (ii) negotiate, or delegate (subject to continued oversight by the SXE Conflicts Committee) to any person or persons the ability to negotiate, the terms and conditions of the proposed merger, (iii) determine whether to approve the proposed merger for the purposes of providing, if appropriate, Special Approval under Section 7.9(a) of the SXE Partnership Agreement, and (iv) determine whether to recommend the proposed merger for the SXE GP Board s approval. In addition, the SXE GP Board approved the SXE Conflicts Committee s retention of David W. Biegler, a disinterested director of SXE, as a consultant to the SXE Conflicts Committee with respect to the proposed merger.

Following the joint board meeting on August 8, 2017, the SXE Conflicts Committee and Mr. Biegler held a meeting at the offices of SXE to discuss the August 8 Term Sheet. In its review of the August 8 Term Sheet, the SXE Conflicts Committee considered various matters, including the proposed consideration that would accrue to the holders of Non-Affiliated SXE Common Units, the proposed premium to determine the exchange ratio between the AMID Common Units and the SXE Common Units, and the expectation that the AMID Common Units would be a higher quality security with better liquidity and prospects for cash distributions than the SXE Common Units. In addition, the SXE Conflicts Committee discussed the work to be done by the SXE Conflicts Committee and its independent advisors in the review and consideration of the proposed merger and the additional information to be requested by the SXE Conflicts Committee, including a comparison of the proposed merger against the status quo. That afternoon, the SXE Conflicts Committee met telephonically with representatives of Jefferies and Akin Gump. During this meeting, representatives of Jefferies described the additional information about SXE and AMID that it would request to evaluate the proposed exchange ratio, including the respective management teams financial projections.

The SXE Conflicts Committee formally engaged Jefferies as its financial advisor pursuant to an engagement letter dated August 9, 2017. Jefferies informed the SXE Conflicts Committee that, during the two years prior to its engagement by the SXE Conflicts Committee in connection with the proposed merger, Jefferies provided

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financial advisory services to AMID with respect to a potential transaction not involving SXE that did not go forward, and for which it did not receive any fees.

On August 9, 2017, Gibson Dunn delivered a revised draft of the Merger Agreement and an initial draft of the Contribution Agreement to Locke Lord, Akin Gump and Jones Day. The revised Merger Agreement did not include SXE s proposed (i) inclusion of certain interim covenants restricting AMID s conduct during the interim period between signing and closing, or (ii) exceptions to the non-solicitation provisions relating to a superior proposal.

On the afternoon of August 9, 2017, the A-II Special Committee met telephonically with representatives of Jones Day and TPH and discussed initial reactions to the August 8 Term Sheet and the A-II Special Committee s process for evaluating the transaction in conjunction with its advisors.

On the evening of August 9, 2017, Mr. Allan provided Jefferies with preliminary Southcross financial models for use in its evaluation and analyses of the proposed exchange ratio for the SXE Conflicts Committee.

On August 9 and 10, 2017, Deutsche Bank posted an updated version of AMID s financial model, as well as models related to certain potential future drop-downs to AMID, into the data room maintained by AMID, and also provided these financial models to RBC Capital Markets, which relayed such financial models to Southcross senior management. Jefferies obtained the updated AMID financial model and models related to certain potential future drop-downs from AMID s data room.

On August 10, 2017, the SXE Conflicts Committee, together with Mr. Biegler, met telephonically with representatives of Jefferies and Akin Gump also in attendance. The participants discussed Jefferies evaluation of the proposed exchange ratio and outstanding due diligence requests. The SXE Conflicts Committee, Mr. Biegler and representatives of Jefferies also discussed the proposed methodology for determining the exchange ratio between the SXE Common Units and AMID Common Units and the potential impact that different measurement periods would have on the exchange ratio.

On the morning of August 11, 2017, Southcross senior management and representatives of the Sponsors held a telephonic meeting at which representatives of Locke Lord and RBC Capital Markets were present. At the meeting, representatives of Locke Lord discussed the revised draft of the Merger Agreement and the initial draft of the Contribution Agreement.

On August 11, 2017, the SXE Conflicts Committee held a telephonic meeting also attended by Mr. Biegler, members of Southcross senior management and representatives of RBC Capital Markets, Jefferies and Akin Gump, at which RBC Capital Markets provided an overview of the third-party solicitation process that had been conducted on behalf of Southcross Holdings and SXE to date, the negotiations between Southcross Holdings, SXE and AMID, and AMID s business, corporate structure and ownership, and historical unit price performance. The participants discussed AMID s financial projections, the assumptions underlying those projections and the methodology to be used in determining the exchange ratio for the AMID Common Unit consideration payable to the holders of Non-Affiliated SXE Common Units. Southcross management also described to the SXE Conflicts Committee their due diligence efforts and findings to date regarding AMID. Immediately following this meeting, the SXE Conflicts Committee and Mr. Biegler held a separate telephonic meeting also attended by representatives of Jefferies and Akin Gump during which a representative of Akin Gump presented an overview of the terms and conditions of the draft Merger Agreement and a preliminary legal due diligence report based on the review undertaken by Akin Gump. The participants discussed various terms of the Merger Agreement, including the SXE Unitholder approvals required for the Merger Agreement, the SXE GP Board s ability to change its recommendation to the SXE Unitholders, the cross-conditionality of the Merger Agreement and the Contribution Agreement and the circumstances under which SXE would be required to

pay a termination fee to AMID under the Merger Agreement. The SXE Conflicts Committee requested that Akin Gump communicate with Locke Lord to discuss the Merger Agreement and deliver the SXE Conflicts Committee s comments,

including a request for Southcross Holdings to agree to reimburse SXE s expenses, including the termination fee, if the merger were not completed as a result of any action or inaction of Southcross Holdings.

Later on August 11, 2017, representatives of Akin Gump and Locke Lord met telephonically to discuss certain tax matters related to the proposed merger and to discuss the Merger Agreement and certain comments from the SXE Conflicts Committee. Akin Gump proposed adding provisions to the Merger Agreement requiring Southcross Holdings to reimburse SXE if SXE was required to reimburse AMID for transaction expenses or to pay the termination fee as contemplated in the draft of the Merger Agreement and the cause for such payment was due to the action or inactions of Southcross Holdings or its controlling affiliates.

On the afternoon of August 11, 2017, Locke Lord prepared a list of material issues related to the drafts of the Contribution Agreement and Merger Agreement received on August 9, 2017, which included, among other items, the request that (i) the Merger Agreement be revised for the inclusion of (A) certain interim covenants restricting AMID s conduct during the interim period between signing and closing, and (B) exceptions to the non-solicitation provisions and flexibility for a material change in circumstances, and (ii) the representations and warranties contemplated in the Contribution Agreement be narrower in scope and not apply broadly to SXE. Locke Lord discussed the material issues list with each of Akin Gump and Jones Day and then distributed the material issues list to Gibson Dunn to aid in a planned conference call with Gibson Dunn to discuss the agreements.

Later on the afternoon of August 11, 2017, Locke Lord, Gibson Dunn, Jones Day, Akin Gump and Andrews Kurth Kenyon LLP (Andrews Kurth), counsel to ArcLight Capital, met telephonically to discuss the drafts of Merger Agreement and the Contribution Agreement. Locke Lord discussed its previously provided material issues list.

Also on the afternoon of August 11, 2017, Gibson Dunn distributed a proposed draft of the Support Agreement to Locke Lord, Akin Gump, and Jones Day.

On August 12, 2017, Akin Gump provided comments to the August 9, 2017 draft of the Merger Agreement that primarily related to the role of the SXE Conflicts Committee. Akin Gump also provided desired language with respect to Southcross Holdings reimbursement obligations as discussed the prior day with Locke Lord.

On the afternoon of August 13, 2017, the A-II Special Committee met telephonically with representatives of Jones Day and TPH to discuss and consider the proposed transaction with AMID, including discussing with TPH financial considerations relevant to the A-II Holders on a standalone basis and a pro forma basis.

Also on August 13, 2017, the Holdings GP Board met telephonically with Southcross senior management, and representatives of Locke Lord and Jones Day. Locke Lord reviewed an issues list of key open points in the Gibson Dunn draft of the Contribution Agreement and markup of the Merger Agreement. Immediately following, the A-II Special Committee met telephonically with representatives of Jones Day and TPH to update TPH and to discuss material open issues with respect to the A-II Holders.

Also on August 13, 2017, Mr. Williamson sent Mr. Bourdon a markup of the August 8 Term Sheet which included comments related to the consideration to Holdings LP under the Contribution Agreement and to minority protections and governance provisions with respect to the AMID GP interest, a request for an additional 500,000 series E preferred units, and changes to the contemplated lock-up periods of the AMID Common Units and series E preferred units.

On August 14, 2017, Mr. Williamson, Mr. Bourdon, Eric T. Kalamaras, Senior Vice President and Chief Financial Officer of AMID, and other members of AMID management met in person at the offices of Locke Lord in Houston.

Also in attendance at the meeting were representatives of Locke Lord and Gibson Dunn. The discussion at the meeting focused on proposed revisions to the August 8 Term Sheet and related negotiations with respect to the consideration to be received by Southcross Holdings in the transaction.

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Also on August 14, 2017 and August 16, 2017, the A-II Special Committee met telephonically with representatives of Jones Day and TPH to discuss and evaluate key terms and conditions as they related specifically to the A-II Holders.

On August 15, 2017, the Holdings GP Board held a telephonic meeting attended by members of Southcross senior management and representatives of the Sponsors, Locke Lord and Jones Day. Representatives of Locke Lord reviewed the duties of Holdings GP Board and its obligations pursuant to the Southcross Holdings partnership agreement in connection with its consideration of the proposed transaction. Mr. Williamson then provided an update regarding the status of negotiations with AMID and the estimated timing toward execution of the transaction documents. Following the meeting, Mr. Williamson sent an email to the Holdings GP Board discussing the options for Southcross Holdings and the potential merits of the proposed transaction with AMID.

On the evening of August 15, 2017, Gibson Dunn sent a revised term sheet to Locke Lord, Akin Gump, Jones Day and Mr. Jameson (the August 15 Term Sheet) that included new provisions requiring Southcross Holdings to indemnify AMID for certain litigation matters involving SXE.

On August 16, 2017, Locke Lord sent Gibson Dunn a revised draft of the Merger Agreement reflecting, among other items, the inclusion of the ability for the SXE GP Board to change its recommendation or terminate the Merger Agreement for a superior proposal , certain revisions to SXE s and AMID s interim operating covenants, and the repayment of SXE s credit facilities as a closing condition. Locke Lord also sent Gibson Dunn a revised draft of the Contribution Agreement. The revised draft, among other things, sought to limit the scope of SXE-level representations and warranties and Southcross Holdings-related indemnification obligations.

Also on August 16, 2017, Company D sent an unsolicited revised proposal to Mr. Williamson that provided for a cash investment by Company D in Southcross Holdings in exchange for a 60% partnership interest in Southcross Holdings and an 85% membership interest in SXE GP. The revised proposal provided for Southcross Holdings to then contribute $240 million of cash and $200 million of assets to SXE in exchange for newly issued SXE Common Units. Company D s revised proposal assumed that the holders of Non-Affiliated SXE Common Units would own an approximately 9.9% limited partnership interest in SXE following the contemplated recapitalization. Mr. Williamson reviewed this proposal with certain members of the Holdings GP Board and it was deemed to be inferior to the proposed transaction with AMID.

On August 17, 2017, the SXE GP Board held a telephonic meeting also attended by members of Southcross senior management and representatives of Locke Lord, Akin Gump, RBC Capital Markets and Jefferies. At the meeting, representatives of Locke Lord reviewed the duties of the SXE GP Board and its obligations pursuant to the SXE Partnership Agreement in connection with its consideration of the proposed transactions. Mr. Williamson then advised the board of the status of the discussions with AMID, indicating that the transaction was proceeding at a slower pace than expected given the mechanics and complexity of the proposed transaction with two separate transactions for Southcross Holdings and SXE. Mr. Williamson discussed the SXE litigation matters for which Southcross Holdings may be required to indemnify AMID under the terms of the Contribution Agreement. Mr. Williamson further discussed the proposed timeline to signing and the delay in receiving AMID s financial models.

On August 18, 2017, Messrs. Williamson, Allan, Bourdon and Kalamaras met in person at the offices of Locke Lord in Houston. A representative of Locke Lord also attended the meeting. The parties discussed in particular the working capital analysis, transaction expense allocations and the August 15 Term Sheet as it related to the AMID GP interest and the AMID preferred units to be received by Southcross Holdings under the Contribution Agreement. During the discussion, AMID assigned specific transaction expense allocations between Southcross Holdings and SXE.

On the afternoon of August 18, 2017, the Holdings GP Board held a telephonic meeting with representatives of Locke Lord, Jones Day and RBC Capital Markets. Also in attendance were members of the Sponsors. At the meeting, Mr. Williamson provided an update of the ongoing discussions with AMID.

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On the evening of August 18, 2017, Gibson Dunn sent a draft exclusivity agreement to Locke Lord requesting that Southcross Holdings and SXE agree to negotiate exclusively with AMID until 5:00 p.m. Houston time on September 18, 2017. Over the next day, Locke Lord, with review by Akin Gump, and Gibson Dunn negotiated the terms of the exclusivity agreement which was executed on August 19, 2017.

On the afternoon of August 19, 2017, Gibson Dunn also distributed revised drafts of the Contribution Agreement and Merger Agreement to Locke Lord, Akin Gump and Jones Day. The revised Merger Agreement included provisions allowing the SXE GP Board to change its recommendation for a designated proposal and, consistent with the prior drafts, for an intervening event (but did not allow SXE to terminate the Merger Agreement for such a designated proposal (a so-called force-the-vote concept)), certain revisions to SXE s interim operating covenants and the elimination of certain proposed revisions to AMID s interim operating covenants. The revised draft of the Contribution Agreement maintained the scope of SXE-level representations and warranties and Southcross Holdings-related indemnification obligations.

On August 20, 2017, Locke Lord met telephonically with each of Akin Gump and Jones Day to discuss the revised drafts of the Merger Agreement and the Contribution Agreement. Akin Gump stated that the proposed force-the-vote concept and limitation as to the types of agreements that would allow for the SXE GP Board to change its recommendation, among other terms of the Merger Agreement and the proposed merger, were still being evaluated by the SXE Conflicts Committee. Later that afternoon, Locke Lord sent a revised draft of the Support Agreement to Gibson Dunn.

Subsequently that day, Deutsche Bank provided an updated version of AMID s financial model to Southcross senior management, RBC Capital Markets, Jefferies and TPH.

On August 21, 2017, Locke Lord sent Gibson Dunn a revised list of key open items that had been prepared with input from Akin Gump. The issues lists focused on certain interim covenants restricting each of Southcross and AMID s conduct during the interim period between signing and closing under both the Contribution Agreement and Merger Agreement, the representations and warranties contemplated in the Contribution Agreement with respect to SXE, certain tax matters under the Contribution Agreement and Southcross Holdings indemnification obligations under the Contribution Agreement.

On August 22, 2017, Locke Lord and Gibson Dunn spoke regarding the August 19, 2017 drafts of the Merger Agreement and the Contribution Agreement. After the call, Locke Lord provided Gibson Dunn with a draft of the transaction expense allocation between SXE and Holdings. That day, Mr. Allan and Mr. Kalamaras met telephonically to discuss AMID s proposed financing arrangements for the transactions. Also on that day, Locke Lord and Gibson Dunn discussed certain tax matters related to the Contribution Agreement.

On August 23, 2017, the A-II Special Committee held an in-person meeting at the offices of TPH in Houston with representatives of Jones Day and TPH. At the meeting, Jones Day provided a legal update regarding revised drafts of the transaction documents, TPH discussed financial considerations relevant to the A-II Holders and the participants engaged in discussions regarding the merits of the Contribution and related transactions to the A-II Holders.

Also on August 23, 2017, the Holdings GP Board and the SXE GP Board met telephonically with members of Southcross senior management. Also present at the meeting were representatives of the Sponsors, as well as representatives of Locke Lord, Akin Gump, Jones Day, RBC Capital Markets, TPH and Jefferies. At the meeting, representatives of Locke Lord reviewed the duties of the Holdings GP Board and the SXE GP Board and their respective obligations pursuant to the Southcross Holdings partnership agreement and SXE Partnership Agreement, respectively, in connection with its consideration of the proposed transaction. Mr. Williamson then provided an update

to the boards on the status of the transaction, including a proposed timeline. Mr. Williamson indicated that timing had slipped given AMID s financing needs for the transactions. At that meeting, Mr. Allan stated that AMID intended to send updated financial models to Jefferies and TPH later that evening.

Additionally on August 23, 2017, the SXE Conflicts Committee held a telephonic meeting attended by Mr. Biegler and representatives of Akin Gump, during which they discussed the terms and conditions of the revised Merger Agreement and Contribution Agreement, including the cross-conditionality of the transactions under the agreements, the proposed allocation of the transaction expenses between Southcross Holdings and SXE, deal protection terms in the Merger Agreement relating to the SXE GP Board s ability to change its recommendation with respect to the proposed merger under certain circumstances, the force-the-vote concept, the scope of AMID s obligation to repay SXE s credit facilities and the status of the SXE Conflicts Committee s proposal that Southcross Holdings be required to reimburse certain SXE expenses if the merger were not completed as a result of any action or inaction of Southcross Holdings. The participants also discussed the post-closing indemnification obligations of Southcross Holdings and AMID and the status of Akin Gump s review of PricewaterhouseCoopers analysis of the potential tax implications of the merger transaction on the holders of Non-Affiliated SXE Common Units.

On August 24, 2017, Mr. Allan provided Jefferies with updated Southcross financial models reflecting updated commercial contract assumptions for use in its analysis of the transaction.

Between August 19, 2017 and August 26, 2017, Locke Lord continued to discuss the August 19, 2017 drafts of the Merger Agreement and Contribution Agreement with members of Southcross senior management, Akin Gump and Jones Day.

On August 25, 2017, Hurricane Harvey made landfall along the coast of Texas and proceeded to cause significant flooding and operational disruptions in the areas in which Southcross has operations and facilities. Consequently, on August 29, 2017, Mr. Jameson informed the Holdings GP Board and the SXE GP Board, as well as Jones Day and Akin Gump, that due to Hurricane Harvey, Southcross would be focused on an assessment of its operations, assets and employees and that matters related to the transactions with AMID would be delayed for several weeks.

On August 26, 2017 and August 30, 2017, Locke Lord sent revised drafts of the Merger Agreement, Contribution Agreement and other transaction documents to Gibson Dunn.

On August 29, 2017, Southcross engaged PricewaterhouseCoopers to analyze the tax considerations of the proposed transaction structure, evaluate the liabilities of Southcross and Southcross Holdings and review the tax implications of the contribution to AMID GP.

On August 30, 2017, Locke Lord sent Akin Gump a draft letter agreement (the Letter Agreement) providing for Southcross Holdings to reimburse SXE if SXE was required to reimburse AMID for transaction expenses or to pay the termination fee as contemplated in the Merger Agreement and the cause for such payment was due solely to the action or inaction of Southcross Holdings or its controlling affiliates.

On September 1, 2017, the Holdings GP Board and the SXE GP Board held a telephonic meeting at which representatives of Locke Lord were in attendance. At the meeting, representatives of Locke Lord reviewed the duties of the Holdings GP Board and the SXE GP Board and their respective obligations pursuant to the Southcross Holdings partnership agreement and SXE Partnership Agreement, respectively, in connection with its consideration of the proposed transaction. Mr. Williamson, together with Southcross operational management, then provided an update on the aftermath of Hurricane Harvey and its impact on the assets and operations of Southcross. Mr. Williamson informed the boards that AMID had requested additional due diligence and site assessments in the aftermath of the hurricane.

On September 12, 2017 and on September 21, 2017, Mr. Bourdon, together with representatives of AMID, met with Southcross operational management to assess the impact of Hurricane Harvey on Southcross operations.

Representatives of RBC Capital Markets and Deutsche Bank also attended these meetings.

On the morning of September 14, 2017, Mr. Williamson and Mr. Bourdon met in Houston at the offices of Locke Lord, at which meeting Mr. Bourdon provided a revised term sheet (the September 14 Term Sheet) and

explained that AMID was adjusting downward its valuation of Southcross Holdings and SXE. Mr. Bourdon stated that the reduced valuation was a result of the lower projections for the Eagle Ford shale region, lower rates or termination of SXE s commercial contract renewals and AMID s need for additional equity of at least $50 million to $70 million for the contemplated financing given the significant amount of debt at Southcross Holdings and SXE required to be paid in full upon a change of control of Southcross Holdings and/or SXE.

Later that evening, Mr. Bourdon delivered to Mr. Williamson the revised term sheet providing that the amount of AMID Common Units to be received by Southcross Holdings would be the number of AMID Common Units equal to $170 million, subject to certain adjustments for cash, indebtedness, working capital and transaction expenses contemplated by the Contribution Agreement, divided by the AMID Reference Price of $13.69 (equal to a $73 million reduction from the August 8 Term Sheet). The September 14 Term Sheet did not include any changes to the series E preferred unit consideration or AMID GP consideration amounts to Southcross Holdings as set forth in the August 8 Term Sheet. The consideration to the holders of Non-Affiliated SXE Common Units would remain linked to a 10% premium to the exchange ratio of the 20-trading day VWAPs of AMID and SXE Common Units.

On September 14, 2017, Mr. Jameson sent the September 14 Term Sheet to the Holdings GP Board, the SXE GP Board, Locke Lord, Akin Gump, Jones Day, TPH and Jefferies.

On the morning of September 15, 2017, the Holdings GP Board and the SXE GP Board held a joint telephonic meeting. In attendance at the meeting were members of Southcross senior management and representatives of the Sponsors, Locke Lord and RBC Capital Markets. At the meeting, representatives of Locke Lord reviewed the duties of the Holdings GP Board and the SXE GP Board and their respective obligations pursuant to the Southcross Holdings partnership agreement and SXE Partnership Agreement, respectively, in connection with its consideration of the proposed transaction. Mr. Williamson then provided an update on the status of the transactions, informing the boards that representatives of AMID had made site visits to Southcross operations impacted by and/or in the path of Hurricane Harvey. Mr. Williamson discussed the September 14 Term Sheet and AMID s stated reason for the significant reduction in consideration to Southcross Holdings. The boards discussed Southcross other options, financing considerations for AMID, updated financial models and transaction documentation processes.

In the early afternoon of September 15, 2017, Gibson Dunn sent Mr. Williamson and Locke Lord the August 19, 2017 drafts of the Merger Agreement and Contribution Agreement that AMID believed better reflected AMID s position with respect to the transaction than Locke Lord s August 26, 2017 drafts.

In addition, in the early afternoon of September 15, 2017, members of Southcross senior management provided the Holdings GP Board and the SXE GP Board with an update on RBC Capital Markets communications with Deutsche Bank regarding the September 14 Term Sheet and AMID s timeline on financing. RBC Capital Markets indicated that Deutsche Bank had informed RBC Capital Markets that AMID s stated reasoning for the reduction in its proposed purchase price was due to a recalculation of Southcross EBITDA, resulting in a decline in Southcross EBITDA of up to $12 million based on an assessment of certain contract terms, contract renewals and contract terminations.

On September 16, 2017, Mr. Allan provided Jefferies with estimated EBITDA and capital expenditure impacts to Southcross Holdings and SXE as a result of Hurricane Harvey. On September 18, 2017, Mr. Allan subsequently provided Jefferies with updated Southcross financial models that incorporated the impacts of Hurricane Harvey for use in its analysis of the transaction.

Also on September 18, 2017, Jason Downie, a director of Holdings GP and Managing Partner at Tailwater, met telephonically with John F. Erhard, a director of AMID GP and a partner at ArcLight Capital, to discuss the September 14 Term Sheet.

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On September 19, 2017, the Holdings GP Board, together with representatives of the Sponsors, met telephonically with members of Southcross senior management. Also in attendance at the meeting were representatives of RBC Capital Markets and Locke Lord. Mr. Downie updated the board on his discussions with Mr. Erhard, which focused on the reduction in the proposed consideration to Southcross Holdings, the ability for the limited partners of Southcross Holdings to transfer their securities after the expiration of various restrictive periods and governance and minority protection rights related to the AMID GP interests to be received by Southcross Holdings under the Contribution Agreement. Representatives of RBC Capital Markets then updated the Holdings GP Board regarding AMID s financing process.

Between September 19, 2017 and September 20, 2017, Mr. Downie and Mr. Erhard continued to negotiate the September 14 Term Sheet.

On the afternoon of September 20, 2017, Mr. Downie received a revised term sheet (the September 20 Term Sheet) from Mr. Erhard which was distributed to members of Southcross senior management and representatives of the Sponsors and RBC Capital Markets. The September 20 Term Sheet provided for a $10 million increase to the consideration to Southcross Holdings such that the amount of AMID Common Units to be received by Southcross Holdings would be the number of AMID Common Units equal to $180 million, subject to certain adjustments for cash, indebtedness, working capital and transaction expenses contemplated by the Contribution Agreement, divided by the AMID Reference Price of $13.69 (equal to a $63 million reduction in consideration compared to the August 8 Term Sheet). In addition to the 4.5 million series E preferred units and the 15% sharing percentage interest in AMID GP that had been contemplated under the Contribution Agreement, Southcross Holdings would also receive a three-year option to purchase 4.5 million AMID Common Units at an exercise price of $18.50 per unit. The September 20 Term Sheet adjusted the consideration to the public unitholders of SXE downward to reflect a 10% discount to the exchange ratio of the 20-trading day VWAPs of AMID and SXE Common Units as of September 14, 2017, establishing a fixed exchange ratio of 0.159 of an AMID Common Unit per SXE Common Unit. The September 20 Term Sheet continued to provide for Southcross Holdings indemnification of AMID for certain litigation matters at SXE and noted that the holders of Non-Affiliated SXE Common Units would benefit from expected immediate quarterly cash distributions on the AMID Common Units received in the merger and AMID s post-merger leverage would be meaningfully lower than SXE s then current leverage.

On the afternoon of September 21, 2017, Locke Lord sent revised drafts of the Merger Agreement and Contribution Agreement to Gibson Dunn, Akin Gump and Jones Day. In addition, Locke Lord provided a list of key open items.

Also on that day, the SXE Conflicts Committee held a telephonic meeting, also attended by Mr. Biegler and representatives of Akin Gump, to discuss the September 20 Term Sheet and the process by which the terms of the transaction were being negotiated solely between AMID and Southcross Holdings. At the end of the meeting, the SXE Conflicts Committee determined to request a meeting with representatives of Southcross Holdings to discuss the September 20 Term Sheet and related negotiations, and to schedule a meeting to be attended by representatives of Jefferies to discuss the latest financial information available regarding SXE and AMID.

On the evening of September 21, 2017, Locke Lord and Gibson Dunn continued discussions on the agreements and material issues list.

On the morning of September 22, 2017, the Holdings GP Board held a telephonic meeting attended by representatives of Locke Lord to discuss the negotiations between Mr. Downie and Mr. Erhard during the prior 48 hours. Mr. Downie stated that since the sale process began, SXE s unit value had decreased by approximately 33% and AMID s unit price had decreased by a similar amount. He stated that because the September 20 Term Sheet reflected a fixed exchange ratio, Mr. Downie believed that SXE s unitholders were effectively receiving the same consideration as originally had

been contemplated when the terms of the exchange ratio reflected a 10% premium. The Holdings GP Board agreed that the downward adjustment to the purchase price should be borne by

both Southcross Holdings and SXE in part because of (i) Southcross Holdings indemnification obligations to AMID under the Contribution Agreement for representations and warranties regarding SXE, (ii) Southcross Holdings indemnification obligations to AMID under the Contribution Agreement for certain outstanding SXE litigation matters and (iii) Southcross Holdings obligation to bear certain SXE transaction costs under the terms of the Contribution Agreement. Specifically, Southcross Holdings indemnification obligations had been expanded to cover SXE s potential litigation risk for certain specified litigation involving SXE and certain other pending or future liabilities stemming from Southcross Holdings indemnification obligations to AMID under the Contribution Agreement for representations and warranties regarding SXE.

On the afternoon of September 22, 2017, the SXE Conflicts Committee held a telephonic meeting attended by Mr. Williamson and Mr. Jameson, as members of Southcross senior management, and representatives of Akin Gump and Jefferies, in order for Mr. Williamson to update the SXE Conflicts Committee regarding the September 20 Term Sheet and the status of negotiations between AMID and Southcross Holdings. During the meeting, Mr. Williamson informed the participants that the Holdings GP Board intended to recommend extending the term of the exclusivity agreement between AMID and Southcross Holdings, subject to the agreement of the SXE GP Board. After Mr. Williamson and Mr. Jameson left the meeting, the remaining participants discussed the September 20 Term Sheet and determined to request an in-person meeting with representatives of Southcross Holdings to discuss the terms of the September 20 Term Sheet, the negotiation process and the SXE Conflicts Committee s desire to have input into the negotiation process.

On September 25, 2017, AMID, Southcross Holdings and SXE executed an amendment to the exclusivity agreement to extend the exclusivity period to October 6, 2017.

On September 26, 2017, Mr. Pinkerton and Mr. Caruso of the SXE Conflicts Committee and Mr. Biegler met in person with Mr. Williamson and Edward Herring, a representative of Tailwater, at Tailwater s offices in Dallas, in response to the SXE Conflicts Committee s request to discuss the terms of the September 20 Term Sheet and the relative change in the value of the consideration proposed to be paid to the holders of Non-Affiliated SXE Common Units as compared to AMID s prior proposals. During the meeting, Mr. Herring presented Tailwater s views on the decreases to the consideration proposed to be paid by AMID under the September 20 Term Sheet and referred to the fact that Southcross Holdings would be responsible for certain transaction costs and certain indemnification obligations with respect to SXE, as well as changing business conditions at SXE. The SXE Conflicts Committee members expressed their concern that, under the September 20 Term Sheet, the holders of Non-Affiliated SXE Common Units would receive as consideration a number of AMID Common Units based on an exchange ratio reflecting a discount to the then-current market value of the SXE Common Units. The SXE Conflicts Committee expressed its view that the next steps for the transaction should involve a negotiation between the SXE Conflicts Committee and Southcross Holdings regarding the allocation of the consideration proposed to be paid by AMID in order to offer a premium to the holders of Non-Affiliated SXE Common Units.

On September 28, 2017, the Holdings GP Board created a special committee consisting of Mark Cox, Jason Downie and Randall Wade (the Holdings Special Committee) to consider and negotiate with the SXE Conflicts Committee the economic terms between Southcross Holdings and SXE with respect to the consideration contemplated in the September 20 Term Sheet.

Also on September 28, 2017, Gibson Dunn distributed revised drafts of the Contribution Agreement, Merger Agreement, and other transaction documents. The revised draft of the Contribution Agreement no longer required AMID to have committed financing prior to the execution of the transaction documents.

On October 2, 2017, Messrs. Williamson, Allan and Downie met with Messrs. Bourdon, Kalamaras and Erhard at ArcLight Capital s offices in Boston and by teleconference. In attendance at the meeting were representatives of Deutsche Bank and RBC Capital Markets. At the meeting, the participants discussed AMID s financing alternatives and the state of the debt and equity capital markets.

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Also on October 2, 2017, Company D provided an unsolicited revised proposal to Mr. Williamson under which Company D would acquire the Robstown fractionator and certain other assets from Southcross Holdings for cash consideration of $300 million and enter into a NGL purchase contract with SXE. In addition, the proposal provided that Company D would pay off the indebtedness at Southcross Holdings. It also assumed Southcross Holdings would drop down its remaining assets to SXE and make a large equity infusion into SXE. Given its exclusivity agreement with AMID, Southcross did not engage in discussions with Company D regarding its proposal, but Southcross senior management subsequently reviewed such proposal with the Holdings GP Board on October 6, 2017.

On the afternoon of October 3, 2017, management of AMID and management of Southcross met at the offices of Locke Lord in Houston to continue negotiations on the transaction documents. Also in attendance at the meeting were representatives of Locke Lord and Gibson Dunn.

On October 4, 2017 and October 5, 2017, representatives of Locke Lord and Gibson Dunn continued to negotiate the terms of the Contribution Agreement, Merger Agreement and other transaction documents.

On the afternoon of October 5, 2017, Mr. Williamson and Mr. Bourdon had a call to continue the negotiations on the terms of the Southcross Holdings transaction. During this call, Mr. Bourdon indicated that Gibson Dunn would be sending a proposed amendment to the exclusivity agreement with AMID extending the exclusivity period to October 20, 2017.

In the early afternoon of October 6, 2017, the Holdings GP Board met telephonically with members of Southcross senior management, along with representatives of the EIG Sponsors, Locke Lord and RBC Capital Markets for an update on the transaction. At this meeting, the materials that previously had been provided to the Holdings GP Board regarding Company D s proposal to purchase the Robstown fractionator and certain other assets from Southcross Holdings and a comparison to the proposed transaction with AMID were discussed. Mr. Williamson noted that the key takeaway of the standalone case of selling only the Robstown fractionator and certain other assets to Company D was that it assumed a large equity infusion potentially on financial terms that would dilute both the holders of Non-Affiliated SXE Common Units as well as the limited partners of Southcross Holdings. Further, Mr. Williamson noted that Company D s proposal lacked any private equity support and still had significant execution risk. The Holdings GP Board requested that the assumptions regarding a required equity infusion and the ability of Southcross Holdings and SXE to continue to operate as standalone entities be further reviewed. Mr. Downie then reviewed the material open business points in the Contribution Agreement and Merger Agreement, including the indemnity provisions, the preferred unit terms, closing conditions, materiality thresholds in the bringdown of the representations and warranties and the reverse termination fee. The Holdings GP Board directed Mr. Williamson and Mr. Downie to continue to negotiate with management of AMID and ArcLight Capital.

Further, the Holdings GP Board determined that Company D s proposal was not a compelling alternative proposal given, among other things, the need to renegotiate the underlying commercial contracts with SXE, uncertain financing, structural aspects and lack of private equity support. The Holdings GP Board also approved, contingent upon satisfactory agreement on the open business and legal points, to extend exclusivity with AMID for another two weeks.

On the afternoon of October 6, 2017, Gibson Dunn circulated a second amendment to the AMID exclusivity agreement to extend the AMID exclusivity period to October 20, 2017.

Over the weekend of October 7-8, 2017, Mr. Williamson and Mr. Downie held a series of telephonic meetings with Mr. Bourdon and Mr. Erhard to negotiate the terms of the transactions. During this time, AMID agreed to a $17 million reverse termination fee if the Contribution Agreement is terminated because of AMID s

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failure to secure financing, as well as an increase of consideration of $6 million to Southcross Holdings under the Contribution Agreement such that the amount of AMID Common Units received by Southcross Holdings would be a number of AMID Common Units equal to $186 million, subject to certain adjustments for cash, indebtedness, working capital and transaction expenses contemplated by the Contribution Agreement, divided by the AMID Reference Price of $13.69. AMID stated that the upward adjustment reflected a portion of the savings to AMID of not securing committed financing prior to the execution of the Contribution Agreement.

On October 9, 2017, Mr. Kalamaras and Mr. Williamson, together with representatives of Gibson Dunn and Locke Lord, met in person at the offices of Locke Lord in Houston to further negotiate the transaction documents. Following the meeting, AMID, Southcross Holdings and SXE executed the second amendment to the exclusivity agreement extending the exclusivity period to October 20, 2017.

On the afternoon of October 9, 2017, the Holdings GP Board held a telephonic meeting. Present at the meeting were representatives of Locke Lord and RBC Capital Markets. Mr. Williamson summarized the discussions with Mr. Bourdon and Mr. Erhard over the weekend and the negotiations earlier that day in Houston. Mr. Williamson informed the Holdings GP Board that AMID and ArcLight Capital had agreed to an upward adjustment to the proposed consideration to Southcross Holdings by $6 million with no change to the contemplated interest in AMID GP or with respect to the options. The options were now confirmed to be four-year options from the date of closing (and not three years as previously provided in the September 20 Term Sheet). Further, the parties agreed to a reverse termination fee of $17 million under certain specified circumstances. The parties agreed on a deadline for completion of the transaction, and the indemnification amount and period. Mr. Williamson also clarified that the terms of the preferred units had been agreed upon.

On October 10, 2017, the SXE Conflicts Committee held a telephonic meeting attended by Mr. Biegler, members of Southcross senior management and representatives of Akin Gump. At the meeting, Mr. Williamson updated the participants on the status of negotiations between AMID and Southcross Holdings, including AMID s financing options and the potential for a reverse termination fee to be paid by AMID, as well as an unsolicited proposal that Southcross Holdings had received from Company D for certain of Southcross Holdings assets. The participants further discussed the terms of the proposed transaction, including Southcross Holdings indemnification obligations under the Contribution Agreement and certain of SXE s ongoing litigation matters and Southcross Holdings potential obligations to reimburse SXE for certain transaction expenses, as well as the status of PricewaterhouseCoopers analysis of the potential tax implications of the proposed transaction on the holders of Non-Affiliated SXE Common Units. Mr. Williamson and Mr. Jameson also updated the SXE Conflicts Committee in relation to certain SXE litigation matters.

Later on October 10, 2017, Mr. Downie, as Chair of the Holdings Special Committee, delivered to Mr. Pinkerton, as Chair of the SXE Conflicts Committee, a proposal to SXE to increase the amount of consideration to the holders of Non-Affiliated SXE Common Units from that set forth in the September 20 Term Sheet. The Holdings Special Committee proposed that, in lieu of a fixed exchange ratio of 0.159 which would result in a 1.9% discount to the market price of SXE Common Units based on the 20-trading day VWAPs of AMID and SXE Common Units as of October 9, 2017, Southcross Holdings would agree to reduce the portion of the consideration payable to Southcross Holdings in AMID Common Units under the Contribution Agreement so that the holders of Non-Affiliated SXE Common Units would receive AMID Common Units equal in value to the market price for SXE Common Units as of October 9, 2017, based on the 20-trading day VWAPs of AMID and SXE Common Units as of that date, thereby establishing a fixed exchange ratio of 0.162 of an AMID Common Unit for each outstanding SXE Common Unit. In addition, the proposal from the Holdings Special Committee indicated that, in consideration for providing the support described above and for the ongoing support for SXE s credit facility, Southcross Holdings would retain the reverse termination fee should the transaction not close for any reason that triggered its payment, but that Southcross Holdings

would reimburse SXE for its actual out-of-pocket expenses related to the proposed transaction.

On October 11, 2017, the SXE Conflicts Committee held a telephonic meeting attended by Mr. Biegler, members of Southcross senior management, and representatives of Jefferies and Akin Gump to discuss the

proposal that the SXE Conflicts Committee had received from the Holdings Special Committee. After Southcross senior management left the meeting, the remaining participants continued to discuss the proposal and the transaction generally, including the potential benefits of the proposed merger to the holders of Non-Affiliated SXE Common Units, the proposed exchange ratio, and a comparison of the proposed merger to the status quo. Based on its review and consideration of the Holdings Special Committee s proposal, the SXE Conflicts Committee determined to respond to the Holdings Special Committee to propose an alternative allocation of the consideration between Southcross Holdings and the holders of Non-Affiliated SXE Common Units, which allocation provided additional consideration to the holders of Non-Affiliated SXE Common Units.

On the evening of October 11, 2017, Mr. Pinkerton, as Chair of the SXE Conflicts Committee, sent Mr. Downie, as Chair of the Holdings Special Committee, a counterproposal providing that the holders of Non-Affiliated SXE Common Units receive as consideration a number of AMID Common Units based on an exchange ratio reflecting an 8% premium to the market value of SXE Common Units determined using the 20-trading day VWAPs of AMID and SXE Common Units as of the market close on the trading day before the public announcement of the proposed merger.

On October 12, 2017, representatives of Locke Lord met telephonically with representatives of Akin Gump to discuss the status of the transaction documents. On that same day, representatives of Locke Lord met telephonically with representatives of Jones Day to discuss certain process issues and the status of the transactions.

Also on October 12, 2017, AMID delivered updated AMID financial projections to Southcross. Mr. Allan subsequently delivered those projections to Jefferies, TPH and RBC Capital Markets.

On October 13, 2017, the Holdings GP Board held a telephonic meeting attended by members of Southcross senior management and representatives of Locke Lord and RBC Capital Markets to discuss the status of the transaction documents and negotiations.

Also on October 13, 2017, Mr. Downie, as Chair of the Holdings Special Committee, sent to Mr. Pinkerton, as Chair of the SXE Conflicts Committee, a response to the counterproposal received on October 11, 2017. The Holdings Special Committee proposed that the holders of Non-Affiliated SXE Common Units receive a number of AMID Common Units based on a fixed exchange ratio reflecting a 4% premium determined using the 20-trading day VWAPs of AMID and SXE Common Units as of the market close on the trading day before public announcement of the proposed merger.

On that same day, Locke Lord sent Gibson Dunn, Andrews Kurth, Akin Gump and Jones Day revised drafts of the Merger Agreement, Contribution Agreement, Support Agreement, and related transaction documents.

Later on October 13, 2017, the SXE Conflicts Committee held a telephonic meeting also attended by representatives of Jefferies and Akin Gump. At the meeting, the SXE Conflicts Committee discussed the counterproposal received from the Holdings Special Committee earlier that day and the potential benefits of the proposed merger to SXE and the holders of Non-Affiliated SXE Common Units. The SXE Conflicts Committee also considered whether to make a further counterproposal to the Holdings Special Committee and requested that a representative of Jefferies follow-up with Mr. Downie, as Chair of the Holdings Special Committee, to discuss the Holdings Special Committee s counterproposal.

On October 14, 2017, a representative of Jefferies spoke by telephone with Mr. Downie about the Holdings Special Committee s October 13, 2017 counterproposal. The representative of Jefferies then reported to Mr. Pinkerton regarding his conversation with Mr. Downie. Mr. Pinkerton then reported telephonically to the other members of the

SXE Conflicts Committee about the Jefferies representative s conversation with Mr. Downie regarding the Holdings Special Committee s October 13, 2017 counterproposal.

Later on October 14, 2017, Mr. Pinkerton, as Chair of the SXE Conflicts Committee, sent by email to Mr. Downie, as Chair of the Holdings Special Committee, a subsequent counterproposal to the Holdings Special

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Committee s response on October 13, 2017. The SXE Conflicts Committee proposed that the holders of Non-Affiliated SXE Common Units receive a number of AMID Common Units based on a fixed exchange ratio reflecting a 6% premium determined using the 20-trading day VWAPs of AMID and SXE Common Units as of the market close on the trading day before the public announcement of the proposed merger.

On October 15, 2017, Mr. Downie, as Chair of the Holdings Special Committee, delivered a response to Mr. Pinkerton, as Chair of the SXE Conflicts Committee, to the SXE Conflicts Committee s subsequent counterproposal of October 14, 2017. The Holdings Special Committee proposed that the holders of Non-Affiliated SXE Common Units receive a number of AMID Common Units based on a fixed exchange ratio representing a 5% premium determined using the 20-trading day VWAPs of AMID and SXE Common Units as of the market close on the trading day before the public announcement of the proposed merger.

On the morning of October 16, 2017, the SXE Conflicts Committee held a telephonic meeting attended by Mr. Biegler and representatives of Jefferies and Akin Gump. At the meeting, the participants discussed the terms of the counterproposal received from the Holdings Special Committee the prior day, including the proposal to determine the exchange ratio using a 5% premium to the exchange ratio of the 20-trading day VWAPs of SXE and AMID Common Units, as of the trading day prior to announcement of the proposed merger, compared to the 10% discount to the exchange ratio of the 20-trading day VWAPs of AMID and SXE Common Units as of September 14, 2017 that was proposed at the time of the September 20 Term Sheet. The participants also considered the undertakings by Southcross Holdings to AMID under the transaction, including obligations to indemnify AMID for certain outstanding litigation at SXE and breaches of representations and warranties regarding SXE and an obligation to bear certain SXE-related transaction costs, as well as the potential benefits of the proposed merger to SXE and the holders of Non-Affiliated SXE Common Units, including relative to the status quo. In addition, the participants discussed the status of PricewaterhouseCoopers analysis of the potential tax implications of the merger transaction on the holders of Non-Affiliated SXE Common Units. The SXE Conflicts Committee agreed to respond to the Holdings Special Committee by accepting its counterproposal for determining the exchange ratio for the AMID Common Units offered to the holders of Non-Affiliated SXE Common Units, subject to agreement on final transaction documentation, receipt of information from AMID to enable PricewaterhouseCoopers to complete its tax analysis and expeditious signing of the proposed definitive transaction documents.

Also on October 16, 2017, the A-II Special Committee met with representatives of TPH telephonically and in-person with Mr. Williamson and Mr. Allan in TPH s offices in Houston to discuss financial considerations relevant to the A-II Holders of a standalone case and the merits of the proposed transaction with respect to the A-II Holders. A significant concern to the A-II Holders in the standalone case was the potential for a default of SXE s debt to cause a cross default of Southcross Holdings debt.

Later that same day, Mr. Pinkerton, as Chair of the SXE Conflicts Committee, responded to Mr. Downie, as Chair of the Holdings Special Committee, stating that the SXE Conflicts Committee acknowledged that Southcross Holdings would undertake certain obligations to (i) indemnify AMID for certain outstanding litigation at SXE, (ii) indemnify AMID for breaches of representations and warranties regarding SXE and (iii) bear certain SXE-related transaction costs. As such, the SXE Conflicts Committee, after consultation with its financial and legal advisors, determined that the Holdings Special Committee s October 15, 2017 proposal that the holders of Non-Affiliated SXE Common Units receive a number of AMID Common Units based on a fixed exchange ratio reflecting a 5% premium determined using the 20-trading day VWAPs of AMID and SXE Common Units as of the market close on the trading day before public announcement of the proposed merger was acceptable, subject to final documentation, receipt of requested AMID tax information and expeditious signing of definitive transaction documents.

Also on October 16, 2017, Locke Lord sent Akin Gump a revised draft of the Letter Agreement, updated to reflect that as an acknowledgment by SXE of Southcross Holdings obligations to AMID under the Contribution Agreement with respect SXE and its subsidiaries, including for breaches of representations and warranties

regarding SXE and its subsidiaries, Southcross Holdings would be entitled to the full amount of any reverse termination fee received under the Contribution Agreement, and Southcross Holdings would reimburse SXE for all out-of- pocket expenses reasonably incurred by SXE or its subsidiaries in connection with the Letter Agreement or the Merger Agreement.

On October 17, 2017, Gibson Dunn distributed revised drafts of the Merger Agreement and certain other agreements contemplated by the Contribution Agreement. The revised draft of the Merger Agreement reflected a revision to SXE s interim operating covenants and further narrowing of the exceptions to the material adverse effect definition.

Also on October 17, 2017, the SXE Conflicts Committee held a telephonic meeting attended by Mr. Biegler and representatives of Jefferies and Akin Gump. At the meeting, Jefferies presented to the SXE Conflicts Committee its preliminary financial analyses of the proposed exchange ratio based on the most recently received proposals from AMID and the Holdings Special Committee. The participants also discussed matters relating to the proposed transaction, including the financial condition of SXE, the outcome of PricewaterhouseCoopers tax analysis and the status of the transaction documents.

Following the meeting on October 17, 2017, at the request of the SXE Conflicts Committee, Akin Gump sent a markup of the Letter Agreement providing that SXE would be reimbursed for all fees and expenses of legal counsel, accountants, investment bankers and consultants retained by SXE or the SXE Conflicts Committee, without a reasonableness qualification, in the event that Southcross Holdings received payment of the reverse termination fee under the Contribution Agreement.

Additionally on October 17, 2017, Gibson Dunn distributed a revised draft of the Contribution Agreement to Locke Lord, Akin Gump, Jones Day and Andrews Kurth.

On the afternoon of October 17, 2017, the Holdings GP Board held a telephonic meeting with representatives of PricewaterhouseCoopers, Locke Lord, Jones Day and TPH to discuss the tax impact of the Contribution Agreement and related transactions to Southcross Holdings. Immediately following, the A-II Special Committee met telephonically with representatives from Jones Day and TPH during which the A-II Special Committee discussed the tax impacts related specifically to the A-II Holders.

On the evening of October 17, 2017, management of Southcross and management of AMID held a telephonic meeting. Present telephonically at the meeting were representatives of Deutsche Bank, Locke Lord, Gibson Dunn and RBC Capital Markets. At this meeting, Southcross and AMID management confirmed the financial models uploaded to the AMID data room on October 12, 2017 would be used for purposes of the transaction.

On October 18, 2017, Andrews Kurth, Locke Lord, Akin Gump, Jones Day, and Gibson Dunn continued negotiations on the Contribution Agreement and related agreements.

On the morning of October 19, 2017, Mr. Williamson and Mr. Kalamaras discussed via phone certain terms of the restrictions on the series E preferred units and AMID Common Units to be received by Southcross Holdings under the terms of the Contribution Agreement. Later that same day, Mr. Downie spoke telephonically with Mr. Erhard regarding open issues on the Contribution Agreement. Mr. Erhard proposed to send a response the following day.

Later on October 19, 2017, Locke Lord sent a revised draft of the Letter Agreement to Akin Gump rejecting the changes that had removed the reasonableness qualification on the expense reimbursement obligations.

On the morning of October 20, 2017, the SXE GP Board held a telephonic meeting attended by members of Southcross senior management and representatives of Locke Lord at which Mr. Williamson provided an update

on the status of the negations with AMID and Mr. Downie provided an update on discussions with ArcLight Capital. Representatives of Locke Lord reviewed the duties of the SXE GP Board and its obligations pursuant to the SXE Partnership Agreement in connection with its consideration of the proposed transactions.

Also on October 20, 2017, Locke Lord requested additional due diligence from AMID related to a leak and related spill on a producer system upstream of the Delta House floating production facility that occurred on October 14, 2017. Later that same day, members of Southcross senior management and Mr. Kalamaras met telephonically to continue due diligence discussions related to certain disclosure schedules to the Merger Agreement and Contribution Agreement.

Additionally on October 20, 2017, Mr. Bourdon called Mr. Williamson to provide an update on the status of negotiations on the Contribution Agreement (including the escrow of funds for indemnification purposes and financing terms). Later that afternoon, Gibson Dunn sent a third amendment to the exclusivity agreement to extend the AMID exclusivity period to October 30, 2017.

On October 21, 2017, at the request of the SXE Conflicts Committee, Akin Gump sent Locke Lord a revised draft of the Letter Agreement requesting that Southcross Holdings reconsider its rejection of the SXE Conflicts Committee request that SXE be reimbursed under the Letter Agreement for all fees and expenses of legal counsel, accountants, investment bankers and consultants retained by SXE or the SXE Conflicts Committee, without a reasonableness qualification, in the event that Southcross Holdings received payment of the reverse termination fee under the Contribution Agreement or in the event that the Merger Agreement were terminated solely as a result of any action or inaction of Southcross Holdings or its controlling affiliates.

On the afternoon of October 21, 2017, Gibson Dunn sent a revised draft of the Contribution Agreement and other related transaction documents to Locke Lord, Akin Gump, Jones Day and Andrews Kurth.

On October 22, 2017, Gibson Dunn distributed to Locke Lord, Akin Gump, Jones Day, and Andrews Kurth revised drafts of the LP Agreement and a draft of the Escrow Agreement. Later that evening, Mr. Williamson discussed the transaction with the A-II Special Committee.

On the afternoon of October 23, 2017, Mr. Downie and Mr. Erhard held a telephonic conference call to discuss the remaining open business items. Later that evening, representatives of Gibson Dunn called representatives of Locke Lord to inform them that they would be sending a revised draft of the Contribution Agreement to reflect the negotiations between Mr. Downie and Mr. Erhard.

On October 23, 2017, Locke Lord sent a revised Letter Agreement to Akin Gump accepting changes proposed by the SXE Conflicts Committee. In addition, Locke Lord sent a revised draft of the Merger Agreement to Gibson Dunn, Akin Gump, Jones Day, and Andrews Kurth reflecting a change in SXE s interim operating covenant obligations.

Also on October 23, 2017, Locke Lord and Gibson Dunn met telephonically to discuss the escrow of the AMID Common Units and the series E preferred units to be received by Southcross Holdings under the terms of the Contribution Agreement and certain tax implications that may result from various escrow structures, given that all such units would be entirely held in escrow or otherwise restricted due to Southcross Holdings indemnification obligations to AMID regarding SXE.

Additionally on October 23, 2017, the A-II Special Committee met telephonically with representatives of Jones Day and TPH. Jones Day updated the A-II Special Committee on key open legal issues, TPH discussed financial considerations relevant to the A-II Holders and the participants discussed the merits of the transaction with respect to

the A-II Holders.

On October 25, 2017, Southcross Holdings, SXE and AMID entered into the third amendment to the exclusivity agreement extending the AMID exclusivity period to October 30, 2017.

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Also on October 25, 2017, Gibson Dunn sent a revised draft of the Contribution Agreement to Locke Lord and Andrews Kurth reflecting the October 23, 2017 negotiations between Mr. Downie and Mr. Erhard.

On October 26, 2017, the SXE Conflicts Committee held a telephonic meeting attended by members of Southcross senior management and representatives of Akin Gump, Jefferies and Locke Lord, at which Southcross senior management updated the participants on the status of the negotiations on and documentation for the proposed transaction with AMID.

Additionally, on October 26, 2017, Mr. Downie and Mr. Kalamaras had a telephonic meeting to discuss the potential combination with Southcross. Mr. Downie and Mr. Kalamaras discussed high-level synergies between Southcross and AMID, Southcross social and corporate governance issues and the likelihood of Southcross remaining a going concern or standalone entity.

On October 27, 2017, Gibson Dunn conducted a series of due diligence calls with Mr. Jameson and SXE s outside legal counsel handling certain litigation matters for SXE, and Locke Lord distributed a revised draft of the Contribution Agreement. On that same day, members of AMID senior management met telephonically with members of Southcross senior management and representatives of Locke Lord and RBC Capital Markets to provide an update on matters related to the Delta House floating production facility leak and related spill that occurred on October 14, 2017. Over the next several days, Mr. Jameson continued to provide representatives of Gibson Dunn additional due diligence information related to certain of SXE s litigation matters.

On October 30, 2017, Mr. Pinkerton, the Chair of the SXE Conflicts Committee, spoke with representatives of Akin Gump and Southcross senior management regarding timing considerations relating to potential SXE Conflicts Committee approval of the final terms of the proposed merger and timing for a review of Jefferies financial analyses of the Exchange Ratio pursuant to the Merger Agreement. The SXE Conflicts Committee members then spoke telephonically and agreed to use the 20-trading day VWAPs of AMID and SXE Common Units determined at the market close on October 30, 2017 in determining the Exchange Ratio for the proposed merger, in the event that the definitive transaction documents were approved and signed on October 31, 2017, with announcement to follow the next morning.

On the evening of October 30, 2017, Mr. Williamson and Mr. Jameson, together with a representative of the Sponsors, held a telephonic conference call with Mr. Bourdon to discuss the remaining open items in the drafts of the Contribution Agreement and Merger Agreement that had been distributed by Gibson Dunn on October 29, 2017. Later on October 30, Mr. Allan circulated the exchange ratio calculation to Jefferies and TPH.

On October 30, 2017 and through the afternoon of October 31, 2017, Locke Lord, with input from Akin Gump, Jones Day and Southcross management teams, and Gibson Dunn, with input from the management teams of AMID and ArcLight Capital, continued to exchange drafts of the Merger Agreement, Contribution Agreement and related transaction documents in an effort to finalize the definitive documentation.

At 4:00 p.m. (Central Time) on October 31, 2017, the SXE Conflicts Committee held a telephonic meeting attended by Mr. Biegler and representatives of Jefferies and Akin Gump. At the meeting, representatives of Akin Gump reviewed with the SXE Conflicts Committee the terms of the Merger Agreement, Contribution Agreement and Letter Agreement, as well as the SXE Conflicts Committee members duties under the SXE Partnership Agreement, summaries of which had been provided to the SXE Conflicts Committee in advance of the meeting.

Representatives of Jefferies discussed their financial analyses of the Exchange Ratio pursuant to the Merger Agreement with the SXE Conflicts Committee and, following discussion thereof, rendered Jefferies opinion to the

SXE Conflicts Committee to the effect that, as of October 31, 2017 and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken as set forth in its opinion, the Exchange Ratio pursuant to the Merger Agreement was fair, from a financial point of view, to the Unaffiliated SXE Unitholders. Based on the SXE Conflicts Committee s

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consideration of the Merger Agreement, the Letter Agreement and the transactions contemplated thereby and each SXE Conflicts Committee member s belief that the Merger Agreement, the Letter Agreement and the proposed merger were in the best interests of SXE and its subsidiaries, including the holders of Non-Affiliated SXE Common Units, the SXE Conflicts Committee approved the Merger Agreement, the Letter Agreement and the consummation of the proposed merger, with such approval to constitute Special Approval under the SXE Partnership Agreement. The SXE Conflicts Committee also recommended that the SXE GP Board approve the Merger Agreement, the Letter Agreement and the proposed merger, that the SXE GP Board submit the Merger Agreement to a vote of the SXE Unitholders and that the SXE Common Unitholders vote in favor of approving the Merger Agreement.

At 4:30 p.m. (Central Time) on October 31, 2017, the A-II Special Committee held a telephonic meeting attended by representatives of Jones Day and TPH. Jones Day provided legal updates and TPH updated its prior discussions on financial considerations relevant to the A-II Holders. Following discussions with the representatives of Jones Day and TPH, the A-II Special Committee then unanimously approved resolutions approving the Contribution Agreement, the Contribution and the related transactions, including the Merger Agreement and the Merger.

At 5:00 p.m. (Central Time) on October 31, 2017, the SXE GP Board convened a special meeting telephonically with representatives of Locke Lord participating. Representatives of Locke Lord reviewed the duties of the SXE GP Board and its obligations pursuant to the SXE Partnership Agreement in connection with its consideration of the proposed transaction. Prior to the meeting, Locke Lord provided summaries of the proposed Merger Agreement, the Letter Agreement and the Support Agreement. At the meeting, the SXE Conflicts Committee advised the SXE GP Board that after review of the Letter Agreement, Merger Agreement and the transactions contemplated thereby with its advisors and the receipt of an opinion from Jefferies that the Exchange Ratio in the transaction was fair to the Unaffiliated SXE Unitholders from a financial point of view, the SXE Conflicts Committee had unanimously approved the proposed merger transaction (which approval constituted Special Approval under the SXE Partnership Agreement) and also unanimously recommended that (i) the Board approve the proposed transaction, (ii) the Board submit the Merger Agreement to a vote of SXE s limited partners, and (iii) SXE s limited partners approve the Merger Agreement.

At 5:30 p.m. (Central Time) on October 31, 2017, the Holdings GP Board convened a special meeting telephonically with members of Southcross senior management and representatives of Locke Lord and RBC Capital Markets. Representatives of Locke Lord reviewed the duties of the Holdings GP Board and its obligations pursuant to the Southcross Holdings partnership agreement in connection with its consideration of the proposed transaction. Prior to the meeting, Locke Lord provided the Holdings GP Board with summaries of the terms of the Contribution Agreement, the Merger Agreement, the Support Agreement, the Letter Agreement and the Lock-up Letter. At the meeting, RBC Capital Markets discussed with the Holdings GP Board financial aspects of the transactions and related matters. The Holdings GP Board unanimously determined that Contribution Agreement, including the transactions documents that are exhibits thereto, the Merger Agreement, including the transactions documents that are exhibits thereto, the Letter Agreement, and the transactions contemplated thereby are fair and reasonable to, and in the best interests of, Southcross Holdings.

Following the SXE GP and Holdings GP Board meetings on October 31, 2017, the parties finalized and executed the Merger Agreement, the Contribution Agreement, the Letter Agreement, the Support Agreement and related transaction documents.

On the morning of November 1, 2017, AMID and SXE issued a press release announcing the execution of the Merger Agreement and the Contribution Agreement.

Recommendation of the SXE Conflicts Committee and the SXE GP Board and Reasons for the Merger

The SXE GP Board authorized and empowered the SXE Conflicts Committee, consisting of Andrew A. Cameron, Nicholas J. Caruso and Jerry W. Pinkerton, to evaluate, review and negotiate the Merger Agreement

and the Merger, and to make a recommendation to the SXE GP Board with respect to the Merger Agreement and the Merger. On October 31, 2017, the SXE Conflicts Committee determined unanimously that the Merger Agreement and the Merger are in the best interests of SXE and its subsidiaries, including the holders of Non-Affiliated SXE Common Units, and recommended that the SXE GP Board approve the Merger Agreement and the Merger and that the SXE Unitholders vote in favor of approving the Merger Agreement. The SXE Conflicts Committee s approval constituted Special Approval under the SXE Partnership Agreement.

After considering such recommendation, the SXE GP Board (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable and in the best interests of SXE, (ii) approved and adopted the Merger Agreement and the transactions contemplated thereby, including the Merger, and (iii) resolved to recommend the approval of the Merger Agreement by the SXE Unitholders at a special meeting to be held to approve the Merger Agreement.

Both the SXE Conflicts Committee and the SXE GP Board believe, based on their consideration of the factors described below, that the terms of the Merger Agreement are in the best interests of SXE and the holders of Non-Affiliated SXE Common Units.

The SXE Conflicts Committee

In evaluating, and in making determinations with respect to, the Merger Agreement and the Merger, the SXE Conflicts Committee considered information with respect to SXE s and AMID s financial condition, results of operations, businesses, competitive positions and business strategies, on both historical and prospective bases, as well as current industry, economic and market conditions and trends. The SXE Conflicts Committee considered the following factors, each of which the SXE Conflicts Committee believes supports its determination to approve, and to recommend that the SXE GP Board and the holders of Non-Affiliated SXE Common Units approve, the Merger Agreement:

- the SXE Conflicts Committee s understanding of SXE s business, operations, financial condition, earnings, prospects, competitive position and the nature of the midstream sector in which SXE competes, including the risks, uncertainties and challenges facing SXE and that sector, in connection with SXE s execution of its standalone business plan;

- the belief of the SXE Conflicts Committee that the Merger presents the best opportunity to enhance value for the holders of Non-Affiliated SXE Common Units and is superior to SXE s remaining as a standalone public entity, taking into account, among other things, the current market environment for master limited partnerships (including commodity prices), potential risks and uncertainties associated with the future prospects of SXE, SXE s limited access to additional capital from debt and equity markets, SXE s projected capital expenditures, liquidity, leverage and cost of capital and the SXE Conflicts Committee s belief, based on SXE s negotiations with AMID, that the Exchange Ratio represented the highest exchange ratio that AMID was willing to pay and that SXE could obtain from negotiations with Southcross Holdings;

- that, in receiving AMID Common Units in the Merger, the SXE Common Unitholders will be provided an opportunity to participate in a combined entity that, among other things, is significantly larger than SXE, will have a stronger balance sheet, will be capable of pursuing significantly larger growth opportunities, will

participate in the increased quality and diversification of the assets and operations of the combined entity, and is more likely to make cash distributions to its unitholders, in each case as compared to SXE as a standalone entity;

that, as a standalone entity and without a significant equity contribution, which it may not be able to obtain, or absent additional amendments to its revolving credit agreement or waivers of the March 31, 2019 requirement to comply with the consolidated total leverage ratio, SXE may not be able to comply with such financial covenant as of such date, which would trigger an event of default, and result in substantial doubt regarding SXE s ability to continue as a going concern as early as the second quarter

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of 2018. If SXE s independent auditors subsequently report in their next annual audit report the existence of substantial doubt regarding SXE s ability to continue as a going concern, this would also lead to an event of default under SXE s revolving credit agreement and under SXE s term loan which, in turn, would trigger a cross default under Southcross Holdings credit facilities. Such events of default, if not cured, would allow the lenders under each of these borrowing arrangements to accelerate the maturity of the debt, making it due and payable immediately;

the combined entity s improved credit profile and greater financial flexibility due to lower leverage and cost of capital when compared with SXE as a standalone entity;

the presentation of Jefferies to the SXE Conflicts Committee on October 31, 2017 and the opinion of Jefferies, dated October 31, 2017, to the SXE Conflicts Committee to the effect that, as of October 31, 2017, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken as set forth in its opinion, the Exchange Ratio pursuant to the Merger Agreement was fair, from a financial point of view, to the Unaffiliated SXE Unitholders, as more fully described below in the section captioned Opinion of Financial Advisor to the SXE Conflicts Committee;

the proposed transaction provides SXE Unitholders with substantial equity ownership in an entity with several third-party strategic opportunities and an identifiable asset drop-down inventory;

the proposed transaction provides SXE s Unitholders with substantial equity ownership in an entity that is expected to make cash distributions and have significantly more distribution coverage through 2019 than SXE on a standalone basis, taking into account SXE s projected distributable cash flows and the restriction under SXE s revolving credit agreement on SXE s ability to make cash distributions until its Consolidated Total Leverage Ratio (as defined in SXE s revolving credit agreement) is below 5.0;

the Merger is expected to create operating efficiencies and cost savings in administrative and interest costs as well as other combined benefits;

during the course of negotiating the transaction, the SXE Conflicts Committee, with the assistance of its legal and financial advisors, successfully negotiated an increase of the Exchange Ratio;

the SXE Conflicts Committee s belief after discussing both the third-party solicitation process undertaken by Southcross Holdings and SXE with the assistance of RBC Capital Markets and SXE s limited standalone prospects with SXE GP management and the SXE Conflicts Committe s financial advisor, that the Merger Consideration was the most favorable value that could be obtained for the holders of Non-Affiliated SXE Common Units;

the Exchange Ratio of 0.160 represents a 5% premium to the exchange ratio of SXE Common Units to AMID Common Units, based on the respective VWAP of the SXE Common Units and the AMID Common Units for the 20-trading day period ending October 30, 2017, the last full trading day prior to the execution of the Merger Agreement;

the Exchange Ratio is fixed and therefore the value of the consideration payable to the holders of Non-Affiliated SXE Common Units will increase in the event that the market price of AMID Common Units increases prior to the closing of the Merger;

the SXE Conflicts Committee s engagement of its own legal and financial advisors who have knowledge and experience with respect to public company merger and acquisition transactions, advising publicly traded limited partnerships and SXE s and AMID s industry generally, as well as familiarity with and experience advising the SXE Conflicts Committee;

the Letter Agreement provides that Southcross Holdings will reimburse SXE for all fees or expenses of SXE in connection with the Merger Agreement including (i) any fees or expenses of counsel, accountants, investment bankers and consultants retained by SXE or the SXE Conflicts Committee, and (ii) the payment of any termination fee or the reimbursement of any AMID Expense, in each case if the

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Merger has not closed and (a) the Merger Agreement is terminated under certain specified circumstances as a result of any action taken or any failure to act by, or at the direction of, Southcross Holdings or any of its controlling affiliates or (b) the Merger Agreement is terminated without the prior approval of the SXE Conflicts Committees under certain specified circumstances;

the Letter Agreement provides that, if the Contribution Agreement is terminated and Southcross Holdings receives the reverse termination fee from AMID, Southcross Holdings will reimburse SXE for all fees or expenses of counsel, accountants, investment bankers and consultants retained by SXE or the SXE Conflicts Committee as a result of the execution and delivery of the Merger Agreement;

the fact that, under the Contribution Agreement, Southcross Holdings is undertaking various obligations to AMID with respect to SXE and its subsidiaries, including indemnification obligations with respect to breaches of representations and warranties regarding SXE and its subsidiaries and certain contingent liabilities of SXE and its subsidiaries;

the SXE Conflicts Committee does not expect there to be significant antitrust or other regulatory impediments to the consummation of the Merger;

the expectation that the receipt of Merger Consideration generally will not be taxable for U.S. federal income tax purposes to the holders of Non-Affiliated SXE Common Units;

the opportunity that the holders of Non-Affiliated SXE Common Units will have to determine by direct vote whether the Merger Agreement will be approved;

the terms of the Merger Agreement, principally:

- the provisions allowing the SXE GP Board (upon recommendation of the SXE Conflicts Committee) to withdraw or change its recommendation of the Merger Agreement in the event of a more favorable competing offer or proposal for SXE or its assets, or under certain changed circumstances if the SXE Conflicts Committee makes a good faith determination that the failure to change its recommendation would be inconsistent with its duties under the SXE Partnership Agreement or applicable law;

- the operating covenants for AMID providing protection to SXE Unitholders by restricting AMID s ability to take certain actions prior to the closing of the Merger that could reduce the value of AMID Common Units received by SXE Unitholders in the Merger;

- the limited conditions and exceptions to the material adverse effect closing condition and other closing conditions; and

the other terms and conditions of the Merger Agreement, as discussed in the section entitled The Merger Agreement, which the SXE Conflicts Committee, after consulting with its legal counsel, considered to be reasonable and consistent with precedents it deemed relevant; and

AMID s and SXE s strong commitment to consummate the Merger on the anticipated schedule.

In evaluating the Merger and the Merger Agreement, the SXE Conflicts Committee also considered, among other factors, the following, each of which the SXE Conflicts Committee viewed as generally negative or unfavorable:

the Exchange Ratio is fixed and therefore the value of the consideration payable will decrease in the event that the market price of AMID Common Units decreases prior to the closing of the Merger;

consummation of the Merger is subject to certain conditions that are outside SXE s control, such as the consummation of the Contribution Agreement, which is subject to AMID s ability to raise sufficient financing for the transaction;

AMID does not have committed financing sufficient to make the cash payments required at the closing of the Contribution and Southcross Holdings may not be able to force AMID to complete the

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Contribution if AMID has not obtained sufficient financing to make the cash payments required at the closing of the Contribution; consequently, any such failure to obtain financing would likely result in the termination of the Contribution Agreement and Merger Agreement and the failure to complete the Merger;

the fact that, while the Merger Consideration represented a premium to the NYSE closing sale price of the SXE Common Units on October 30, 2017, the SXE Common Units had traded at higher prices during the course of the trailing 12-month period;

the risk that the potential benefits expected from the Merger might not be fully realized;

that SXE has incurred and will continue to incur significant transaction costs and expenses in connection with the Merger, whether or not the Merger is completed;

the potential for disruptions to SXE s operations following the announcement of the Merger, including potentially the loss of key employees, which increases the risk that SXE would be unable to continue to execute on its current business plans in the event that the Merger is not consummated;

the restrictions in the Merger Agreement regarding SXE s ability to terminate the Merger Agreement to accept a more favorable competing proposal received by SXE;

the Merger Agreement s covenants restricting the conduct of SXE s business, including, among other things, restricting SXE s ability (subject to certain exceptions) to enter into new material contracts, incur indebtedness and issue new securities of SXE, without AMID s consent, which could affect SXE s performance until the Merger is consummated or abandoned;

the risk that, while the Merger is expected to be consummated, there can be no assurance that all conditions to the parties obligations to complete the Merger will be satisfied and, as a result, it is possible that the Merger may not be completed;

the risks and costs to SXE if the Merger is not consummated, including the potential effect of the diversion of management and employee attention from SXE s business and the substantial expenses which SXE will have incurred, including in connection with any related litigation;

the fact that, if the Merger Agreement is terminated under certain circumstances, including as a result of the SXE GP Board changing its recommendation that the SXE Unitholders vote in favor of the Merger, and SXE enters into a specified alternative transaction in the following 12 months, SXE will be required to pay AMID a termination fee of $2 million;

certain terms of the Merger Agreement, principally the provisions limiting the ability of SXE to solicit, or to consider unsolicited, offers from third parties for SXE or its assets;

the provisions requiring SXE to hold a unitholder meeting as soon as practicable to approve the Merger, even in the event the SXE GP Board (upon the recommendation of the SXE Conflicts Committee) changes its recommendation with respect to such approval;

SXE Unitholders are not entitled to dissenters or appraisal rights under the Merger Agreement, SXE s partnership agreement or Delaware law;

SXE Unitholders will be foregoing the potential benefits, if any, that could be realized by remaining as unitholders of SXE as a standalone entity;

litigation may arise in connection with the Merger and such litigation may increase costs and result in a diversion of management focus; and

some of the directors and officers of SXE GP may have interests in the Merger that are different from, or in addition to, the interests of SXE s Unitholders generally. Please read *Interests of Directors and Executive Officers of SXE GP in the Transaction*.

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The SXE Conflicts Committee also considered a number of factors that are discussed below relating to the process of negotiating the Merger. The SXE Conflicts Committee believes these factors support its determinations and recommendations regarding the Merger to the holders of Non-Affiliated SXE Common Units:

the Merger Agreement must be approved by the affirmative vote of the holders of a majority of the outstanding Non-Affiliated SXE Common Units at the SXE Special Unitholder Meeting, as discussed in the section entitled *The SXE Special Unitholder Meeting Vote Required for Approval*;

the members of the SXE Conflicts Committee are familiar with and understand the business, assets, liabilities, results of operations, financial condition, competitive position and prospects of SXE;

the SXE Conflicts Committee retained and received advice from Jefferies, as financial advisor, and Akin Gump, as legal advisor, each of which has extensive experience in transactions similar to the Merger and familiarity with and experience advising the SXE Conflicts Committee;

the SXE Conflicts Committee was advised by its financial and legal advisors at each stage of the process and held numerous meetings to discuss and evaluate the Merger, negotiated through representatives of SXE and with representatives of AMID and Southcross Holdings regarding the Merger Consideration and its allocation and the other terms of the Merger Agreement, and successfully negotiated an increase to the Exchange Ratio;

the fact that the Merger Agreement may only be amended with the written agreement of both parties and that any amendment must be approved by the SXE Conflicts Committee;

whenever a determination, decision, approval or consent of SXE or the SXE GP Board is required under the Merger Agreement, such determination, decision, approval or consent must be authorized by the SXE Conflicts Committee;

the SXE Conflicts Committee consists solely of independent and disinterested directors; the members of the SXE Conflicts Committee (i) are not employees of SXE GP or any of its subsidiaries, (ii) are not affiliated with AMID or any of its affiliates and (iii) have no financial interest in the Merger that is different from that of the holders of Non-Affiliated SXE Common Units, other than as discussed in the section entitled *Interests of the Directors and Executive Officers of SXE GP in the Transaction*;

the compensation of the SXE Conflicts Committee members was in no way contingent on their approving the Merger Agreement and taking other actions described in this proxy statement/prospectus; and

the recognition by the SXE Conflicts Committee that it had no obligation to recommend the approval of the Merger or any other transaction.

The foregoing discussion of the factors considered is not intended to be exhaustive, but sets forth the principal factors considered by the SXE Conflicts Committee in its consideration of the Merger Agreement and Merger. In view of the variety of factors considered in connection with its evaluation of the Merger Agreement and Merger, the SXE Conflicts Committee did not find it practicable to, and did not, quantify or otherwise assign specific weights to the factors considered in reaching its determination and recommendation. In addition, each of the members of the SXE Conflicts Committee may have given differing weights to different factors. The SXE Conflicts Committee understood that there can be no assurance of future results, including results considered or expected as described in the factors above. While the SXE Conflicts Committee considered potentially positive and negative factors, it concluded that, overall, the potentially positive factors outweighed the potentially negative factors, and at a meeting held on October 31, 2017, the SXE Conflicts Committee unanimously:

determined that the terms of the Merger Agreement are in the best interests of SXE and its subsidiaries, including the holders of Non-Affiliated SXE Common Units;

approved the Merger Agreement and the transactions contemplated thereby;

recommended the approval of the Merger Agreement by the SXE GP Board; and

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recommended that the SXE GP Board submit the Merger Agreement to a vote of the SXE Unitholders for approval at a special meeting, and that the SXE Unitholders vote in favor of approving the Merger Agreement.

SXE GP Board

At a meeting that immediately followed the SXE Conflicts Committee meeting, the SXE GP Board approved the Merger Agreement and determined to submit it to the SXE Unitholders to vote upon its approval and recommended that the SXE Unitholders vote in favor of approval of the Merger Agreement. In particular, the SXE GP Board considered:

- the SXE Conflicts Committee s analysis, conclusions, and unanimous determination that the Merger Agreement and the Merger are in the best interests of SXE and the holders of Non-Affiliated SXE Common Units;
- the SXE Conflicts Committee s unanimous recommendation that the SXE GP Board approve the Merger Agreement; and
- the same matters considered and adopted by the SXE Conflicts Committee.

The foregoing discussion of the information and factors considered by the SXE GP Board includes all of the material factors considered by the SXE GP Board, but it is not intended to be exhaustive and may not include all of the factors considered by the SXE GP Board. In view of the wide variety of factors considered in connection with its evaluation of the Merger and the complexity of these matters, the SXE GP Board did not find it useful and did not attempt to quantify or assign any relative or specific weights to the various factors considered in its determination to approve the Merger Agreement and the transactions contemplated thereby, including the Merger, and to make its recommendations to SXE Common Unitholders. In addition, individual members of the SXE GP Board may have given weights to different factors. The SXE GP Board conducted an overall review of the factors described above, including through discussions with SXE s management and outside legal and financial advisors.

After considering this information, the SXE GP Board, acting upon the unanimous recommendation of the SXE Conflicts Committee, determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable and in the best interests of SXE. The SXE GP Board, acting upon the unanimous approval and recommendation of the SXE Conflicts Committee, approved the Merger Agreement and the transactions contemplated thereby, and recommends that the SXE Unitholders vote FOR the Merger Proposal and that the SXE Unitholders vote FOR the Advisory Compensation Proposal.

This explanation of the SXE Conflicts Committee s and the SXE GP Board s reasons for the Merger and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors described under *Special Note Concerning Forward-Looking Statements*.

Opinion of the Financial Advisor to the SXE Conflicts Committee

In August 2017, the SXE Conflicts Committee retained Jefferies to act as the SXE Conflicts Committee s financial advisor in connection with certain potential strategic transactions, including a possible sale of, or other business combination involving, SXE and its affiliates, on the one hand, and AMID and its affiliates, on the other hand. At a

meeting of the SXE Conflicts Committee on October 31, 2017, Jefferies rendered its opinion to the SXE Conflicts Committee to the effect that, as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken as set forth in its opinion, the Exchange Ratio pursuant to the Merger Agreement was fair, from a financial point of view, to the Unaffiliated SXE Unitholders.

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The full text of the written opinion of Jefferies, dated as of October 31, 2017, is attached hereto as *Annex B*. Jefferies opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Jefferies in rendering its opinion. SXE encourages you to read Jefferies opinion carefully and in its entirety. Jefferies opinion was directed to the SXE Conflicts Committee (in its capacity as such) and addresses only the fairness, from a financial point of view, to the Unaffiliated SXE Unitholders of the Exchange Ratio pursuant to the Merger Agreement. It does not address the relative merits of the transactions contemplated by the Merger Agreement as compared to any alternative transaction or opportunity that might be available to SXE, nor did it address the underlying business decision by SXE or SXE GP to engage in the Merger or the terms of the Merger Agreement or the documents referred to therein. Jefferies opinion does not constitute a recommendation as to how any holder of SXE Common Units should vote on the Merger or any matter related thereto. The summary of the opinion of Jefferies set forth below is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Jefferies, among other things:

- reviewed a draft dated October 31, 2017 of the Merger Agreement;
- reviewed certain publicly available financial and other information about SXE;
- reviewed certain publicly available financial and other information about AMID;
- reviewed certain information furnished to it by the management of SXE, including financial forecasts and analyses, relating to the business, operations and prospects of SXE and approved for Jefferies use by SXE (the SXE Forecasts);
- reviewed certain information furnished to it by the management of AMID, including financial forecasts and analyses, relating to the business, operations and prospects of AMID and approved for Jefferies use by SXE (the AMID Forecasts);
- held discussions with (x) members of senior management of SXE concerning the matters described in the second, third, fourth and fifth bullet points above and (y) members of senior management of AMID concerning the matters described in the third and fifth bullet points above;
- reviewed the trading price history and valuation multiples for SXE Common Units and AMID Common Units and compared them with those of certain publicly traded companies that Jefferies deemed relevant;
- compared the proposed financial terms of the Merger with the financial terms of certain other transactions that Jefferies deemed relevant;

considered the potential pro forma impact of the Merger; and

conducted such other financial studies, analyses and investigations as Jefferies deemed appropriate.

In Jefferies review and analysis and in rendering its opinion, Jefferies assumed and relied upon, but did not assume any responsibility to independently investigate or verify, the accuracy and completeness of all financial and other information that was supplied or otherwise made available by SXE or AMID or that was publicly available to Jefferies (including, without limitation, the information described above), or that was otherwise reviewed by Jefferies. Jefferies relied on assurances of the managements of SXE and AMID that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. In its review, Jefferies did not obtain any independent evaluation or appraisal of any of the assets or liabilities of, nor did Jefferies conduct a physical inspection of any of the properties or facilities of, the SXE or AMID, nor was Jefferies furnished with any such evaluations or appraisals of such physical inspections, nor did Jefferies assume any responsibility to obtain any such evaluations or appraisals.

With respect to the financial forecasts provided to and examined by Jefferies, including the SXE Forecasts and the AMID Forecasts, Jefferies opinion noted that projecting future results of any company is inherently

subject to uncertainty. SXE informed Jefferies, however, and Jefferies assumed, that the SXE Forecasts were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of SXE as to the future financial performance of SXE. In addition, AMID informed Jefferies, and Jefferies assumed, that the AMID Forecasts were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of AMID as to the future financial performance of AMID. Jefferies expressed no opinion as to the SXE Forecasts or the AMID Forecasts or the assumptions on which they were made.

Jefferies opinion was based on economic, monetary, regulatory, market and other conditions that existed and could be evaluated as of the date of its opinion. Jefferies has not undertaken to reaffirm or revise its opinion or otherwise comment on events occurring after the date of its opinion and expressly disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting Jefferies opinion of which Jefferies became aware after the date of its opinion.

Jefferies made no independent investigation of any legal or accounting matters affecting SXE or AMID, and Jefferies assumed the correctness in all respects material to Jefferies analysis of all legal and accounting advice given to SXE, SXE GP, the SXE GP Board and the SXE Conflicts Committee, including, without limitation, advice as to the legal, accounting and tax consequences of the terms of, and transactions contemplated by, the Merger Agreement to SXE and its limited partners. In addition, in preparing its opinion, Jefferies did not take into account any tax consequences of the transaction to any holder of SXE Common Units. Jefferies assumed that the final form of the Merger Agreement would be substantially similar to the last draft reviewed by Jefferies. Jefferies also assumed that the Merger will be consummated in accordance with the terms of the Merger Agreement, without waiver, modification or amendment of any term, condition or agreement and in compliance with all applicable laws, documents and other requirements and that in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the Merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on SXE, AMID or the contemplated benefits of the Merger.

Jefferies was not authorized to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of SXE or any other alternative transaction.

Jefferies understood that Southcross Holdings proposed to enter into the Contribution Agreement contemporaneously with the entry into the Merger Agreement, pursuant to which, among other things, Southcross Holdings will, indirectly through various contributions, contribute to AMID and AMID GP all of the equity interests of certain entities, including SXE and SXE GP, directly or indirectly held by Southcross Holdings for the consideration provided for therein. The SXE Conflicts Committee did not ask Jefferies to address, and Jefferies opinion did not address (a) the Contribution Agreement or any matter contemplated thereby or the fairness of the Exchange Ratio relative to the consideration to be received pursuant to the Contribution Agreement or otherwise and (b) the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of SXE or SXE GP (including pursuant to the Contribution Agreement), other than the Unaffiliated SXE Unitholders. Jefferies expressed no opinion as to the price at which SXE Common Units or AMID Common Units will trade at any time. Furthermore, Jefferies did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of SXE s or SXE GP s officers, directors or employees, or any class of such persons, in connection with the Merger relative to the consideration to be received by holders of SXE Common Units or otherwise. Jefferies opinion was authorized by the Fairness Committee of Jefferies LLC.

In preparing its opinion, Jefferies performed a variety of financial and comparative analyses. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant quantitative and qualitative methods of financial analysis and the applications of those methods to the particular

circumstances and, therefore, is not necessarily susceptible to partial analysis or summary description.

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Jefferies believes that its analyses must be considered as a whole. Considering any portion of Jefferies analyses or the factors considered by Jefferies, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the conclusion expressed in Jefferies opinion. In addition, Jefferies may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described below should not be taken to be Jefferies view of SXE or AMID s actual value. Accordingly, the conclusions reached by Jefferies are based on all analyses and factors taken as a whole and also on the application of Jefferies own experience and judgment.

In performing its analyses, Jefferies made numerous assumptions with respect to industry performance, general business, economic, monetary, regulatory, market and other conditions and other matters, many of which are beyond SXE s and Jefferies control. The analyses performed by Jefferies are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the per unit value of SXE Common Units and AMID Common Units do not purport to be appraisals or to reflect the prices at which the SXE Common Units or AMID Common Units may actually be sold. The analyses performed were prepared solely as part of Jefferies analysis of the fairness, from a financial point of view, of the Exchange Ratio pursuant to the Merger Agreement to the Unaffiliated SXE Unitholders, and were provided to the SXE Conflicts Committee in connection with the delivery of Jefferies opinion.

The following is a summary of the material financial and comparative analyses performed by Jefferies in connection with Jefferies delivery of its opinion and that was presented to the SXE Conflicts Committee on October 31, 2017. The financial analyses summarized below include information presented in tabular format. In order to understand fully Jefferies financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Jefferies financial analyses.

The following summary does not purport to be a complete description of the financial analyses performed by Jefferies. The following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before October 31, 2017, and is not necessarily indicative of current or future market conditions.

Selected Public Company Analysis

SXE Analysis

Jefferies reviewed publicly available financial and stock market information of the following 13 publicly traded companies that Jefferies in its professional judgment considered generally relevant to SXE for purposes of its financial analyses (the SXE Selected Public Companies), and compared such information with similar financial data of SXE provided by the management of SXE to Jefferies, including the SXE Forecasts:

AMID

Antero Midstream Partners LP

CONE Midstream Partners LP

Crestwood Equity Partners LP

DCP Midstream, LP

Enable Midstream Partners, LP

EnLink Midstream Partners, LP

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EQT Midstream Partners, LP

Noble Midstream Partners LP

Rice Midstream Partners LP

Summit Midstream Partners, LP

Targa Resources Corp.

Western Gas Partners, LP

In its analysis, Jefferies derived multiples for the SXE Public Companies as follows:

- the total enterprise value, defined as equity market value (including common stock, common units and other classes of limited partnership units and implied equity value of general partner, in each case, as applicable), less cash and cash equivalents, plus total debt, preferred equity and non-controlling interests (as applicable), divided by estimated earnings before interest, tax, depreciation and amortization, and, where applicable, adjusted for certain non-cash expenses, non-recurring items and restructuring charges (Adjusted EBITDA) for calendar year 2017 (referred to below as TEV / 2017E ADJ EBITDA), and

- the total enterprise value divided by estimated Adjusted EBITDA for calendar year 2018 (referred to below as TEV / 2018E ADJ EBITDA).

Estimated Adjusted EBITDA of the SXE Public Companies was based on publicly available research analysts estimates.

This analysis indicated the following:

SXE Selected Public Companies

Benchmark	Mean	Median	High	Low
TEV / 2017E ADJ EBITDA	12.3x	11.9x	14.6x	9.8x
TEV / 2018E ADJ EBITDA	10.4x	10.3x	12.5x	8.4x

Using the reference ranges for the benchmarks set forth below, which ranges were selected by Jefferies in its professional judgment, and the SXE Forecasts, Jefferies determined ranges of implied enterprise values for SXE, then added cash and cash equivalents and subtracted total debt as of June 30, 2017 as provided by SXE s management, to determine implied equity values per SXE Common Unit. This analysis indicated the ranges of implied equity values per SXE Common Unit set forth opposite the relevant benchmarks below, compared in each case to the closing price per SXE Common Unit on October 30, 2017 of $2.08 and the 20-trading day volume weighted average price (VWAP)

for the period ending on October 30, 2017 per SXE Common Unit of $2.10:

Benchmark	Reference Range		Implied Equity Value Range per SXE Common Unit	
TEV / 2017E ADJ EBITDA	10.0x	11.0x	$1.76	$2.80
TEV / 2018E ADJ EBITDA	8.5x	9.5x	$1.53	$2.71

AMID Analysis

Jefferies reviewed publicly available financial and stock market information of the following thirteen publicly traded companies that Jefferies in its professional judgment considered generally relevant to AMID for purposes of its financial analyses (the AMID Selected Public Companies), and compared such information

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with similar financial data of AMID provided by the management of AMID to Jefferies and approved for our use by SXE, including the AMID Forecasts:

Antero Midstream Partners LP

CONE Midstream Partners LP

Crestwood Equity Partners LP

DCP Midstream, LP

Enable Midstream Partners, LP

EnLink Midstream Partners, LP

EQT Midstream Partners, LP

Noble Midstream Partners LP

Rice Midstream Partners LP

Summit Midstream Partners LP

SXE

Targa Resources Corp.

Western Gas Partners, LP

In its analysis, Jefferies derived multiples for the AMID Public Companies as follows:

TEV / 2017E ADJ EBITDA

TEV / 2018E ADJ EBITDA

estimated distributions or dividends, as applicable, per unit or share, as applicable, for calendar year 2017 divided by closing unit or stock price, as applicable, on October 30, 2017 (referred to below as 2017E Distribution Yield), and

estimated distributions or dividends, as applicable, per unit or share, as applicable, for calendar year 2017 divided by closing unit or stock price, as applicable, on October 30, 2017 (referred to below as 2018E Distribution Yield).

Estimated Adjusted EBITDA and distributions of the AMID Public Companies were based on publicly available research analysts estimates.

This analysis indicated the following:

AMID Selected Public Companies

Benchmark	Mean	Median	High	Low
TEV / 2017E ADJ EBITDA	12.3x	11.9x	14.6x	9.8x
TEV / 2018E ADJ EBITDA	10.3x	10.3x	12.5x	8.4x
2017E Distribution Yield[(1)]	7.6%	8.0%	11.4%	3.4%
2018E Distribution Yield[(1)]	8.1%	8.5%	11.7%	4.2%

(1) The distribution yield for SXE, which suspended its distributions in January 2016, was excluded from mean, median, high and low percentages.

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Using the reference ranges for the benchmarks set forth below, which ranges were selected by Jefferies in its professional judgment, and the AMID Forecasts, Jefferies determined ranges of implied enterprise values for AMID, then added cash and cash equivalents and subtracted total debt, the implied equity value of general partner, and the non-controlling interest as of June 30, 2017 as provided by AMID s management, to determine implied equity values per AMID Common Unit. This analysis indicated the ranges of implied equity values per AMID Common Unit set forth opposite the relevant benchmarks below, compared in each case to the closing price per AMID Common Unit on October 30, 2017 of $13.20 and the 20-trading day VWAP for the period ending on October 30, 2017 per AMID Common Unit of $13.84:

Benchmark	Reference Range		Implied Equity Value Range per AMID Common Unit	
TEV / 2017E ADJ EBITDA	10.5x	11.5x	$11.43	$15.08
TEV / 2018E ADJ EBITDA	9.0x	10.0x	$11.19	$15.42
2017E Distribution Yield	10.5%	11.5%	$14.41	$15.79
2018E Distribution Yield	11.0%	12.0%	$14.14	$15.42

Relative Valuation Analysis

Using the implied value ranges per SXE Common Unit and AMID Common Unit derived using the TEV / 2017E ADJ EBITDA and TEV / 2018E ADJ EBITDA analyses summarized above, Jefferies calculated the ratio of the lowest implied value per SXE Common Unit to the highest implied value per AMID Unit, and the ratio of the lowest implied value per AMID Common Unit to the highest implied value per SXE Common Unit, compared in each case to the Exchange Ratio of 0.160:

Benchmark	Implied Exchange Ratio Range	
TEV / 2017E ADJ EBITDA	0.112x	0.245x
TEV / 2018E ADJ EBITDA	0.099x	0.242x

No SXE Public Company is identical to SXE, and no AMID Public Company is identical to AMID. In evaluating the SXE Public Companies and the AMID Public Companies, Jefferies made numerous judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond SXE s and Jefferies control. Mathematical analysis, such as determining the median, is not in itself a meaningful method of using the SXE Public Companies and the AMID Public Companies data.

Selected Transaction Analysis

SXE Analysis

Using publicly available information, Jefferies reviewed financial data to the extent available relating to the following five selected transactions announced since January 2013 and listed below that Jefferies in its professional judgment considered generally relevant to SXE for purposes of its financial analyses as transactions involving midstream master limited partnerships (the Selected Transactions). The Selected Transactions, and the month and year each was

announced, were as follows:

Month and Year Announced	Buyer	Seller
July 2015	MPLX LP	MarkWest Energy Partners, L.P.
October 2014	Targa Resources Partners LP	Atlas Pipeline Partners, L.P.
October 2014	Regency Energy Partners LP	PVR Partners, L.P.
May 2013	Inergy Midstream Holdings, L.P.	Crestwood Midstream Partners LP
January 2013	Kinder Morgan Energy Partners, L.P.	Copano Energy, L.L.C.

In its analysis, Jefferies derived multiples for each of the Selected Transactions, calculated as the transaction value, divided by each target company s projected EBTIDA for the one year following the announcement of the

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transaction (TV/FY+1 ADJ EBITDA). Estimated Adjusted EBITDA of the target companies was based on publicly available research analysts estimates.

This analysis indicated the following:

Benchmark	Median	Mean	High	Low
TV/ FY+1 ADJ EBITDA	12.8x	13.8x	20.0x	11.2x

Using the reference range for the benchmark set forth below, which range was selected by Jefferies in its professional judgment, and SXE s estimated Adjusted EBITDA for calendar year 2018 based on the SXE Forecasts, Jefferies determined implied enterprise values for SXE, then added cash and cash equivalents and subtracted total debt as of June 30, 2017 as provided by SXE s management, to determine implied equity values per SXE Common Unit. This analysis indicated the range of implied equity values per SXE Common Unit set forth below, compared to the closing price per SXE Common Unit on October 30, 2017 of $2.08 and the 20-trading day VWAP for the period ending on October 30, 2017 per SXE Common Unit of $2.10:

Benchmark	Reference Range	Implied Equity Value Range per SXE Common Unit
TV/ FY+1 ADJ EBITDA	9.0x 10.0x	$2.12 $3.30

Relative Valuation Analysis

Using the implied value range per SXE Common Unit summarized above and the midpoint of the highest and lowest implied values per AMID Common Unit derived from the AMID Selected Public Companies analyses summarized above of $13.49, Jefferies calculated the ratio of the lowest implied value per SXE Common Unit to such midpoint, and the ratio of the lowest implied value per SXE Common Unit to such midpoint, compared in each case to the Exchange Ratio of 0.160.

This analysis indicated the following:

Implied Exchange Ratio Range
0.157x - 0.245x

No Selected Transaction is identical to the Merger, and none of the target companies in the Selected Transactions is identical to SXE. In evaluating the Selected Transactions, Jefferies made numerous judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond SXE s and Jefferies control. Mathematical analysis, such as determining the median, is not in itself a meaningful method of using the Selected Transactions data.

Discounted Cash Flow Analysis

SXE Analysis

Jefferies performed a discounted cash flow analysis to estimate the present value of the free cash flows (defined as Adjusted EBITDA, less interest expense, less maintenance capital expenditures and less growth capital expenditures) of SXE from calendar year 2017 through calendar year 2020 using the SXE Forecasts. The terminal value of SXE was then calculated by applying a range of multiples of Adjusted EBITDA in the terminal year of 8.5x to 9.5x, which range was selected by Jefferies in its professional judgment. The present values of the free cash flows and the terminal value of SXE were then calculated using discount rates ranging from 10.6% to 11.6%, which rates were based on the estimated weighted average cost of capital for SXE. Jefferies determined ranges of implied enterprise values for SXE, then added cash and cash equivalents and subtracted total debt as of June 30, 2017 as provided by SXE s management, to determine implied equity values per SXE Common Unit. This analysis indicated a range of implied equity values per SXE Common Unit of $1.60 to $3.00, compared to the closing price per SXE Common Unit on October 30, 2017 of $2.08 and the 20-trading day VWAP for the period ending on October 30, 2017 per SXE Common Unit of $2.10.

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AMID Analysis

Jefferies performed a discounted cash flow analysis to estimate the present value of the distributable cash flows of AMID from calendar year 2017 through calendar year 2020 using the AMID Forecasts. The terminal value of AMID was then calculated by applying a range of distribution yields of 11.0% to 12.0% to the projected distributed cash flow from AMID per AMID Common Unit using the AMID Forecasts, which range was selected by Jefferies in its professional judgment. The present values of the distributable cash flows and the terminal value of AMID were then calculated using discount rates ranging from 15.6% to 16.6%, which rates were based on the estimated cost of equity for AMID. Jefferies determined ranges of implied enterprise values for AMID, then added cash and cash equivalents and subtracted total debt as of June 30, 2017 as provided by AMID s management, to determine implied equity values per AMID Common Unit. This analysis indicated a range of implied equity values per AMID Common Unit of $14.80 to $15.95, compared to the closing price per AMID Common Unit on October 30, 2017 of $13.20 and the 20-trading day VWAP for the period ending on October 30, 2017 per AMID Common Unit of $13.84.

Relative Valuation Analysis

Using the implied value ranges per SXE Common Unit and AMID Common Unit derived using the discounted cash flow analyses summarized above, Jefferies calculated the ratio of the lowest implied value per SXE Common Unit to the highest implied value per AMID Unit, and the ratio of the lowest implied value per AMID Common Unit to the highest implied value per SXE Common Unit, compared in each case to the Exchange Ratio of 0.160.

This analysis indicated the following:

Implied Exchange Ratio Range
0.100x - 0.203x

Contribution Analysis

Jefferies reviewed the relative contribution of each of SXE and AMID to the estimated calendar year 2017 and 2018 Adjusted EBITDA and the estimated calendar year 2017 and 2018 distributable cash flow of the pro forma combined company that would result from the Merger, including, in the case of SXE, the percentage of such Adjusted EBITDA and distributable cash flow contributions attributable to the Unaffiliated SXE Unitholders and to Southcross Holdings, respectively, based on the relative ownership of SXE by the Unaffiliated SXE Unitholders and Southcross Holdings on a stand-alone basis. The estimated Adjusted EBITDA and distributable cash flow of SXE, AMID and the pro forma combined company were based on the SXE Forecasts and the AMID Forecasts.

This analysis indicated the following:

	Unaffiliated SXE Unitholders Contribution	Southcross Holdings Contribution	AMID Contribution
2017E ADJ EBITDA	6.7%	21.3%	72.0%
2018E ADJ EBITDA	6.5%	23.4%	70.1%
2017E Distributable Cash Flow	5.8%	14.9%	79.3%
2018E Distributable Cash Flow	5.1%	13.0%	81.9%

Jefferies compared these relative contributions to the implied ownership of the pro forma combined company by the Unaffiliated SXE Unitholders, Southcross Holdings and the current owners of AMID on a stand-alone basis of approximately 4.1%, 9.2% and 86.6%, respectively, in each case before giving effect to the contemplated $175 million equity issuance by AMID in conjunction with the proposed transaction at an assumed 10% discount to closing unit price per AMID Common Unit as of October 30, 2017 of $13.20, and approximately 3.5%, 7.9% and 74.0%, respectively, after giving effect to such equity issuance.

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Historical Exchange Ratio Analysis

Based on the closing prices per unit of the SXE Common Units and the AMID Common Units on October 30, 2017 and for the various time periods set forth below ending on that date, Jefferies calculated implied historical exchange ratios by dividing the average daily closing price per SXE Common Unit by the average daily closing price per AMID Common Unit. This analysis indicated the following implied historical ratios (compared to the Exchange Ratio of 0.160) and premiums to the market-implied exchange ratio on October 30, 2017 of 0.158x:

Date	Implied Historical Exchange Ratio[1]	Premium to Market-Implied Exchange Ratio on October 30, 2017
October 30, 2017	0.158x	
1 Month	0.158x	0.5%
3 Months	0.170x	8.0%
6 Months	0.217x	37.4%
Last Twelve Months	0.187x	18.8%

(1) Rounded to the nearest one-thousandth.

This analysis also indicated that during the twelve months ending on October 30, 2017, the highest implied historical exchange obtained by dividing the closing price per SXE Common Unit by the closing price per AMID Common Unit was 0.328 on May 22, 2017, and the lowest implied historical exchange obtained by dividing the closing price per SXE Common Unit by the closing price per AMID Common Unit was 0.074 on December 30, 2016.

Premiums Paid Analysis

SXE Analysis

For informational purposes only, using publicly available information Jefferies analyzed the premiums paid in eight master limited partnership midstream transactions announced since December 2003 and listed below that Jefferies in its professional judgment considered generally relevant to SXE for purposes of its financial analyses as transactions involving midstream master limited partnerships (the Premium Paid Analysis Transactions). The Premium Paid Analysis Transactions, and the month and year each was announced, were as follows:

Month and Year Announced	Buyer	Seller
July 2015	MPLX LP	MarkWest Energy Partners, L.P.
October 2014	Targa Resources Partners LP	Atlas Pipeline Partners, L.P.
October 2013	Regency Energy Partners LP	PVR Partners, L.P.
May 2013	Inergy Midstream Holdings, L.P.	Crestwood Midstream Partners LP
January 2013	Kinder Morgan Energy Partners, L.P.	Copano Energy, L.L.C.
June 2006	Plains All American Pipeline, L.P.	Pacific Energy Partners, L.P.
November 2004	Valero Energy Partners LP	Kaneb Pipe Line Partners, L.P.
December 2003	Enterprise Products Partners L.P.	GulfTerra Energy Partners, L.P.

For each of the Premium Paid Analysis Transactions, Jefferies calculated the premium represented by the offer price over the target company s closing unit price one trading day, seven trading days and 30 trading days prior to announcement of the relevant transaction. This analysis indicated the following premiums for those time periods prior to announcement:

Time Period Prior to Announcement	High	75% Percentile	Median	Mean	25th Percentile	Low
1 trading day	31.6%	24.1%	18.2%	18.0%	13.5%	2.2%
7 trading days	35.6%	23.0%	16.3%	17.6%	11.1%	3.2%
30 trading days	29.9%	24.3%	16.2%	17.0%	11.4%	3.2%

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Applying the lowest premium from the 25th percentile of the foregoing analysis (i.e., approximately 11.1% to the closing unit price seven trading days prior to announcement) and the highest premium from the 75th percentile of the foregoing analysis (i.e., approximately 24.3% to the closing unit price 30 trading days prior to announcement) to SXE Common Unit seven trading days average price of $2.00 and 30 trading days average price of $2.20, respectively, this analysis indicated a range of implied equity values per SXE Common Unit of $2.22 to $2.73.

Relative Valuation Analysis

Using the implied value ranges per SXE Common Unit derived using the premiums paid analysis summarized above and the closing price per AMID Common Unit on October 30, 2017 of $13.20, Jefferies calculated the ratio of the lowest implied value per SXE Common Unit to the closing price per AMID Common Unit on October 30, 2017, and the ratio of the highest implied value per SXE Common Unit to the closing price per AMID Common Unit on October 30, 2017, compared in each case to the Exchange Ratio of 0.160.

This analysis indicated the following:

Implied Exchange Ratio Range
0.168x - 0.207x

No Premiums Paid Analysis Transaction is identical to the Merger, and none of the target companies in such transactions is identical to SXE.

General

Jefferies opinion was one of many factors taken into consideration by the SXE Conflicts Committee in making its determination to recommend approval of the Merger and the Merger Agreement to the SXE GP Board and should not be considered determinative of the view of the SXE Conflicts Committee, the SXE GP Board or SXE management with respect to the Merger or the Exchange Ratio.

Jefferies was selected by the SXE Conflicts Committee based on Jefferies qualifications, expertise and reputation. Jefferies is an internationally recognized investment banking and advisory firm. Jefferies, as part of its investment banking business, is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, financial restructurings and other financial services.

In August 2017, Jefferies was engaged by the SXE Conflicts Committee to act as its financial advisor in connection with certain potential strategic transactions, including a possible sale of, or other business combination involving, SXE and its affiliates, on the one hand, and AMID and its affiliates, on the other hand. For its services, Jefferies received a retainer fee of $200,000 upon engagement by the SXE Conflicts Committee, and upon delivery of its opinion received a fee of $800,000 from SXE. No portion of the opinion fee was contingent on the conclusion expressed in Jefferies opinion. SXE has agreed to reimburse Jefferies for certain of its expenses incurred. SXE has also agreed to indemnify Jefferies against liabilities, including liabilities under federal securities laws, arising out of or in connection with the services rendered and to be rendered by Jefferies under its engagement. During the two years prior to the date of its opinion, Jefferies has provided financial advisory services to the SXE Conflicts Committee, for which it received fees in the amount of approximately $500,000, and financial advisory services to AMID with respect to a potential transaction not involving SXE that did not go forward, and for which it did not receive any fees. In the ordinary course of its business, Jefferies and its affiliates may trade or hold securities of SXE, AMID and/or their

respective affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions in those securities. In addition, Jefferies may seek to, in the future, provide financial advisory and financing services to SXE, SXE GP, AMID, AMID GP, AMID Merger Sub, or Southcross Holdings and their respective affiliates, for which Jefferies would expect to receive compensation.

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Certain Unaudited Financial Projections of SXE and AMID

Neither SXE nor AMID makes public long-term projections as to its respective future earnings or other results due to, among other reasons, the uncertainty and subjectivity of the underlying assumptions and estimates. However, SXE and AMID are including the following summary of certain non-public unaudited financial projections in this proxy statement/prospectus solely because such information was made available to the SXE GP Board and the SXE Conflicts Committee in connection with its evaluation of the Merger and was provided to Jefferies for its use and reliance in connection with its financial analyses and opinion. The inclusion of the Financial Projections (as defined below) should not be regarded as an indication that any of SXE, SXE GP, the SXE GP Board, AMID or any of their respective officers, directors, affiliates, advisors or other representatives considered, or now considers, any of the Financial Projections to be necessarily predictive of actual future results. The Financial Projections are not included in this proxy statement/prospectus to influence any SXE Unitholders to make any investment decision with respect to the Merger or for any other purpose.

The SXE Financial Projections and AMID Financial Projections were prepared by, and are the sole responsibility of, the management of SXE and AMID, respectively, solely for internal use and are subjective in many respects. As a result, there can be no assurance that the prospective results will necessarily be realized or that actual results will not be significantly higher or lower than estimated. SXE s management and AMID s management believe that the assumptions used as a basis for the SXE Financial Projections and AMID Financial Projections, respectively, were reasonable at the time they were made given the information available to SXE s management and AMID s management at that time. However, the Financial Projections are not a guarantee of future performance. The future financial results of SXE, AMID or the combined company may materially differ from those expressed in the Financial Projections due to factors that are beyond the ability of the management of SXE and AMID to control or predict.

Although the SXE Financial Projections and the AMID Financial Projections are presented with numerical specificity, they are forward-looking statements that involve inherent risks and uncertainties and reflect numerous estimates and assumptions, all of which are difficult to predict and many of which are beyond the control of SXE and AMID, respectively. Further, since the Financial Projections cover multiple years, such information by its nature becomes less predictive with each successive year. The estimates and assumptions underlying the Financial Projections involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions which may not be realized and that are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, risks and uncertainties described under *Special Note Concerning Forward-Looking Statements* and *Risk Factors*. SXE Unitholders are urged to review SXE s SEC filings and AMID s SEC filings for a description of risk factors with respect to their respective businesses and as well as the section of this proxy statement/prospectus entitled *Risk Factors*.

Certain of the financial information contained in the Financial Projections, including Adjusted EBITDA and Distributable Cash Flow, are non-GAAP financial measures. Each of SXE s and AMID s management provided these non-GAAP financial measures because they are commonly used by investors in master limited partnerships to assess financial performance and operating results of ongoing business operations, and because each of SXE s and AMID s management believes that these non-GAAP financial measures could be useful in evaluating SXE s and AMID s respective businesses, potential operating performance and cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by SXE or AMID may not be comparable to similarly titled amounts used by other companies.

The Financial Projections do not give effect to the Merger or the other transactions contemplated by the Merger Agreement and were not prepared with a view toward public disclosure, nor were the Financial Projections prepared with a view toward compliance with GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation

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of prospective financial and operating information. In addition, the Financial Projections require significant estimates and assumptions that make the information included therein inherently less comparable to the similarly titled GAAP measures in the respective historical GAAP financial statements of SXE and AMID. Neither SXE s independent registered public accounting firm, AMID s independent registered public accounting firm nor any other independent accountants have audited, reviewed, examined, compiled, or applied agreed-upon procedures with respect to the Financial Projections, and accordingly they have not expressed any opinion or any other form of assurance on such information. The report of the independent registered public accounting firm of SXE in SXE s Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated herein by reference, relates to SXE s historical financial information. The report of the independent registered public accounting firm of AMID in AMID s Current Report on Form 8-K dated December 6, 2017, which is incorporated herein by reference, relates to AMID s historical financial information. Neither such report extends to the Financial Projections and should not be read to do so. Furthermore, the Financial Projections do not take into account any circumstances or events occurring after the date the Financial Projections were prepared.

Certain Unaudited Financial Projections of SXE

The following table sets forth projected financial information for SXE as of September 18, 2017 for the fiscal years ending December 31, 2017, 2018, 2019, and 2020 (the SXE Financial Projections) that was developed by SXE management for purposes of their evaluation of the proposed Merger, presented to the SXE GP Board and provided to Jefferies and the SXE Conflicts Committee.

	Year Ending December 31,			
	2017	2018	2019	2020
	(dollars in thousands)			
Adjusted EBITDA	$ 62,787	$ 72,170	$ 86,782	$ 95,574
Distributable cash flow	22,998	28,313	42,596	53,011
Free cash flow	5,485	23,758	42,596	53,011
Interest expense	34,290	33,412	32,586	30,963
Maintenance capital expenditures	5,512	10,600	11,600	11,600
Growth capital expenditures	17,500	4,400		
Total long-term debt, including current portion	532,874	502,564	462,465	411,247

For the purposes of the SXE Financial Projections, (i) Adjusted EBITDA, as presented above, represents net income/loss, plus interest expense, income tax expense, depreciation and amortization expense, equity in losses of joint venture investments, certain non-cash charges (such as non-cash unit-based compensation, impairments, loss on extinguishment of debt and unrealized losses on derivative contracts), major litigation costs net of recoveries, transaction-related costs, revenue deferral adjustment, loss on sale of assets, severance expense and selected charges that are unusual or non-recurring; less interest income, income tax benefit, unrealized gains on derivative contracts, equity in earnings of joint venture investments, gain on sale of assets and selected gains that are unusual or non-recurring, (ii) Distributable cash flow, as presented above, represents Adjusted EBITDA, plus interest income and income tax benefit, less cash paid for interest (net of capitalized costs), income tax expense and maintenance capital expenditures and (iii) Free cash flow, as presented above, represents Adjusted EBITDA, less interest expense, less maintenance capital expenditures and less growth capital expenditures.

Certain Unaudited Financial Projections of AMID

The Adjusted EBITDA forecast for 2018, 2019 and 2020 for AMID was developed utilizing the knowledge and expertise of the commercial and operations departments and incorporated the most recent projections for producer volumes and contractual terms at the time of the forecast. Across the majority of assets, the model incorporated known and high probability connections to new volume sources (well connections and pipeline interconnects) along with other opportunities that were available at the time based upon historical production

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trends and knowledge of the areas in which AMID operates. AMID has minimal direct commodity price exposure primarily resulting from its retained proceeds from percentage-of-proceeds contracts, and AMID utilizes forward curves for natural gas liquids, natural gas and crude oil as reported by the Chicago Mercantile Exchange group for valuing those revenue sources.

The following table sets forth projected financial information for AMID as of October 8, 2017 for the fiscal years ending December 31, 2017, 2018, 2019, and 2020 (the AMID Financial Projections and, together with the SXE Financial Projections, the Financial Projections) that was developed by AMID management and provided by AMID to Jefferies and the SXE Conflicts Committee.

	Year Ending December 31,			
	2017	2018	2019	2020
	(dollars in thousands)			
Adjusted EBITDA	$ 188,793	$ 218,875	$ 246,022	$ 213,368
Distributable cash flow	88,022	124,488	153,706	121,440
Total distributions to be paid	88,353	93,326	97,753	102,291
Total long term debt, including current portion	925,534	717,048	666,401	648,045

For purposes of the AMID Financial Projections, (i) Adjusted EBITDA, as presented above, represents net income (loss) attributable to AMID, *plus* depreciation, amortization and accretion expense, interest expense, debt issuance costs, unrealized losses on derivatives, non-cash charges such as non-cash equity compensation expense, and charges that are unusual such as transaction expenses primarily associated with AMID s acquisitions, income tax expense, distributions from unconsolidated affiliates and general partner s contribution, *less* earnings in unconsolidated affiliates, gains (losses) that are unusual such as gain on revaluation of equity interest and gain on sale of AMID s propane business, other, net, and gain on sale of assets, net and (ii) Distributable cash flow, as presented above, represents Adjusted EBITDA, less cash paid for interest, preferred unit distributions, income tax expense and maintenance capital expenditures.

Readers of this proxy statement/prospectus are cautioned not to place undue reliance on the Financial Projections set forth above. No representation or warranty is made by either SXE or AMID or any other person to any SXE Unitholder regarding the ultimate performance of SXE or AMID compared to the information included in the above Financial Projections. The inclusion of the Financial Projections in this proxy statement/prospectus should not be regarded as an indication that such prospective financial and operating information will necessarily be predictive of future events, and such information should not be relied on as such.

SXE AND AMID DO NOT INTEND TO UPDATE OR OTHERWISE REVISE THE FINANCIAL PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH FINANCIAL PROJECTIONS ARE NOT REALIZED, EXCEPT AS MAY BE REQUIRED BY LAW.

Governance Matters After the Transaction

In connection with the closing of the Contribution, Southcross Holdings, as the Class D member of AMID GP following the closing of the Transaction, will appoint two directors reasonably acceptable to the Class A members of AMID GP to the board of AMID GP, expanding the AMID GP board from nine directors to 11 directors.

Ownership of AMID After the Transaction

AMID will issue approximately 3.5 million AMID Common Units to former SXE Unitholders pursuant to the Merger. AMID estimates that it will issue approximately 13.6 million AMID Common Units to Southcross

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Holdings (subject to certain adjustments and escrows) in connection with the Contribution. Based on the number of AMID Common Units outstanding as of October 31, 2017, which was the date of execution of the Transaction Agreements, immediately following the completion of the Transaction, AMID expects to have approximately 69.8 million AMID Common Units outstanding. SXE Unitholders and Southcross Holdings are therefore expected to hold approximately 24.5% of the aggregate number of AMID Common Units outstanding immediately after the Transaction and approximately 17.8% of AMID s total units of all classes (on an as-converted basis). Holders of AMID Common Units (similar to holders of SXE Common Units) are not entitled to elect directors of the AMID GP Board and have only limited voting rights on matters affecting AMID s business. Please read *Comparison of Unitholder Rights* for additional information.

Interests of and Voting by Affiliated Unitholders

As of the record date of the Special Meeting, the Affiliated Unitholders owned, in the aggregate, [26,492,074] SXE Common Units, [12,213,713] SXE Subordinated Units and [18,656,071] SXE Class B Convertible Units, which respectively represent [54.5]% of the SXE Common Units, 100% of the SXE Subordinated Units and 100% of the SXE Class B Convertible Units outstanding and entitled to vote at the Special Meeting.

The Affiliated Unitholders entered into the Support Agreement with AMID simultaneously with the execution of the Merger Agreement. Under the Support Agreement, the Affiliated Unitholders are required to vote their SXE Common Units, SXE Subordinated Units and SXE Class B Convertible Units, as applicable: (i) in favor of the Merger, and (ii) against, among other things, (A) any alternative proposal, (B) any proposal for recapitalization, reorganization, liquidation, dissolution, amalgamation, merger, sale of assets or other business combination between SXE and any other person (other than the Merger), and (C) any other transaction that could adversely affect the Merger or that would result in a breach by SXE under the Merger Agreement. At least a majority of the outstanding SXE Subordinated Units and a majority of the outstanding SXE Class B Convertible Units, voting separately as a class, must approve the Merger. The Affiliated Unitholders own 12,213,713 SXE Subordinated Units, representing 100% of the total issued and outstanding SXE Subordinated Units, and [18,656,071] SXE Class B Convertible Units, representing 100% of the total issued and outstanding SXE Class B Convertible Units. The Southcross Holdings parties also agreed during the term of the Support Agreement not to (i) enter into any other voting agreement with respect to the SXE Units covered in the Support Agreement and (ii) grant a proxy or power of attorney with respect to any of SXE Units covered in the Support Agreement.

The Support Agreement will remain in effect until the earliest to occur of (i) the Effective Time, (ii) termination of the Merger Agreement in accordance with its terms, and (iii) written notice of termination of the Support Agreement by AMID to the Affiliated Unitholders.

Interests of Directors and Executive Officers of SXE GP in the Transaction

In considering the recommendation of the SXE GP Board that you vote to approve the Merger Agreement and the Merger, you should be aware that aside from their interests as SXE Unitholders, SXE GP s directors and executive officers may have interests in the Merger that are different from, or in addition to, those of other SXE Unitholders generally. The members of the SXE GP Board were aware of and considered these interests, among other matters, in evaluating and negotiating the Merger Agreement and the Merger and in recommending to the SXE Unitholders that the Merger Agreement be adopted. See *Background of the Merger* and *Recommendation of the SXE Conflicts Committee and the SXE GP Board and Reasons for the Merger*. SXE Unitholders should take these interests into account in deciding whether to vote FOR the approval of the Merger Agreement. These interests are described in more detail below.

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Severance Arrangements

SXE GP previously entered into severance agreements with certain executives, other than Mr. Williamson, that would require payments in connection with the transactions contemplated by the Merger Agreement, in the event that within 12 months following the Merger, the executive officer is terminated without cause or resigns for good reason. In addition, Mr. Williamson s employment agreement provides for the payment of severance in the event he is terminated in connection with the Merger either without cause or he resigns with good reason. The severance payments would be paid following such termination in the following amounts:

Name of Executive Officer	Severance Amount
Bruce A. Williamson*	$ 1,000,000
Joel Moxley**	$ 1,420,467
Kelly Jameson**	$ 1,125,690
Bret Allan**	$ 1,197,746

* Mr. Williamson s employment agreement provides for the payment of one year of base salary.

** The severance agreements provide for the payment of 24 months of base salary, two times annual target bonus, and 18 months of reimbursement for the cost of COBRA coverage. The salary and bonus portions of severance will be paid in a lump sum, and the COBRA reimbursements will be paid for 18 months following termination pursuant to the terms of the severance agreements.

Mr. Williamson s employment agreement defines the term cause to mean the termination of Mr. Williamson s employment due to: (i) his willful failure to satisfactorily perform his lawful and reasonable material duties (other than any such failure resulting from his disability) or to devote his full time and effort to his position; (ii) his material violation of any material SXE GP policy that remains unremedied after reasonable notice to cure the violation; (iii) his failure to follow lawful and reasonable directives from the SXE GP Board; (iv) his gross negligence or material misconduct; (v) his commission at any time of any material act of fraud, embezzlement, misappropriation, material misconduct, conversion of assets of SXE GP or breach of fiduciary duty against SXE GP (or any predecessor thereto or successor thereof); or (vi) any felony conviction (other than a traffic violation which does not result in serious bodily injury or death). Notwithstanding the foregoing, no act or omission shall constitute cause unless SXE GP provides to Mr. Williamson (x) written notice clearly and fully describing the particular acts or omissions which SXE GP reasonably believes in good faith constitute cause, (y) an opportunity, during the 30 days following Mr. Williamson s receipt of such notice, to meet in person with SXE GP to explain or defend the alleged acts or omissions relied upon by SXE GP and, to the extent practicable and curable, to cure such acts or omissions, and (z) a copy of the resolution duly adopted by SXE GP finding that, in the good faith opinion of SXE GP, Mr. Williamson committed the alleged acts or omissions and that they constitute grounds for cause under the employment agreement. Mr. Williamson shall have the right to contest a determination of cause by requesting arbitration in accordance with the terms of the employment agreement.

Mr. Williamson s employment agreement defines the term good reason to mean a termination of Mr. Williamson s employment within 90 days after the occurrence of one or more of the following conditions without his written consent: (i) Mr. Williamson is removed from the office of Chief Executive Officer of SXE GP or as a member of the SXE GP Board; (ii) a material diminution in Mr. Williamson s annual base salary, as described in the employment agreement; or (iii) a change in the geographic location at which Mr. Williamson must perform services to SXE GP to a location more than 50 miles from Dallas or Houston, Texas; and which, in the case of any of the foregoing, continues beyond 30 days after Mr. Williamson has provided SXE GP written notice that he believes in good faith that

such condition giving rise to such claim of good reason has occurred.

For purposes of the severance agreements, cause is generally defined to mean employee s (i) failure to satisfactorily perform employee s material duties or to devote employee s full time and effort to employee s position; (ii) violation of any material SXE GP policy that remains unremedied after reasonable notice to cure the violation; (iii) failure to follow lawful directives from SXE GP s Chairman, President and Chief Executive Officer, the SXE GP Board, or employee s direct supervisor; (iv) negligence or material misconduct; (v) dishonesty or fraud; or (vi) felony conviction.

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The severance agreements define good reason as (i) a material change in employee s job duties and responsibilities; (ii) a material reduction in employee s base salary unless the reduction applies to all SXE GP employees employed at similar levels; or (iii) a change in the location that employee regularly works of more than 25 miles. The definition of good reason under Mr. Jameson s severance agreement contains an additional prong of reporting to any individual other than the chief executive officer of SXE GP.

Treatment of SXE Equity-Based Awards

In connection with the transactions contemplated by the Merger Agreement, SXE GP will accelerate the vesting of each unvested SXE LTIP Unit held by each of the SXE executive officers and settle such SXE LTIP Units in SXE Common Units immediately prior to the Effective Time, subject to withholding for applicable taxes. Then, upon the Effective Time, each such SXE Common Unit shall be converted into the right to receive 0.160 of an AMID Common Unit. Any tandem dividend equivalent right issued in connection with such SXE LTIP Unit awards will be settled as soon as administratively feasible following the Effective Time. See *The Merger Agreement Merger Consideration* and *Treatment of SXE LTIP Units* for more information.

The following table sets forth the number of outstanding SXE LTIP Units held by each of the below executive officers of SXE that would be subject to accelerated vesting immediately prior to the Effective Time, assuming a Merger closing date of January 31, 2018:

Executive Officer	Unvested SXE LTIP Units
Bruce A. Williamson	N/A
Joel Moxley	15,000
Kelly Jameson	10,834
Bret Allan	12,000

2017 Bonus Award

In connection with the transactions contemplated by the Merger Agreement, SXE GP determined the SXE executive officers annual incentive bonus awards for fiscal year 2017, such that each executive is entitled to receive a cash payment equal to 100% of the executive s target annual cash bonus opportunity for fiscal year 2017. The table below sets forth the maximum amount of the 2017 bonus award that may be paid to the following individuals at the closing of the Merger, subject to continued employment through such date.

Executive Officer	2017 Bonus Amount
Bruce A. Williamson	$ N/A
Joel Moxley	$ 297,750
Kelly Jameson	$ 232,500
Bret Allan	$ 247,500

Transaction Bonuses

SXE GP previously entered into certain bonus agreements dated March 27, 2017 with the executives described below providing for a one-time lump sum cash payment of a bonus (Transaction Bonus) provided the executive is employed on the closing of the Merger. The Transaction Bonuses are payable at the closing of the Merger. Below is a summary of the Transaction Bonuses:

Executive Officer	Transaction Bonus Amount
Bruce A. Williamson	$ 1,500,000
Joel Moxley	$ 600,000
Kelly Jameson	$ 600,000
Bret Allan	$ 600,000

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2016 Cash-Based LTIP Awards

In connection with the transactions contemplated by the Merger Agreement, SXE GP determined the SXE executive officers outstanding 2016 cash-based long-term incentive awards under the SXE 2016 Cash-Based Long-Term Incentive Plan (2016 LTIP) will become vested, such that each executive is entitled to receive a single lump sum cash payment within 30 days after the closing date of the Merger. The unvested 2016 LTIP amounts that are subject to acceleration are set forth in the table below:

Executive Officer	Unvested Amount
Bruce A. Williamson	$ N/A
Joel Moxley	$ 320,000
Kelly Jameson	$ 110,000
Bret Allan	$ 260,000

Indemnification and Insurance

Pursuant to the terms of the Merger Agreement, SXE s directors and executive officers may be entitled to certain indemnification and insurance coverage under directors and officers liability insurance policies. Such indemnification and insurance coverage is further described in the section entitled *The Merger Agreement Indemnification; Directors and Officers Insurance*.

Regulatory Approvals and Clearances Required for the Transaction

The following is a summary of the material regulatory requirements for completion of the transactions contemplated by the Merger Agreement. There can be no guarantee if and when any of the consents or approvals required for the transactions contemplated by the Merger Agreement will be obtained or as to the conditions that such consents and approvals may contain.

Under the HSR Act, and related rules, certain transactions, including the Merger, may not be completed until notifications have been given and information furnished to the Antitrust Division and all statutory waiting period requirements have been satisfied. On November 28, 2017, AMID and SXE filed HSR Forms with the Antitrust Division and the FTC and on December 8, 2017, AMID and SXE received early termination of the applicable waiting period under the HSR Act.

At any time before or after the Effective Time, the Antitrust Division could take action under the antitrust laws, including seeking to prevent the Merger, to rescind the Merger or to conditionally approve the Merger upon the divestiture of assets of AMID or SXE or subject to other remedies. In addition, U.S. state attorneys general could take action under the antitrust laws as they deem necessary or desirable in the public interest including without limitation seeking to enjoin the completion of the Merger or permitting completion subject to regulatory concessions or conditions. Private parties may also seek to take legal action under the antitrust laws under some circumstances. There can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

AMID and SXE have agreed to (including to cause their respective subsidiaries to) use their reasonable best efforts to resolve any objections that a governmental authority may assert under antitrust laws with respect to the transactions contemplated by the Merger agreement, including the Merger, and to avoid or eliminate each and every impediment under any antitrust law that may be asserted by any governmental authority with respect to the Merger, in each case,

so as to enable the closing of the Merger to occur as promptly as practicable and in any event no later than June 1, 2018 (the Outside Date). Notwithstanding the foregoing, SXE and AMID are under no obligation to dispose, transfer or separate any assets or operations.

Southcross Mississippi, an indirect subsidiary of SXE, has a CPCN that will be transferred in connection with the Transaction. Southcross Mississippi must obtain an order from the MPSC approving the transfer of the CPCN. At any time before or after the Effective Time, the MPSC could decide not to issue an order to SXE to allow SXE to transfer the CPCN, or grant consent upon certain conditions.

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Amendments to the Existing AMID Partnership Agreement

In connection with the closing of the Contribution, AMID GP will enter into the AMID Partnership Agreement.

In conjunction with the Transaction, and as partial consideration under the Contribution Agreement, AMID will issue to Southcross Holdings 4.5 million series E preferred units. Concurrently with the closing of the Transaction, AMID GP will enter into the AMID Partnership Agreement to reflect the issuance of series E preferred units. Series E preferred units have the right to receive cumulative distributions in the same priority as distributions to the series A preferred units and series C preferred units and prior to any other distributions made in respect of the AMID Common Units (the series E quarterly distribution). Distributions on series E units can be made with paid-in-kind series E units, cash or a combination thereof, at the discretion of the board of directors of AMID GP.

The AMID Partnership Agreement amends certain rights and preferences of holders of series C preferred units. In AMID GP s discretion, the series C quarterly distribution with respect to series C preferred units representing underlying AMID Common Units having a value of $50 million based upon the closing price of AMID Common Units on the trading date immediately preceding the applicable record date for such conversion the $50 million of series C preferred units (as defined below) may instead be paid as (x) an amount in cash up to the series C distribution rate, as such term is defined in the AMID Partnership Agreement, and (y) a number of series C PIK preferred units equal to (a) the remainder of (i) the series C distribution rate less (ii) the amount of cash paid pursuant to clause (x), divided by (b) the series C adjusted issue price, as such term is defined in the AMID Partnership Agreement. In AMID GP s discretion, the series C quarterly distribution with respect to the remaining series C preferred units (that is, other than the $50 million of Series C Preferred Units) may be paid as (x) an amount in cash up to the greater of (a) $0.4125 and (b) the series C subsequent distribution rate, as such term is defined in the AMID Partnership Agreement, and (y) a number of series C preferred units equal to (a) the remainder of (i) the greater of (I) $0.4125 per unit and (II) the series C subsequent distribution rate less (ii) the amount of cash paid pursuant to clause (x), divided by (b) the series C adjusted issue price. The AMID Partnership Agreement also provides the Partnership with certain redemption rights related to the series C preferred units. The $50 million Series C Preferred Units are convertible upon the election of the Partnership at any time after the series E preferred units become convertible.

The AMID Partnership Agreement provides Southcross Holdings with certain limited preemptive rights. If AMID issues to the Class A Member, as such term is defined in the Amended GP LLC Agreement (as defined below), or its affiliates limited partnership interests of the same class held by Southcross Holdings (other than issuances of PIK preferred units or issuances of limited partner interests purchased by the general partner to maintain its percentage interest as described above), Southcross Holdings has the right to purchase limited partner interests of such class from AMID up to the amount necessary to maintain its aggregate percentage interest equal to that which existed immediately prior to the issuance of such limited partner interests on the same terms provided to the Class A Member or its affiliates. Further, if AMID issues to Magnolia, or any of its affiliates that holds series C preferred units (the Magnolia LPs), or any of their respective affiliates limited partner interests (other than (i) issuances of PIK preferred units or conversion units, (ii) issuances of limited partner interests purchased by the general partner to maintain its percentage interest as described above, (iii) issuances to finance a capital improvement or the replacement of a capital asset or (iv) issuances to all AMID Common Unitholders on a pro rata basis), Southcross Holdings has the right to purchase such limited partner interests from AMID up to the amount necessary to maintain its percentage interest equal to that which existed immediately prior to the issuance of such limited partner interests on the same terms provided to Magnolia, the Magnolia LPs or any of their respective affiliates.

Under the AMID Partnership Agreement, AMID has agreed to register for resale under the Securities Act and applicable state securities laws any AMID Common Units, series A preferred units, series C preferred units, series E preferred units, or other partnership securities proposed to be sold by Southcross Holdings or any of its

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affiliates, if an exemption from the registration requirements is not otherwise available. AMID is not obligated to effect more than two registrations at the request of Southcross Holdings or its affiliates. These registration rights continue, following any withdrawal or removal of AMID GP as the AMID general partner, for two years and for so long thereafter as is required for the holder to sell its partnership securities. AMID is obligated to pay all expenses incidental to the registration at the request of Holdings or its affiliates, excluding underwriting discounts and commissions, but only to the extent such request is made within 20 days after the issuance of common units pursuant to AMID s right to exercise its series E conversion right, and all costs and expenses of any other such registration shall be paid by Southcross Holdings or its affiliates.

For a description of the relative rights and preferences of holders of series C preferred units and series E preferred units, see *The AMID Partnership Agreement* and *Provisions of the AMID Partnership Agreement Relating to Cash Distributions*. This is only a summary of material changes to the AMID Partnership Agreement and is qualified in its entirety by reference to the form AMID Partnership Agreement filed as an exhibit to the registration statement of which this proxy statement/prospectus forms a part.

Accounting Treatment of the Merger

In accordance with accounting principles generally accepted in the United States and in accordance with the Financial Accounting Standards Board s Accounting Standards Codification Topic 805 Business Combinations, AMID will account for the merger as an acquisition of a business.

Listing of AMID Common Units; Delisting and Deregistration of SXE Common Units

It is a condition to closing that the AMID Common Units to be issued in the Merger to SXE Unitholders be approved for listing on the NYSE, subject to official notice of issuance. If the Merger is completed, SXE Common Units will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

No Appraisal Rights

Appraisal rights are not available in connection with the Merger under the Delaware LP Act or under the SXE Partnership Agreement.

Litigation Related to the Merger

In connection with the Merger, as of February 8, 2018, five putative class actions have been filed in the United States District Court for the Northern District of Texas. The actions were filed against multiple, different entities and individuals, including by way of example only and among others, SXE, SXE GP, Southcross Holdings, Holdings GP, AMID, AMID Merger Sub, and certain former and current members of SXE executive management and the SXE GP Board.

The complaints generally allege, among other things, that the registration statement on Form S-4 (file no. 333-222501) of which this proxy statement/prospectus is a part is false and materially misleading and that the defendants have violated Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and Rule 14a-9 promulgated thereunder. Generally, the complaints seek class certification, injunctive relief, damages, declaratory relief, and attorney s fees and court costs.

The five actions filed in the United States District Court for the Northern District of Texas are captioned as follows:

Robinson Iglesias v. Southcross Energy Partners, L.P., Southcross Energy Partners GP, LLC, Southcross Holdings LP, Southcross Holdings GP LLC, Bruce A. Williamson, David W. Biegler, Andrew A. Cameron, Nicholas J. Caruso, Jason H. Downie, Wallace Henderson, Jerry W. Pinkerton, Cherokee Merger Sub LLC, and American Midstream Partners, LP, Civil Action No. 3:18-cv-00158-N.

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Anthony Franchi v. Southcross Energy Partners, L.P., Southcross Energy Partners GP, LLC, Bruce A. Williamson, David W. Biegler, Andrew A. Cameron, Nicholas J. Caruso, Jr., Jason H. Downie, Jerry W. Pinkerton, Randall S. Wade, American Midstream Partners, LP, American Midstream Partners GP, LLC, and Cherokee Merger Sub LLC, Civil Action No. 3:18-cv-00179-D.

Adrian Marshall v. Southcross Energy Partners, L.P., Southcross Energy Partners GP, LLC, Southcross Holdings LP, Southcross Holdings GP LLC, Bruce A. Williamson, David W. Biegler, Andrew A. Cameron, Nicholas J. Caruso, Jr., Jason H. Downie, Jerry W. Pinkerton, Randall S. Wade, Bret M. Allan, American Midstream Partners, LP, and Cherokee Merger Sub LLC, Civil Action No. 3:18-cv-00272-D.

Kristin Doller v. Southcross Energy Partners, L.P., Southcross Energy Partners GP, LLC, Southcross Holdings LP, Southcross Holdings GP LLC, David W. Biegler, Andrew A. Cameron, Nicholas J. Caruso, Jr., Jason H. Downie, Jerry W. Pinkerton, Randall S. Wade, and Bruce A. Williamson, Civil Action No. 3:18-cv-00291-N.

Robert Johnson v. Southcross Energy Partners, L.P., Southcross Energy Partners GP, LLC, Southcross Holdings LP, Southcross Holdings GP LLC, Bruce A. Williamson, David W. Biegler, Andrew A. Cameron, Nicholas J. Caruso, Jr., Jason H. Downie, Jerry W. Pinkerton, Randall S. Wade, Civil Action No. 3:18-cv-00289-C.

If a dismissal is not granted or a settlement is not reached, these lawsuits could prevent or delay completion of the Merger and result in substantial costs to SXE, AMID or the combined partnership following the Merger. There can be no assurance that any of the defendants will be successful in the outcome of the pending or any potential future lawsuits. All defendants deny any wrongdoing in connection with the proposed Transaction and plan to vigorously defend against all pending claims.

Restrictions on Sales of AMID Common Units Received in the Merger

AMID Common Units issued in the Merger will not be subject to any restrictions on transfer arising under the Securities Act or the Exchange Act, except for AMID Common Units issued to any SXE Unitholder who may be deemed to be an affiliate of AMID after the completion of the Merger. This proxy statement/prospectus does not cover resales of AMID Common Units received by any person upon the completion of the Merger, and no person is authorized to make any use of this proxy statement/prospectus in connection with any resale.

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THE MERGER AGREEMENT

The following describes the material provisions of the Merger Agreement, a copy of which is attached as Annex A to this proxy statement/prospectus and incorporated by reference herein. The description in this section and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the Merger Agreement. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. AMID and SXE encourage you to read carefully the Merger Agreement in its entirety before making any decisions regarding the Merger as it is the legal document governing the Merger.

The Merger Agreement and this summary of its terms have been included to provide you with information regarding the terms of the Merger Agreement. Factual disclosures about AMID, SXE or any of their respective subsidiaries or affiliates contained in this proxy statement/prospectus or their respective public reports filed with the SEC may supplement, update or modify the factual disclosures about AMID, SXE or their respective subsidiaries or affiliates contained in the Merger Agreement and described in this summary. The representations, warranties and covenants made in the Merger Agreement by AMID, SXE and their respective subsidiaries were qualified and subject to important limitations agreed to by AMID, SXE and their respective subsidiaries in connection with negotiating the terms of the Merger Agreement. In particular, in your review of the representations and warranties contained in the Merger Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of allocating risk between the parties to the Merger Agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to unitholders and reports and documents filed with the SEC and, in some cases, were qualified by confidential disclosures that were made by each party to the other, which disclosures are not reflected in the Merger Agreement or otherwise publicly disclosed. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Merger Agreement and subsequent developments or new information qualifying a representation or warranty may have been included in this proxy statement/prospectus. For the foregoing reasons, the representations, warranties and covenants or any descriptions of those provisions should not be read alone.

The Merger

Subject to the terms and conditions of the Merger Agreement and in accordance with Delaware law, the Merger Agreement provides for the merger of SXE with AMID Merger Sub. SXE, which is sometimes referred to following the Merger as the surviving entity, will survive the merger, and the separate limited liability company existence of AMID Merger Sub will cease. After the completion of the Merger, the certificate of limited partnership of SXE in effect immediately prior to the Effective Time will be the certificate of limited partnership of the surviving entity, until amended in accordance with its terms and applicable law, and the SXE Partnership Agreement in effect immediately prior to the Effective Time will be the agreement of limited partnership of the surviving entity, until amended in accordance with its terms and applicable law.

Effective Time; Closing

The Effective Time of the Merger will be at such time that AMID duly files a certificate of merger effecting the Merger with the Secretary of State of the State of Delaware, executed in accordance with the relevant provisions of the Delaware LP Act and the Delaware Limited Liability Company Act, or at such other date or time as is agreed to by AMID and SXE in writing and specified in the certificate of merger.

Unless the parties agree otherwise, the closing of the Merger will occur at 9:00 a.m., Central Time, on the second business day after the satisfaction or waiver of the conditions to the Merger provided in the Merger Agreement (other

than conditions that by their nature are to be satisfied at the closing of the Merger, but subject to the satisfaction or waiver of those conditions), or at such other date or time as AMID and SXE agree. For further discussion of the conditions to the Merger, see *Conditions to Consummation of the Merger*.

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AMID and SXE currently expect to complete the Transaction in the second quarter of 2018, subject to receipt of required SXE Unitholder and regulatory approvals and to the satisfaction or waiver of the other conditions to the transactions contemplated by the Merger Agreement and Contribution Agreement described below.

Conditions to Consummation of the Merger

AMID and SXE may not complete the Merger unless each of the following conditions is satisfied or waived, if waiver is permitted by applicable law, on or prior to the Closing Date:

- the Merger Agreement and the transactions contemplated thereby must have been approved by the affirmative vote of the holders of at least a majority of the outstanding Non-Affiliated SXE Common Units, the holders of at least a majority of the outstanding SXE Subordinated Units and the holders of at least a majority of the outstanding SXE Class B Convertible Units, voting as separate classes;

- the waiting period applicable to the Merger under the HSR Act, if any, must have been terminated or expired;

- no law, injunction, judgment or ruling enacted, promulgated, issued, entered, amended or enforced by any governmental authority will be in effect enjoining, restraining, preventing or prohibiting the consummation of transactions contemplated by the Merger Agreement or making the consummation of such transactions illegal;

- the registration statement of which this proxy statement/prospectus forms a part must have been declared effective by the SEC and must not be subject to any stop order or proceedings initiated or threatened by the SEC;

- the AMID Common Units to be issued in the Merger must have been approved for listing on the NYSE, subject to official notice of issuance;

- AMID having received from Gibson Dunn, counsel to AMID, a written opinion dated as of the date of the closing of the Merger to the effect that for U.S. federal income tax purposes (i) no AMID entity should recognize any income or gain as a result of the Merger (other than any gain resulting from any decrease in partnership liabilities pursuant to Section 752 of the Code), (ii) no gain or loss should be recognized by holders of AMID Common Units as a result of the Merger (subject to certain exceptions), and (iii) AMID is classified as a partnership for U.S. federal income tax purposes;

- SXE having received from Locke Lord, counsel to SXE, a written opinion dated as of the date of the closing of the Merger to the effect that for U.S. federal income tax purposes subject to certain exceptions, (i) holders of SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units should not recognize any income or gain as a result of the Merger with respect to such SXE Common Units, SXE Subordinated

Units or SXE Class B Convertible Units held (other than any gain resulting from any actual or constructive distribution of cash, including any decrease in partnership liabilities pursuant to Section 752 of the Code, the receipt of any Merger consideration that is not pro rata with the other holders of the same class of units, or liabilities incurred other than in the ordinary course of business of SXE or its subsidiaries); provided that such opinion does not extend to any holder who acquired SXE Common Units, SXE Subordinated Units or SXE Class B Convertible Units from SXE in exchange for property or services other than cash, and (ii) SXE is classified as a partnership for U.S. federal income tax purposes; and

the Contribution must have been completed.

The obligations of AMID to effect the Merger are subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of SXE in the Merger Agreement being true and correct, both when made and at and as of the date of the closing of the Merger, except to the extent expressly made as of

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an earlier date, in which case as of such date, except where the failure of such representations and warranties to not be so true and correct (without giving effect to any limitation as to material adverse effect or materiality contained in any individual representation or warranty), does not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on SXE (apart from certain identified representations and warranties providing (i) that there will not have been a material adverse effect on SXE from June 30, 2017 through the closing date of the Merger, (ii) that each of SXE and SXE GP have the authority to execute the Merger Agreement and consummate the transactions contemplated thereby, (iii) that the approval of the Merger Agreement by the affirmative vote of the holders of at least a majority of the outstanding Non-Affiliated SXE Common Units, at least a majority of the outstanding SXE Subordinated Units and at least a majority of the outstanding SXE Class B Convertible Units, voting as separate classes, is the only approval of the holders of any equity interests in SXE that is required for approval of the transactions contemplated by the Merger Agreement, which in each of clauses (i)-(iii) must be true and correct in all respects and (iv) regarding SXE s capitalization, which must be true and correct in all respects other than immaterial misstatements and omissions);

SXE and SXE GP having performed, in all material respects, all obligations required to be performed by them under the Merger Agreement; and

the receipt of an officer s certificate executed by an executive officer of SXE certifying that the two preceding conditions have been satisfied.

The obligations of SXE to effect the Merger are subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of AMID and AMID GP in the Merger Agreement being true and correct both when made and at and as of the date of the closing of the Merger, except to the extent expressly made as of an earlier date, in which case as of such date, except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to material adverse effect or materiality contained in any individual representation or warranty), does not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on AMID (apart from certain identified representations and warranties providing (i) that there will not have been a material adverse effect on AMID from June 30, 2017 through the closing date of the Merger, (ii) that each of AMID and AMID GP have the authority to execute the Merger Agreement and consummate the transactions contemplated thereby, (iii) that neither AMID nor AMID GP or any of their respective subsidiaries holds any limited partner interests, capital stock, voting securities or equity interests of SXE or any of its subsidiaries, which in each of clauses (i)-(iii) must be true and correct in all respects and (iv) regarding AMID s capitalization, which must be true and correct in all respects other than immaterial misstatements and omissions);

AMID and AMID GP having performed, in all material respects, all obligations required to be performed by them under the Merger Agreement;

the receipt of an officer s certificate executed by an executive officer of AMID certifying that the two preceding conditions have been satisfied; and

AMID having (i) paid or caused to be paid on behalf of SXE the dollar amount of all indebtedness and any other amounts required to be paid under SXE s credit facility in order to fully pay off SXE s credit facility and (ii) as applicable, to such accounts as designated in a qualifying notes payoff letter by Southcross Holdings and/or the Sponsors, and in accordance with the qualifying notes payoff letter, the dollar amount of indebtedness and any other amounts required to be paid in order to fully pay off the qualifying notes.

For purposes of the Merger Agreement, the term material adverse effect means, when used with respect to a party to the Merger Agreement, any change, effect, event or occurrence that, individually or in the aggregate,

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(x) has had or would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of such party or its subsidiaries, taken as a whole, or (y) prevents or materially impedes, interferes with or hinders the consummation of the transactions contemplated by the Merger Agreement, including the Merger, on or before the Outside Date; provided, however, that, with respect to the foregoing clause (x) only, any adverse changes, effects, events or occurrences resulting from or due to any of the following will be disregarded in determining whether there has been a material adverse effect: (i) changes, effects, events or occurrences generally affecting the United States or global economy, the financial, credit, debt, securities or other capital markets or political, legislative or regulatory conditions or changes in the industries in which such party operates; (ii) the announcement or pendency of the Merger Agreement or the transactions contemplated thereby; (iii) any change in the market price or trading volume of the limited partnership interests or other equity securities of such party (it being understood and agreed that the foregoing will not preclude any other party to the Merger Agreement from asserting that any facts or occurrences giving rise to or contributing to such change that are not otherwise excluded from the definition of material adverse effect should be deemed to constitute, or be taken into account in determining whether there has been, or would reasonably be expected to be, a material adverse effect); (iv) acts of war or terrorism (or the escalation of the foregoing) or natural disasters or other force majeure events; (v) changes in any laws or regulations applicable to such party or applicable accounting regulations or principles or the official interpretation thereof that materially affects the Merger Agreement or the transactions contemplated thereto; (vi) changes, effects, events or occurrences generally affecting the prices of oil, natural gas, natural gas liquids or coal or other commodities; and (vii) any failure of a party to meet any internal or external projections, forecasts or estimates of revenues, earnings or other financial or operating metrics for any period (it being understood and agreed that the foregoing will not preclude any other party to the Merger Agreement from asserting that any facts or occurrences giving rise to or contributing to such failure that are not otherwise excluded from the definition of material adverse effect should be deemed to constitute, or be taken into account in determining whether there has been, or would reasonably be expected to be, a material adverse effect); provided, however, that changes, effects, events or occurrences referred to in clauses (i), (iv), (v) and (vi) above will be considered for purposes of determining whether there has been or would reasonably be expected to be a material adverse effect if and to the extent such state of affairs, changes, effects, events or occurrences has had or would reasonably be expected to have a disproportionate adverse effect on such party and its subsidiaries, taken as a whole, as compared to other companies of similar size operating in the industries in which such party and its subsidiaries operate.

SXE Unitholder Approval

SXE has agreed to hold a special meeting of its unitholders as soon as is practicable after the date of the Merger Agreement for the purpose of such unitholders voting on the approval of the Merger Agreement and the transactions contemplated thereby. The Merger Agreement requires SXE to submit the Merger Agreement to a unitholder vote. In addition, unless the SXE GP Board has effected an adverse recommendation change in accordance with the Merger Agreement as described in *Change in SXE GP Board Recommendation*, SXE has agreed to use reasonable best efforts to solicit from its unitholders proxies in favor of the Merger and to take all other action necessary or advisable to secure the approval by its unitholders of the Merger Agreement and the transactions contemplated thereby. The SXE GP Board has approved the Merger Agreement and the transactions contemplated thereby and authorized that the Merger Agreement be submitted to the unitholders of SXE for their consideration.

For purposes of the Merger Agreement, the term alternative proposal means any inquiry, proposal or offer from any person or group (as defined in Section 13(d) of the Exchange Act), other than AMID, its subsidiaries and their respective affiliates, including, but not limited to, the Affiliated Unitholders, relating to any (i) direct or indirect acquisition (whether in a single transaction or a series of related transactions), outside of the ordinary course of business, of assets of SXE and its subsidiaries (including securities of subsidiaries) equal to 25% or more of SXE s consolidated assets or to which 25% or more of SXE s revenues or earnings on a consolidated basis are attributable,

(ii) direct or indirect acquisition (whether in a single transaction or a series of related transactions) of beneficial ownership (within the meaning of Section 13 under the Exchange Act) of 25% or more

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of any class of equity securities of SXE, (iii) tender offer or exchange offer that if consummated would result in any person or group (as defined in Section 13(d) of the Exchange Act) beneficially owning 10% or more of any class of equity securities of SXE, or (iv) merger, consolidation, unit exchange, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving SXE which is structured to permit any person or group (as defined in Section 13(d) of the Exchange Act) to acquire beneficial ownership of at least 25% of SXE s consolidated assets or equity interests; in each case, other than the transactions contemplated by the Merger Agreement.

No Solicitation by SXE of Alternative Proposals

The Merger Agreement contains detailed provisions prohibiting SXE from seeking an alternative proposal to the Merger. Under these no solicitation provisions, each of SXE and SXE GP have agreed that it will not, and SXE will cause its subsidiaries and use reasonable best efforts to cause its and its subsidiaries directors, officers, employees, investment bankers, financial advisors, attorneys, accountants, agents and other representatives not to, directly or indirectly:

- solicit, initiate, knowingly facilitate, knowingly encourage (including by way of furnishing confidential information) or knowingly induce or take any other action intended to lead to any inquiries or any proposals that constitute the submission of an alternative proposal;

- grant approval to any person to acquire 20% or more of any partnership securities issued by SXE without such person being subject to the limitations in the SXE Partnership Agreement that prevents certain persons or groups that beneficially own 20% or more of any outstanding partnership securities of any class then outstanding from voting any partnership securities of SXE on any matter; or

- enter into any confidentiality agreement, merger agreement, letter of intent, agreement in principle, unit purchase agreement, asset purchase agreement or unit exchange agreement, option agreement or other similar agreement relating to an alternative proposal.

In addition, the Merger Agreement requires SXE and its subsidiaries to (i) immediately cease and cause to be terminated any discussions or negotiations with any persons conducted prior to the execution of the Merger Agreement regarding an alternative proposal, (ii) request the return or destruction of all confidential information previously provided to any such persons by or on behalf of SXE or its subsidiaries, and (iii) immediately prohibit any access by any persons (other than AMID and its representatives) to any physical or electronic data room relating to a possible alternative proposal.

SXE has also agreed in the Merger Agreement that it (i) will promptly, and in any event within 48 hours after receipt, notify AMID of any alternative proposal or any request for information or inquiry with regard to any alternative proposal and the identity of the person making any such alternative proposal, request or inquiry (including providing AMID with copies of any written materials received from or on behalf of such person relating to such proposal, offer, request or inquiry) and (ii) will provide AMID with the material terms, conditions and nature of any such alternative proposal, request or inquiry. In addition, SXE agrees to keep AMID reasonably informed of all material developments affecting the status and terms of any such alternative proposals, offers, inquiries or requests (and promptly provide AMID with copies of any written materials received by it, or that it has delivered to any third party making an alternative proposal, that relate to such proposals, offers, requests or inquiries) and of the status of any such

discussions or negotiations.

The Merger Agreement permits SXE or the SXE GP Board to issue a stop, look and listen communication pursuant to Rule 14d-9(f) or comply with Rule 14d-9 and Rule 14e-2 under the Exchange Act if the SXE GP Board determines in good faith (after consultation with outside legal counsel) that the failure to take such action would be reasonably likely to constitute a violation of applicable law.

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Change in SXE GP Board Recommendation

The Merger Agreement provides that SXE and SXE GP will not, and SXE will cause its subsidiaries and use reasonable best efforts to cause its representatives not to, directly or indirectly, withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in a manner adverse to AMID, the recommendation of the SXE GP Board that its unitholders approve the Merger Agreement or publicly recommend the approval of, or publicly approve, or propose to publicly recommend or approve, any alternative proposal. In addition, if SXE receives an alternative proposal it will, within 10 business days of receipt of a written request from AMID, publicly reconfirm the recommendation of the SXE GP Board that its unitholders approve the Merger Agreement; provided, that AMID is not permitted to make such request on more than one occasion in respect of each alternative proposal and each material modification to an alternative proposal, if any.

SXE s taking or failing to take, as applicable, any of the actions described above is referred to as an adverse recommendation change.

Notwithstanding the terms described above or any other term of the Merger Agreement to the contrary, subject to the conditions described below, the SXE GP Board may (upon the recommendation of the SXE Conflicts Committee), at any time prior to the approval of the Merger Agreement by the SXE Unitholders, effect an adverse recommendation change in response to either (i) an alternative proposal or (ii) changed circumstance (as defined below), in each case if the SXE GP Board, after consultation with SXE GP s financial advisor and outside legal counsel, determines in good faith that the failure to take such action would not be in the best interest of SXE and would be inconsistent with its duties under the SXE Partnership Agreement and applicable law, and the following conditions have been met:

if the SXE GP Board intends to effect such adverse recommendation change in response to an alternative proposal:

such alternative proposal is bona fide, in writing and has not been withdrawn or abandoned;

the SXE GP Board has determined, after consultation with SXE GP s outside legal counsel and financial advisors, that such alternative proposal constitutes a designated proposal as described and defined below;

SXE has provided prior written notice to AMID of the intention of the SXE GP Board to effect an adverse recommendation change, and such notice has specified the identity of the person making such alternative proposal, the material terms and conditions of such alternative proposal, and complete copies of any written proposal or offers (including proposed agreements) received by SXE in connection with such alternative proposal;

during the period that commences on the date of delivery of the above-described notice and ends on the date that is the fifth calendar day following the date of such delivery, SXE must have (1) negotiated with AMID in good faith to make such adjustments to the terms and conditions of the Merger Agreement as would permit the SXE GP Board not to effect an adverse recommendation change and

(2) kept AMID reasonably informed with respect to the status and changes in the material terms and conditions of such alternative proposal or other change in circumstances related thereto; provided, that any material revisions to such alternative proposal (including any change in the form, amount or timing of payment of consideration) will require delivery of a subsequent notice and a subsequent notice period, except that such subsequent notice period will expire upon the later of (x) the end of the initial notice period and (y) the date that is the third calendar day following the date of the delivery of such subsequent notice; and

the SXE GP Board must have considered all revisions to the terms of the Merger Agreement offered in writing by AMID and, at the end of the notice period, must have determined in good faith, after consultation with SXE GP s financial advisor and outside legal counsel, that (i) such alternative proposal continues to constitute a designated proposal and (ii) failure to effect an

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adverse recommendation change would not be in the best interest of SXE and would be inconsistent with its duties under the SXE Partnership Agreement and applicable law, in each case even if such revisions were to be given effect; or

if the SXE GP Board intends to effect such adverse recommendation change in response to a changed circumstance:

SXE has provided prior written notice to AMID of the intention of the SXE GP Board to effect an adverse recommendation change, and such notice has specified the details of such changed circumstance and the reasons for the adverse recommendation change;

during the period that commences on the date of delivery of the above-described notice and ends on the date that is the fifth calendar day following the date of such delivery, SXE must have (i) negotiated with the other party in good faith to make such adjustments to the terms and conditions of the Merger Agreement as would permit the SXE GP Board not to effect an adverse recommendation change and (ii) kept AMID reasonably informed of any change in circumstances related thereto; and

the SXE GP Board must have considered all revisions to the terms of the Merger Agreement offered in writing by AMID and, at the end of the notice period, must have determined in good faith after consultation with SXE GP s financial advisor and outside legal counsel, that the failure to effect an adverse recommendation change would not be in the best interest of SXE and would be inconsistent with its duties under the SXE Partnership Agreement and applicable law even if such revisions were to be given effect.

As used in the Merger Agreement, a changed circumstance means a material event, circumstance, change or development, in each case that arises or occurs after the date of the Merger Agreement and was not, prior to such date, known or reasonably foreseeable to the SXE GP Board; and does not relate to (i) the receipt, existence or terms of an alternative proposal or any mater relating to an alternative proposal, (ii) AMID, AMID GP or their respective subsidiaries, (iii) any actions taken pursuant to the Merger Agreement, or (iv) any changes in the price of AMID Common Units or other AMID securities or SXE Common Units or other SXE securities.

As used in the Merger Agreement, a designated proposal means a bona fide unsolicited written alternative proposal, obtained after the date of the Merger Agreement and not in breach of the Merger Agreement, to acquire, directly or indirectly, 50% or more of the outstanding equity interests of SXE or 50% or more of the assets of SXE and its subsidiaries on a consolidated basis, made by any person or group (as defined in Section 13(d) of the Exchange Agreement), other than AMID, its subsidiaries, and their affiliates, which is on terms and conditions which the SXE GP Board (upon recommendation of the SXE Conflicts Committee) determines in good faith (after consultation with its outside financial advisor and outside legal counsel), taking into account all legal, regulatory, financial, financing, timing and other aspects of the proposal, including all conditions contained therein and the Person making such alternative proposal, to be (i) reasonably capable of being consummated in accordance with its terms, and (ii) if consummated, more favorable to the SXE Unitholders (in their capacity as SXE Unitholders) from a financial point of view than the transactions contemplated hereby, taking into account at the time of determination any changes to the terms of the Merger Agreement that as of that time had been proposed by AMID in writing.

Merger Consideration

The Merger Agreement provides that, at the Effective Time, each SXE Common Unit issued and outstanding as of immediately prior to the Effective Time (other than SXE Units held by Affiliated Unitholders and SXE Common Units held by AMID and its subsidiaries) will be converted into the right to receive 0.160 of an AMID Common Unit. Each SXE Common Unit, SXE Subordinated Unit and SXE Class B Convertible Unit held by the Affiliated Unitholders, issued and outstanding as of the Effective Time, will be cancelled at the Effective Time for no consideration. In addition, the incentive distribution rights in SXE outstanding

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immediately prior to the Effective Time and any equity interest in SXE owned upon consummation of the Merger and immediately prior to the Effective Time by AMID, SXE or any of their respective subsidiaries will be cancelled for no consideration.

AMID will not issue any fractional units in the Merger. Instead, all fractional AMID Common Units that an SXE Unitholder would otherwise be entitled to receive will be aggregated and then, if a fractional AMID Common Unit results from that aggregation, be rounded up to the nearest whole AMID Common Unit.

Treatment of SXE LTIP Units

Each award of SXE LTIP Units that is outstanding immediately prior to the Effective Time, automatically and without any action on the part of the holder of such SXE LTIP Unit, will immediately prior to the Effective Time become fully vested and settled in SXE Common Units, provided that SXE will withhold a portion of the SXE Common Units that would otherwise be delivered upon vesting for applicable taxes. As of the Effective Time, such SXE Common Units shall be converted into the right to receive AMID Common Units, except that the number of AMID Common Units covered by the award will be equal to the number of SXE Common Units covered by the corresponding award of SXE LTIP Units multiplied by the Exchange Ratio. Any tandem dividend equivalent right issued in connection with an award of SXE LTIP Units will be settled as soon as administratively feasible following the Effective Time.

Adjustments to Prevent Dilution

Prior to the Effective Time, the Exchange Ratio will be appropriately adjusted to reflect fully the effect of any unit dividend, subdivision, reclassification, recapitalization, split, split-up, unit distribution, unit combination, exchange of units or similar transaction with respect to SXE Common Units, SXE Subordinated Units, or AMID Common Units to provide the holders of SXE Common Units the same economic effect as contemplated by the Merger Agreement prior to such event.

Withholding

AMID and the exchange agent will be entitled to deduct and withhold from the consideration otherwise payable pursuant to the Merger Agreement to a holder of SXE Common Units such amounts as are required to be deducted and withheld with respect to the making of such payment under the Code and the rules and regulations promulgated thereunder, or under any provision of applicable state, local or foreign tax law (and to the extent deduction and withholding is required, such deduction and withholding will be taken in AMID Common Units). To the extent that amounts are so withheld and paid over to the appropriate tax authority, such withheld amounts will be treated for the purposes of the Merger Agreement as having been paid to the former holder of the SXE Common Units, as applicable, in respect of whom such withholding was made. If withholding is taken in AMID Common Units, AMID and the exchange agent will be treated as having sold such consideration for an amount of cash equal to the fair market value of such consideration at the time of such deemed sale and paid such cash proceeds to the appropriate tax authority.

Distributions in Connection with the Merger

No distributions with respect to AMID Common Units issued in the Merger will be paid to the holder of any unsurrendered certificates or book-entry units until such certificates or book-entry units are surrendered. Following such surrender, there will be paid, subject to applicable law, without interest, to the record holder of AMID Common Units issued in exchange therefor (i) at the time of such surrender, all distributions payable in respect of any such AMID Common Units, as applicable, with a record date after the Effective Time and a payment date on or prior to the date of such surrender and not previously paid and (ii) at the appropriate payment date, the distributions payable with

respect to such AMID Common Units with a record date after the Effective Time but with a payment date subsequent to such surrender. For purposes of distributions in respect of AMID Common Units, all AMID Common Units to be issued pursuant to the Merger will be entitled to distributions as if issued and outstanding as of the Effective Time.

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Regulatory Matters

See *The Merger Regulatory Approvals and Clearances Required for the Transaction* for a description of the material regulatory requirements for the completion of the Merger.

AMID and SXE have agreed to (including to cause their respective subsidiaries to) use their reasonable best efforts to resolve any objections that a governmental authority or any other person may assert under antitrust laws with respect to the Merger, and to avoid or eliminate each and every impediment under any antitrust law that may be asserted by any governmental authority with respect to the Merger, in each case, so as to enable the closing of the Mergers to occur as promptly as practicable and in any event no later than the Outside Date. Notwithstanding the foregoing, AMID or SXE are under no obligation to dispose, transfer or separate any assets or operations.

Termination of the Merger Agreement

AMID or SXE may terminate the Merger Agreement at any time prior to the Effective Time, whether before or after the SXE Unitholders have approved the Merger Agreement, by mutual written consent duly authorized by each of the SXE GP Board and the AMID GP Board, respectively.

Either AMID or SXE may terminate the Merger Agreement at any time prior to the Effective Time by written notice to the other party:

- if the Merger has not occurred on or before the Outside Date; provided, however, that the right to terminate the Merger Agreement if the Merger has not occurred on or before the Outside Date will not be available to a party (i) if the inability to satisfy the conditions to closing was due to the failure of such party to perform any of its obligations under the Merger Agreement or (ii) if the other party has filed (and is then pursuing) an action seeking specific performance to enforce the obligations under the Merger Agreement;

- if any governmental authority has issued a final and nonappealable law, injunction, judgment or ruling that enjoins, restrains, prevents or otherwise prohibits the consummation of the transactions contemplated by the Merger Agreement or makes the transactions contemplated by the Merger Agreement illegal; provided, however, that the right to terminate for this reason will not be available if the prohibition was due to the failure of the terminating party to perform any of its obligations under the Merger Agreement; or

- if the SXE Unitholders do not approve the Merger Agreement at the special meeting of SXE Unitholders called for such purpose or any adjournment or postponement of such meeting.

AMID may terminate the Merger Agreement at any time prior to the Effective Time:

- if an adverse recommendation change has occurred; or

- if there is a breach by SXE of any of its representations, warranties, covenants or agreements in the Merger Agreement such that certain closing conditions would not be satisfied, or if capable of being cured, such

breach has not been cured within 30 days following delivery of written notice of such breach by AMID; provided that AMID will not have the right to terminate the Merger Agreement for this reason if AMID is then in breach of any of its representations, warranties, covenants or agreements contained in the Merger Agreement, which breach or failure would (if it occurred or was continuing as of the closing date) give rise to the failure to satisfy certain closing conditions.

SXE may terminate the Merger Agreement at any time prior to the Effective Time:

if there is a breach by AMID of any of its representations, warranties, covenants or agreements in the Merger Agreement such that certain closing conditions would not be satisfied, or if capable of being

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cured, such breach has not been cured within 30 days following delivery of written notice of such breach by SXE; provided that SXE will not have the right to terminate the Merger Agreement for this reason if SXE is then in breach of its obligations to duly call, give notice of and hold a special meeting of its unitholders for the purpose of obtaining unitholder approval of the Merger Agreement, use its reasonable best efforts to solicit proxies from unitholders in favor of such approval and, through the SXE GP Board, recommend the approval of the Merger Agreement to SXE Unitholders, in breach of its obligations to comply with the requirements described under *No Solicitation by SXE of Alternative Proposals* or in material breach of any of its representations, warranties, covenants or agreements contained in the Merger Agreement which breach or failure would (if it occurred or was continuing as of the Closing Date) give rise to the failure to satisfy certain closing conditions.

The Merger Agreement will be automatically terminated without further action of any party to the Merger Agreement upon the termination of the Contribution Agreement.

In some cases, termination of the Merger Agreement will require SXE to reimburse AMID s out-of-pocket expenses; provided that in the event of termination by either party because the Merger Agreement was not approved at the special meeting of SXE Unitholders called for such purpose (or termination by SXE pursuant to a different termination provision provided in the Merger Agreement at a time when the Merger Agreement is terminable because the Merger Agreement was not approved at the special meeting of SXE Unitholders called for such purpose), SXE shall pay AMID s out-of-pocket expenses up to a maximum amount of $500,000. Additionally in certain cases, termination of the Merger Agreement will require SXE to pay a termination fee to AMID (less any expenses previously reimbursed), as described below under *Termination Fee* and *Expenses*.

Termination Fee

The Merger Agreement provides that SXE is required to pay a termination fee to AMID of $2 million, less any expenses of AMID previously reimbursed by SXE, as described below under *Expenses*, to AMID:

if (i) an alternative proposal was publicly proposed or publicly disclosed prior to, and not withdrawn at the time of, the date of the special meeting of SXE Unitholders called for the purpose of approving the Merger Agreement (or, if the special meeting of SXE Unitholders did not occur, and such alternative proposal was not withdrawn prior to the date on which the Merger Agreement was terminated as a result of the failure to consummate the Merger prior to the Outside Date), (ii) the Merger Agreement is terminated by either party (A) as a result of the failure to consummate the Merger prior to the Outside Date or (B) because the Merger Agreement was not approved at the special meeting of SXE Unitholders called for such purpose, and (iii) SXE enters into a definitive agreement with respect to, or consummates, any alternative proposal during the 12-month period following the date on which the Merger Agreement is terminated (whether or not such alternative proposal is the same alternative proposal referred to in clause (i)); provided, that for purposes of the payment of the termination fee described above, the term alternative proposal has the meaning provided under *SXE Unitholder Approval*, except that the references to 25% or more will be deemed to be references to 50% or more ; or

if AMID terminates the Merger Agreement due to an adverse recommendation change having occurred.

Expenses

Generally, all fees and expenses incurred in connection with the transactions contemplated by the Merger Agreement will be the obligation of the party incurring such fees and expenses.

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In addition, SXE is required to pay the expenses of AMID in the event that the Merger Agreement is terminated:

- by SXE or AMID because the Merger Agreement was not approved by SXE Unitholders at a special meeting of SXE Unitholders (or if SXE terminates the Merger Agreement pursuant to another termination right at a time when the agreement was terminable for this reason); or

- if there is a breach by SXE of any of its representations, warranties, covenants or agreements in the Merger Agreement such that certain closing conditions would not be satisfied or, if capable of being cured, such breach has not been cured within 30 days following delivery of written notice of such breach by AMID; provided that AMID will not have the right to terminate the Merger Agreement for this reason if AMID is then in breach of any of its representations, warranties, covenants or agreements contained in the Merger Agreement, which breach or failure would (if it occurred or was continuing as of the closing date) give rise to the failure to satisfy certain closing conditions.

In such case, SXE promptly, but in no event later than three business days after receipt of an invoice therefor from AMID, will be required to pay AMID reasonable documented out-of-pocket expenses (including all fees and expenses of counsel, accountants, investment bankers, financing sources, hedging counterparties, experts and consultants) incurred by AMID and its controlled affiliates in connection with the Merger Agreement and the transactions contemplated thereby; provided, however, that in the event of a termination of the Merger Agreement by either party because the Merger Agreement was not approved at the special meeting of SXE Unitholders called for such purpose (or termination by SXE pursuant to a different termination provision provided in the Merger Agreement at a time when the Merger Agreement is terminable because the Merger Agreement was not approved at the special meeting of SXE Unitholders called for such purpose), SXE shall pay AMID s out-of-pocket expenses up to a maximum amount of $500,000. In no event will SXE be required to make any such payment if, at the time of such termination, the Merger Agreement was terminable by it because there is a breach by AMID of any of its representations, warranties, covenants or agreements in the Merger Agreement such that certain closing conditions would not be satisfied, or if capable of being cured, such breach has not been cured within 30 days following delivery of written notice of such breach.

Conduct of Business Pending the Consummation of the Merger

Under the Merger Agreement, each of AMID and SXE has undertaken certain covenants that place restrictions on it and its respective subsidiaries from the date of the Merger Agreement until the earlier of the termination of the Merger Agreement in accordance with its terms and the Effective Time, unless the other party gives its prior written consent (which, in certain instances, cannot be unreasonably withheld, conditioned or delayed). In general, each party has agreed to (i) cause its respective business to be conducted in the ordinary course of business consistent with past practice, (ii) use commercially reasonable efforts to preserve intact its respective business organization assets and keep available the services of its current officers and key employees, (iii) use commercially reasonable efforts to keep in full force and effect all material permits, and (iv) comply in all material respects with all applicable laws.

Subject to certain exceptions set forth in the Merger Agreement and the disclosure schedules delivered by SXE to AMID in connection with the Merger Agreement, unless AMID consents in writing (which consent cannot be unreasonably withheld, conditioned or delayed), SXE will not, and will not permit any of its subsidiaries to, among other things, undertake the following actions:

issue, sell, grant, set aside, dispose of, accelerate the vesting of, modify or otherwise subject to any lien as applicable, any SXE securities;

redeem, purchase or otherwise acquire any SXE securities including pursuant to contracts as in effect on the date of the Merger Agreement, other than with respect to any equity or equity-based awards granted under any SXE equity plan outstanding on the date of the Merger agreement;

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declare, set aside for payment or pay any distribution or dividends on any SXE securities, subject to certain exceptions;

split, combine, subdivide or reclassify or otherwise amend the terms of any SXE securities;

incur, refinance, assume or guarantee any indebtedness for borrowed money, or issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities, except that SXE may:

borrow under SXE s existing credit facility or any replacements thereof, in the ordinary course of business consistent with past practice; provided that borrowings outstanding from time to time under SXE s revolving credit agreement may not exceed the available liquidity under the revolving credit agreement and borrowings outstanding under SXE s term loan will not exceed an amount equal to the outstanding borrowings thereunder as of the date of the Merger Agreement plus $10,000,000;

make intercompany borrowings from SXE or any of its subsidiaries;

repay borrowings from any of SXE or its subsidiaries by any of SXE or its subsidiaries;

issue non-convertible qualifying notes to one or more Sponsors in exchange for cash as required by the Investment Agreement, dated December 29, 2016, between SXE, Southcross Holdings and Wells Fargo Bank, N.A. (Investment Agreement) and the Backstop Investment Commitment Letter, dated December 29, 2016, and entered into by SXE, Southcross Holdings, Wells Fargo Bank, N.A. and the Sponsors (Backstop Letter) or pursuant to an investment in SXE that reduces the committed amount under the Investment Agreement, in an initial aggregate principal amount not in excess of $15,000,000, which in each case, will reduce the amount of borrowings permitted to be incurred under the SXE credit facilities on a dollar for dollar basis, whether through a reduction in available liquidity, a reduction in commitments under the SXE revolving credit agreement or otherwise; or

make guarantees by any of SXE or its subsidiaries, of indebtedness of SXE or its subsidiaries;

repay, prepay or repurchase any long-term indebtedness for borrowed money or debt securities of SXE or any of its subsidiaries, other than revolving indebtedness, borrowings from SXE to a subsidiary and repayments or repurchases required pursuant to the terms of such indebtedness or debt security as in effect on the date of the Merger Agreement and listed in the disclosure schedules;

sell, transfer, lease, license, subject to any lien or otherwise dispose of any properties or assets with a fair market value in excess of $500,000 individually or $1 million in the aggregate (except (i) pursuant to certain contracts listed in the disclosure schedules, (ii) dispositions of obsolete or worthless equipment, (iii) certain transactions in the ordinary course of business consistent with past practice, or (iv) intercompany sales,

transfers, leases or other disposals to any of SXE or its subsidiaries);

make any capital expenditures (which includes, among others, any investments by contribution to capital, property transfers, purchase of securities, or otherwise) in excess of $1 million in the aggregate, other than (i) any capital expenditures approved by the SXE GP Board and included in the budget of SXE provided to AMID prior to the date of the Merger Agreement as set forth on the disclosure schedules, (ii) certain capital expenditures set forth on the disclosure schedules, or (iii) as may be reasonably required to conduct emergency operations, repairs or replacements on any well, pipeline, or other facility;

directly or indirectly (i) acquire or agree to acquire any entity, division, business or equity interest in or material assets of, making an investment in or loan or capital contribution to or by any other manner, any person or division, business or equity interest of any person or (ii) enter into any joint venture, strategic alliance, exclusive dealing, noncompetition or similar contract or arrangement that would restrict or limit, in any material respect, the operations of SXE and its subsidiaries;

assume, guarantee or endorse or otherwise become responsible for, the obligations of any person, or make any loans, advances or capital contributions to, or investments in, any other person other than

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(i) travel, relocation expenses and similar expenses or advances to employees in the ordinary course of business consistent with past practice, (ii) intercompany loans and advances among SXE and its subsidiaries, or (iii) trade credit granted in the ordinary course of business consistent with past practice;

(i) except for in connection with certain contracts relating to indebtedness for borrowed money, commodity derivative instruments entered into in compliance with SXE s risk management policy, and contracts permitted under clause (v), enter into material contracts, (ii) modify or amend in any material respect or terminate any SXE material contract, (iii) waive any material rights under any material SXE contract, (iv) release any person from, or modify or waive any provision of, any standstill, confidentiality or similar agreement, in each case, related to a sale of SXE or any of its material subsidiaries, or (v) enter into, amend or modify any contract that involves a future or potential liability or receivable, as the case may be, in excess of $1 million and has a term greater than one year and cannot be cancelled by SXE or any of its subsidiaries without penalty or further payment and without more than 90-days notice;

except as set forth in the disclosure schedules or as required by the terms of the Merger Agreement or, as of the date of the Merger Agreement, of any SXE benefit plan, (i) increase the compensation of any executive officer or management level employee, or pay any bonus or incentive compensation, (ii) grant any new equity or non-equity-based compensation award, (iii) except in the ordinary course of business consistent with past practice, (A) enter into, establish, amend or terminate any SXE benefit plan or any other agreement or arrangement which would be an SXE benefit plan if it were in effect on the date of the Merger Agreement, (B) accelerate the vesting or payment of, or increase the amount of any compensation or benefits under any SXE benefit plan, or (C) fund any SXE benefit plan or trust relating thereto, or (iv) grant, award, or otherwise provide for the payment of change of control bonuses;

(i) change its fiscal year or any material method of tax accounting, (ii) make, change or revoke any material tax election, (iii) settle or compromise any material liability for taxes, (iv) file any amended tax return, (v) surrender any right to claim for a refund for taxes, (vi) enter into an arrangement with any governmental authority with respect to taxes, (vii) consent to an extension of the statute of limitations applicable to any tax claim or assessment, (viii) take any action or fail to take any action that would reasonably be expected to cause any of SXE or its subsidiaries that is treated as a partnership for U.S. federal income tax purposes to be treated as a corporation for such purposes, or (ix) engage in any activity or conduct any business in a manner that would cause less than 90% of the gross income of SXE for any calendar quarter since its formation to be treated as qualifying income within the meaning of Section 7704(d) of the Code;

make any material changes in financial accounting methods, principles or practices (or change an annual accounting period), except insofar as may be required by a change in GAAP or applicable law;

amend or otherwise change, or authorize or propose to amend or otherwise change, SXE s certificate of limited partnership or the SXE Partnership Agreement;

adopt or enter into a plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, merger, consolidation or other reorganization (other than transactions between wholly

owned subsidiaries of SXE);

other than in the ordinary course of business consistent with past practice, cancel, compromise, waive or release any right or claim in a manner or with an effect that is, individually or in the aggregate, adverse to SXE and its subsidiaries, taken as a whole, in any material respect;

(i) permit the lapse (without renewal or replacement) of any existing material policy of insurance relating to the assets, operations and activities of SXE or its subsidiaries or (ii) renew or replace any existing insurance policy for a premium that is in excess of 105% of the premium for such policy as of the of the Merger Agreement or that is for a term in excess of 12 months;

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accelerate the collection of or discount any accounts receivable, delay the payment of accounts payable or defer expenses, reduce inventories or otherwise increase cash on hand, except in the ordinary course of business consistent with past practice; or

(i) commence any suit, action, proceeding or material claims (other than with respect to any suit, action, claim or proceeding against AMID or any of its affiliates) or (ii) except in the ordinary course of business consistent with past practice, pay, discharge, settle or satisfy any suit, action, claims or proceeding; provided that such actions do not result in the payment or incurrence of liabilities or obligations by SXE or its subsidiaries of an amount in excess of $500,000 individually or $1 million in the aggregate, and do not include any equitable remedies or other restrictions binding on SXE beyond such cash settlement;

Subject to certain exceptions set forth in the Merger Agreement and the disclosure schedules delivered by AMID to SXE in connection with the Merger Agreement, unless SXE consents in writing (which consent cannot be unreasonably withheld, conditioned or delayed), AMID has agreed to certain restrictions limiting the ability of it and its subsidiaries to, among other things:

except for distributions by a direct or indirect subsidiary of AMID to its parent or AMID s regular quarterly distributions and associated distributions to AMID GP, declare, set aside for payment or pay any distribution on any AMID Common Units or any other AMID partnership interests, or otherwise make any payments to AMID Unitholders in their capacity as such;

split, combine, subdivide or reclassify any AMID Common Units or other interests;

make any material changes in financial accounting methods, principles or practices (or change an annual accounting period), except insofar as may be required by a change in GAAP or applicable law;

except as provided in the Merger Agreement, amend AMID s certificate of limited partnership or the Existing AMID Partnership Agreement in any manner that would be reasonably expected to (i) prohibit or materially impede or delay the Merger or the consummation of the other transactions contemplated by the Merger Agreement, or (ii) adversely affect in a material way the rights of holders of its securities or the securities of any other party thereto;

adopt a plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, merger, consolidation or other reorganization (other than transactions between wholly owned subsidiaries of AMID) that would (i) prevent or materially impede or delay the ability of the parties to satisfy the conditions to and the consummation of, the transactions set forth in the Merger Agreement or (ii) adversely affect in a material way the rights of holders of the securities of any party thereto;

take any action that would in any material respect impede or delay the ability of the parties to satisfy any of the conditions to the transactions contemplated by the Merger Agreement, in each case to a date after the Outside Date;

(i) change its fiscal year or any material method of tax accounting, (ii) make, change or revoke any material tax election, or (iii) take any action or fail to take any action that would reasonably be expected to cause any of AMID or its material subsidiaries treated as a partnership for U.S. federal income tax purposes to be treated as a corporation for such purposes; or

engage in any activity or conduct its business in a manner that would cause less than 90% of the gross income of AMID for any calendar quarter since its formation to be treated as qualifying income within the meaning of Section 7704(d) of the Code.

Except as set forth above and in the Merger Agreement, AMID and SXE are permitted to engage in certain activities and transactions prior to completion of the Merger, such as financings, incurrence of indebtedness, issuances of equity, sales of assets and acquisitions. Any of these transactions could materially affect the current and future financial and operating results of each company and the combined company.

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Indemnification; Directors and Officers Insurance

The Merger Agreement provides, from and after the Effective Time, to the fullest extent that SXE, SXE GP or any applicable subsidiary thereof would be permitted to indemnify past and present directors, officers and agents of SXE, SXE GP or any of their respective subsidiaries, AMID, AMID GP and the surviving entity, jointly and severally, agree to honor the provisions regarding elimination of liability of directors, indemnification of officers, directors and employees and advancement of expenses contained in the SXE charter documents and comparable governing instruments of SXE GP and any subsidiary of SXE or SXE GP as of the date of the Merger Agreement, and ensure that the organizational documents of the surviving entity and AMID GP shall, for a period of six years following the Effective Time, contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of present and former directors, officers and agents of SXE, SXE GP and their respective subsidiaries than are set forth in the SXE charter documents and comparable governing instruments of SXE GP as of the date of the Merger Agreement.

SXE, SXE GP or its controlling affiliate must, prior to the closing of the Contribution Agreement, purchase a tail policy with respect to acts or omissions occurring or alleged to have occurred prior to the Effective Time that were committed or alleged to have been committed by any past and present directors, officers and agents of SXE, SXE GP or any of their respective subsidiaries in their capacity as such, so long as the cost of such policy does not exceed an amount equal to 300% of the current annual premiums paid by SXE or SXE GP for directors and officers liability insurance policies.

SXE Credit Facilities; Backstop Letter

With respect to the SXE credit facilities, at least five business days prior to the Closing Date, SXE shall provide to AMID (i) a payoff letter (the Lender Payoff Letter), which will provide the dollar amount of all indebtedness required to be paid under the SXE credit facilities in order to fully pay off the SXE credit facilities as of the Closing and to release all liens and guarantees thereunder upon such payment, executed by the applicable administrative agent for the lenders (and, to the extent of any consent needed by any lenders or by any other person that is the beneficiary of any liens securing the SXE credit facilities, by such lenders or other such person) under the respective SXE credit facilities on terms and conditions reasonably satisfactory to AMID GP, such terms to include either (A) the administrative agent s (on behalf of the lenders and any other person that is the beneficiary of any liens securing the SXE credit facilities) affirmative covenant to file all necessary UCC and lien terminations within five business days following the Closing Date, or (B) such administrative agent s (on behalf of the lenders and any other person that is the beneficiary of any liens securing the SXE credit facilities) express authorization for the AMID and AMID GP to have any such documents filed on behalf of the administrative agent, lenders or any other person that is the beneficiary of any lien securing the SXE credit facilities, and (ii) to the extent such agreements have not otherwise been terminated prior to such date, evidence of the consent of Wells Fargo Bank, N.A., as administrative agent under the SXE Revolving Credit Agreement, to terminate the Investment Agreement and the Backstop Letter upon the receipt of payment all amounts set forth in the Lender Payoff Letter.

In the event Qualifying Notes (as defined in the Investment Agreement) have been issued as provided under *Conduct of Business Pending the Consummation of the Merger* pursuant to the Investment Agreement, Backstop Letter or an investment in SXE that reduces the Committed Amount (as defined in the Investment Agreement), at least five business days prior to the Closing Date SXE shall provide to AMID a payoff letter, which will provide the dollar amount of indebtedness required to be paid under the Qualifying Notes (as defined in the Investment Agreement) in order to fully pay off such Qualifying Notes (as defined in the Investment Agreement) as of the Closing, executed by Southcross Holdings and/or the Sponsors (as defined in the Backstop Letter), as applicable, on terms and conditions reasonably satisfactory to AMID GP and the applicable Sponsors.

Tax Matters

The parties to the Merger Agreement shall, to the extent permissible under applicable law, treat the combined businesses of AMID and SXE as a single activity for purposes of Section 469 of the Code.

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Amendment and Waiver

At any time prior to the Effective Time, whether before or after approval of the Merger Agreement by SXE Unitholders, the parties may, by written agreement, amend the Merger Agreement; provided, however, that following approval of the Merger and the other transactions contemplated by the Merger Agreement by SXE Unitholders, no amendment or change to the provisions of the Merger Agreement will be made which by law would require further approval by SXE Unitholders or AMID Unitholders, as applicable, without such approval. Additionally, any amendment to the Merger Agreement must be approved by the SXE Conflicts Committee. Unless otherwise expressly set forth in the Merger Agreement, whenever a determination, decision, approval or consent of SXE or the SXE GP Board (including a determination to effect an adverse recommendation change) or of AMID or the AMID GP Board is required pursuant to the Merger Agreement, such determination, decision, approval or consent must be authorized by the SXE GP Board and the SXE Conflicts Committee, or the AMID GP Board, as applicable.

At any time prior to the Effective Time, any party to the Merger Agreement may, to the extent legally allowed:

- waive any inaccuracies in the representations and warranties of any other party contained in the Merger Agreement;
- extend the time for the performance of any of the obligations or acts of any other party provided for in the Merger Agreement; or
- waive compliance by any other party with any of the agreements or conditions contained in the Merger Agreement, as permitted under the Merger Agreement; provided that such waiver will only be effective if made in writing and neither SXE and its subsidiaries nor the SXE GP Board may authorize any waiver without the prior approval of the SXE Conflicts Committee.

Remedies, Specific Performance

The Merger Agreement provides that, in the event SXE pays the termination fee (described under *Termination Fee*) to AMID when required, SXE will not have further liability to AMID or AMID GP except for claims relating to willful breach of SXE s representations, warranties or covenants, or fraud. Additionally, notwithstanding any termination of the Merger Agreement, the Merger Agreement provides that nothing in the Merger Agreement will relieve any party from any liability for any failure to consummate the transactions when required pursuant to the Merger Agreement or any party from liability for fraud or a willful breach of any covenant or agreement contained in the Merger Agreement. The Merger Agreement also provides that the parties are entitled to obtain an injunction to prevent breaches of the Merger Agreement and to specifically enforce the Merger Agreement. In the event that AMID receives the termination fee, AMID may not seek any award of specific performance under the Merger Agreement.

Representations and Warranties

The Merger Agreement contains representations and warranties made by AMID and SXE. These representations and warranties have been made solely for the benefit of the other parties to the Merger Agreement and:

may be intended not as statements of fact or of the condition of the parties to the Merger Agreement or their respective subsidiaries, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

have been qualified by disclosures that were made to the other party in connection with the negotiation of the Merger Agreement, which disclosures may not be reflected in the Merger Agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

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were made only as of the date of the Merger Agreement or such other date or dates as may be specified in the Merger Agreement and are subject to more recent developments.

The representations and warranties made by both AMID and SXE relate to, among other things:

organization, formation, standing, power and similar matters;

capital structure;

approval and authorization of the Merger Agreement and the transactions contemplated by the Merger Agreement and any conflicts created by such transactions;

required consents and approvals of governmental authorities in connection with the transactions contemplated by the Merger Agreement;

absence of certain changes or events from June 30, 2017 through the date of the Merger Agreement and from the date of the Merger Agreement through the closing date;

brokers and other advisors;

documents filed with the SEC, financial statements included in those documents and regulatory reports filed with governmental authorities;

absence of undisclosed liabilities since June 30, 2017;

legal proceedings;

compliance with applicable laws and permits;

information supplied in connection with this proxy statement/prospectus;

tax matters;

employee benefits;

labor matters;

environmental matters;

contracts of each party;

property;

opinions of financial advisors;

state takeover statutes;

regulatory matters; and

absence of additional representations and warranties.

Additional representations and warranties made only by SXE relate to, among other things:

intellectual property; and

insurance.

Distributions Prior to the Merger

The Merger Agreement provides that, from the date of the Merger Agreement until the Effective Time, each of AMID and SXE will coordinate with the other regarding the declaration of any distributions in respect of AMID Common Units, SXE Common Units, SXE Subordinated Units, SXE LTIP Units and SXE Class B Convertible Units. The Merger Agreement also provides that holders of SXE Common Units, SXE Subordinated

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Units, SXE LTIP Units and SXE Class B Convertible Units will receive, for any quarter, either: (i) only distributions in respect of SXE Common Units, SXE Subordinated Units and SXE Class B Convertible Units or (ii) only distributions in respect of AMID Common Units that they receive in exchange therefor in the Merger.

Additional Agreements

The Merger Agreement also contains covenants relating to cooperation in the preparation of this proxy statement/prospectus and additional agreements relating to, among other things, access to information, notice of specified matters and public announcements. The Merger Agreement also obligates AMID to have AMID Common Units to be issued in connection with the Merger approved for listing on the NYSE, subject to official notice of issuance, prior to the date of the consummation of the Merger.

The Contribution

Simultaneously with the execution of the Merger Agreement, Southcross Holdings, AMID and AMID GP entered into the Contribution Agreement, pursuant to which Southcross Holdings will contribute to AMID and AMID GP its equity interests in SXH Holdings, which will hold substantially all the current subsidiaries (Southcross Holdings Intermediary LLC, Southcross Holdings Guarantor GP LLC and Southcross Holdings Guarantor LP, which in turn directly or indirectly own 100% of the limited liability company interest of SXE GP, 100% of the outstanding SXE Class B Convertible Units, 100% of the outstanding SXE Subordinated Units and approximately 55% of the outstanding SXE Common Units) and business of Southcross Holdings, in exchange for (i) the number of AMID Common Units equal to $185,697,148, subject to certain adjustments for cash, indebtedness, working capital and transaction expenses contemplated by the Contribution Agreement, divided by $13.69, (ii) 4.5 million series E preferred units, (iii) options to acquire 4.5 million AMID Common Units (the Options), and (iv) 15% of the equity interest in AMID GP.

The Contribution Agreement contains customary representations and warranties and covenants by each of the parties. Southcross Holdings has agreed to indemnify AMID for certain obligations with respect to breaches of representations, warranties and covenants and for certain contingent liabilities of SXE and its subsidiaries, including several ongoing litigation matters. A portion of the consideration, including approximately $25 million of the AMID Common Units to be received by Southcross Holdings, will be deposited into escrow in order to secure Southcross Holdings indemnification obligations until the later of the end of 12 months from the closing of the Contribution Agreement, May 31, 2019 or the final resolution of these specified litigation matters. In addition, all of the AMID Common Units, series E preferred units and the Options received by Southcross Holdings as consideration under the Contribution Agreement will be subject to a lock-up agreement whereby such securities will be locked up until the longer of 12 months (with respect to the AMID Common Units) and 24 months (with respect to the series E preferred units and Options) and, together with AMID GP equity interests, the final resolutions of such specified litigation matters. Further, during this time, cash distributions made by AMID or AMID GP to Southcross Holdings will be restricted and must remain within Southcross Holdings, subject to specified exceptions, and will be subject to recapture by AMID. The closing under the Contribution Agreement is conditioned upon, among other things: (i) expiration or termination of any applicable waiting period under the HSR Act, (ii) the absence of certain legal impediments prohibiting the transactions, and (iii) with respect to AMID s obligation to close only, the conditions precedent contained in the Merger Agreement having been satisfied or being satisfied concurrently with the closing of the Contribution Agreement. In the event the condition described in clause (iii) is not satisfied, subject to satisfaction or waiver of the other conditions to the Contribution, AMID has the ability to waive the condition described in clause (iii) and consummate the Contribution without consummating the Merger.

The Contribution Agreement contains provisions granting both parties the right to terminate the Contribution Agreement for certain reasons, including AMID s right to terminate in specified circumstances if Southcross Holdings has received any written notice under any Southcross Holdings insurance policy that denies coverage or reserves rights with respect to certain specified litigation matters that would reduce or deny

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insurance recoveries in respect thereof in excess of $20 million individually or in the aggregate and that remains in effect. The Contribution Agreement further provides that, upon termination by Southcross Holdings of the Contribution Agreement in the event of a funding failure related to AMID s inability or failure to make cash payments required pursuant to the Contribution Agreement, AMID may be required to pay a reverse termination fee in an amount up to $17 million.

Concurrently with the closing of the Transaction, the Existing AMID Partnership Agreement will be amended to reflect the issuance of series E preferred units, and the Fourth Amended and Restated Limited Liability Company Agreement of AMID GP, dated as of August 10, 2017 (Existing AMID GP LLC Agreement) will be amended (the Amended GP LLC Agreement) to reflect the issuance of the 15% equity interest in AMID GP, represented by AMID GP Class D Units to Southcross Holdings (AMID GP Class D Units). Under the Amended GP LLC Agreement, Southcross Holdings, as the Class D Member in AMID GP, shall not have any voting, consent or control rights in AMID GP other than certain limited rights, including (i) the right to appoint two directors to the AMID GP Board for as long as certain ownership requirements are satisfied, (ii) the ability to vote with respect to the incurrence of indebtedness by AMID GP in excess of $50 million that has a preference as to payment upon liquidation of AMID GP that are senior to the AMID GP Class D Units so long as certain ownership requirements are satisfied, (iii) an amendment of the AMID LLC Agreement that would adversely affect the rights of the Class D Member in relation to the AMID GP Class A Members, (iv) the consent related to limited preemptive rights on the issuance by AMID GP of new securities so long as certain ownership requirements are satisfied, and (v) the consent regarding certain transfers of the Incentive Distribution Rights in AMID by the AMID GP Class A Members.

In connection with the Merger Agreement and Contribution Agreement, Southcross Holdings and SXE entered into a Letter Agreement (the Letter Agreement) providing that Southcross Holdings will reimburse SXE for all fees or expenses of SXE incurred in connection with the Merger Agreement including (i) any fees or expenses of counsel, accountants, investment bankers and consultants retained by SXE or the SXE Conflicts Committee, and (ii) the payment of any termination fee or the reimbursement of any AMID expenses, in each case if the Merger has not closed and (a) the Merger Agreement is terminated because the Contribution Agreement has been terminated under certain specified circumstances or (b) the Merger Agreement is terminated without the prior approval of the SXE Conflicts Committee under certain specified circumstances. In addition, the Letter Agreement provides that, if the Contribution Agreement is terminated and Southcross Holdings receives the reverse termination fee from AMID, Southcross Holdings will reimburse SXE for all fees or expenses of counsel, accountants, investment bankers and consultants retained by SXE or the SXE Conflicts Committee as a result of the execution and delivery of the Merger Agreement.

In connection with the Contribution Agreement, AMID agreed to enter into an option agreement between Southcross Holdings and AMID (the Option Agreement) to grant the Options effective as of the closing as contemplated in the Contribution Agreement. The Options are exercisable in one or more installments from the date of issuance until the fourth anniversary of initial issuance. The Option Agreement permits cashless exercise of the options based on a 20-day value weighted average price of underlying AMID Common Units. Any outstanding Options will terminate automatically on the fourth anniversary of initial issuance.

Additionally, the Sponsors guaranteed, for the benefit of AMID, Southcross Holdings performance of certain post-closing obligations under the Contribution Agreement.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited pro forma condensed consolidated financial statements show the impact of the following pending or completed transactions on the Partnership s historical financial statements for the periods indicated. References to AMID, the Partnership, we , us or our in this section refer to American Midstream Partn LP, and its consolidated subsidiaries. Capitalized terms defined within this section may differ from defined terms used elsewhere in this proxy statement/prospectus.

Set forth below is the unaudited pro forma condensed consolidated financial information (the Pro Forma Financial Information) that gives effect to AMID s proposed Contribution Agreement with Southcross Holdings, LP (Southcross Holdings) and concurrent Merger Agreement with Southcross Energy Partners GP, LLC (SXE GP) and Southcross Energy Partners, LP (SXE) and includes the effects of AMID s purchase of an additional 15.5% equity interest in Delta House FPS LLC and Delta House Oil and Gas Lateral LLC (collectively, the Delta House Acquisition), which closed on September 29, 2017. AMID separately filed pro forma financial information giving effect to the Delta House Acquisition in its Current Report on Form 8-K filed on December 11, 2017 (the Delta House Form 8-K) and such information is incorporated by reference in this Registration Statement. Accordingly, the Partnership has elected to replace the historical AMID financial information in the columnar pro forma financial information for the nine months ended September 30, 2017 and for the year ended December 31, 2016 with the AMID pro forma financial information reflecting the pro forma effects of the Delta House Acquisition, as reflected in the Delta House Form 8-K.

On October 31, 2017, the Partnership and American Midstream GP, LLC, general partner of AMID (AMID GP), entered into a Contribution Agreement (the Contribution Agreement) with Southcross Holdings. Upon the terms and subject to the conditions set forth in the Contribution Agreement, Southcross Holdings agreed to contribute its equity interests in its new wholly owned subsidiary (SXH Holdings), which will hold substantially all the current subsidiaries of Southcross Holdings (Southcross Holdings Intermediary LLC, Southcross Holdings Guarantor GP LLC and Southcross Holdings Guarantor LP, together herein referred to as SXH), which in turn directly or indirectly own 100% of the limited liability company interest of SXE GP and 100% of the partnership interest of Southcross Holdings Borrower LP, which directly holds securities of SXE, and the business of Southcross Holdings, to AMID and AMID GP in exchange for (i) the number of common units representing limited partner interests in AMID (each an AMID common unit) with a value equal to $185,697,148, subject to certain adjustments for cash, indebtedness, working capital and transaction expenses contemplated by the Contribution Agreement, divided by $13.69 per AMID common unit, (ii) 4,500,000 new Series E convertible preferred units of AMID (the AMID Preferred Series E Units), (iii) options to purchase 4,500,000 AMID common units and (iv) a 15% interest in AMID GP (the AMID GP Series D units) (the transactions contemplated thereby and the agreements ancillary thereto, the Contribution). A portion of the consideration will be deposited into escrow in order to secure certain post-closing obligations of Southcross Holdings. Concurrently with the closing of the Contribution, the Fifth Amended and Restated Agreement of Limited Partnership of AMID will be amended and restated to reflect the issuance of AMID Preferred Series E Units, and the Fourth Amended and Restated Limited Liability Company Agreement of AMID GP will be amended and restated to reflect the issuance of the AMID GP Series D units.

In connection with the Contribution Agreement, on October 31, 2017, AMID, AMID GP, Cherokee Merger Sub LLC, a wholly-owned subsidiary of AMID (Merger Sub), SXE, and SXE GP, entered into an Agreement and Plan of Merger (the Merger Agreement). Upon the terms and subject to the conditions set forth in the Merger Agreement, SXE will merge with and into Merger Sub, with SXE continuing its existence under Delaware law as the surviving entity and wholly-owned subsidiary of AMID (the Merger and, together with the Contribution, the Transactions).

At the effective time of the Merger (the Effective Time), each common unit of SXE (each, an SXE Common Unit) issued and outstanding or deemed issued and outstanding as of immediately prior to the Effective Time will be

converted into the right to receive 0.160 (the Exchange Ratio) of an AMID common unit (the Merger

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Consideration), except for those SXE Common Units held by affiliates of SXE and SXE GP, which will be cancelled for no consideration. Each SXE Common Unit, SXE Subordinated Unit and SXE Class B Convertible Unit held by Southcross Holdings or any of its subsidiaries and the SXE incentive distribution rights outstanding immediately prior to the Effective Time will be cancelled in connection with the closing of the Merger.

The unaudited pro forma condensed consolidated balance sheet as of September 30, 2017 has been prepared to give effect to the Transactions as if they had occurred on September 30, 2017. The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2017 and year ended December 31, 2016, have been prepared to give effect to the Transactions as if they had occurred on January 1, 2016. The Pro Forma Financial Information was prepared using the acquisition method of accounting with AMID as the acquirer. Therefore, the historical basis of AMID s assets and liabilities will not be affected by the Transactions. The Pro Forma Financial Information has been developed from and should be read in conjunction with the financial statements and related notes contained in the indicated reports: (i) the Partnership s unaudited historical condensed consolidated financial statements set forth in its Quarterly Report on Form 10-Q as of and for the quarterly period ended September 30, 2017, as filed with the Securities and Exchange Commission (SEC) on November 9, 2017, (ii) the Partnership s audited recast historical consolidated financial statements as of and for the year ended December 31, 2016 set forth in its Current Report on Form 8-K dated December 6, 2017 (Form 8-K Recast), which was filed with the SEC on December 7, 2017, (iii) the Partnership s unaudited pro forma condensed consolidated financial statements for the nine months ended September 30, 2017, and for the year ended December 31, 2016 related to the completed acquisition of an additional 15.5% equity interest in Class A units of Delta House FPS LLC and Delta House Oil and Gas Lateral LLC, which was filed with the SEC on December 11, 2017, (iv) SXE s unaudited historical condensed consolidated financial statements set forth in its Quarterly Report on Form 10-Q as of and for the quarterly period ended September 30, 2017, as filed with the SEC on November 13, 2017, (v) SXE s historical condensed consolidated financial statements set forth in its Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC on March 9, 2017, (vi) SXH s audited Combined Financial Statements as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 and subsequent unaudited Combined Financial Statements as of September 30, 2017 and for the nine-month periods ended September 30, 2017 and 2016, set forth in AMID s Current Report on Form 8-K filed with the SEC on December 14, 2017 and (vii) the notes accompanying this unaudited pro forma condensed consolidated financial information. The SXH historical financial statements include the combined results of SXE and the midstream business owned by Southcross Holdings for the year ended December 31, 2016 and the nine-month periods ended September 30, 2017.

The unaudited pro forma financial information is based on financial statements prepared in accordance with accounting principles generally accepted in the United States. These principles require the use of estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The pro forma adjustments, as described in the notes to the unaudited pro forma financial information, are based on currently available information. Management believes such adjustments are reasonable, factually supportable and directly attributable to the events and transactions described below. The unaudited pro forma financial information gives effect to Delta House Acquisition and the separate probable acquisition resulting from the Merger Agreement and Contribution Agreement in a combined transaction accounted for under the acquisition method of accounting in accordance with Accounting Standards Codification Topic 805, Business Combinations (ASC 805). The final allocation of the purchase price will be determined after the Transactions are closed and after completion of updated analyses of the fair value of tangible and identifiable intangible assets and liabilities as of the date of the Transactions. Increases or decreases in the fair values of the net assets as compared with the information shown in the unaudited pro forma financial statements may change the amount of the purchase price allocated to goodwill, if any, and other assets and liabilities and may impact AMID s statements of operations due to adjustments in amortization of the adjusted assets or liabilities. The final adjustments may be materially different from the unaudited pro forma financial information presented herein.

The following unaudited pro forma financial information does not reflect any revenue enhancements, anticipated synergies, operating efficiencies or cost savings that may be achieved. The unaudited pro forma

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financial information are not adjusted for any insignificant transactions by the Partnership that took place after the balance sheet date of September 30, 2017. The allocation of the purchase price to the assets and liabilities acquired reflected in this pro forma financial information is preliminary and is based on AMID s management s estimates of the fair value and useful lives of the assets acquired and liabilities assumed. Accordingly, the actual financial position and results of operations may differ from these pro forma amounts as additional information becomes available and as additional analyses are performed. The unaudited pro forma financial information also assumes the refinancing of SXE and SXH debt (required by the Transactions) with the issuance of additional senior notes, while the actual sources of funds available for such required refinancing upon closing of the Transactions may differ significantly, which sources may also include net proceeds from the issuance of other forms of Partnership debt with significantly different terms, from possible asset sales or the issuance of equity securities by the Partnership, or a combination of such sources. Please also read Sensitivity of Pro forma adjustments related to the estimated refinancing rates.

The unaudited pro forma financial information does not purport to represent what the Partnership s actual consolidated results of operations or financial position would have been had the events and transactions occurred on the dates assumed, nor is it necessarily indicative of the Partnership s future financial condition or consolidated results of operations.

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American Midstream Partners, LP and Subsidiaries

Unaudited Pro Forma Condensed Consolidated Balance Sheet

	As of September 30, 2017 (in thousands)						
		SXH Combined Historical[1]					
	AMID Historical	SXE Historical	SXH Historical	Eliminations	Subtotal	Pro Forma Adjustments	AMID Pro Forma Combined
Assets							
Current assets							
Cash and cash equivalents	$ 6,739	$ 14,652	$ 18,966	$	$ 33,618	$	$ 40,357
Restricted cash	18,683		Entities affiliated with Golden Gate Capital(14)	11,000,287			
Entities affiliated with Lehman Brothers Holdings Inc.(15)		7,333,528	3,369,566				

(1) Includes 165,000 shares of common stock that are subject to our right of repurchase as of December 31, 2006, which such right of repurchase lapses in full on April 1, 2007.

(2) Includes 220,000 shares of common stock that are subject to our right of repurchase as of December 31, 2006, which such right of repurchase lapses in full on April 1, 2007.

(3) Includes 126,042 shares of common stock that are subject to our right of repurchase as of December 31, 2006, which such right of repurchase lapses in full on December 18, 2007.

(4) Includes 27,500 shares of common stock that are subject to our right of repurchase as of December 31, 2006, which such right of repurchase lapses in full on April 30, 2007.

(5) Includes 25,000 shares of common stock that are subject to our right of repurchase as of December 31, 2006, which such right of repurchase lapses in full on April 18, 2007.

(6) Includes 61,875 shares of common stock that are subject to our right of repurchase as of December 31, 2006, which such right of repurchase lapses in full on September 3, 2007.

(7) Includes 58,058 shares of common stock that are subject to our right of repurchase as of December 31, 2006, which such right of repurchase lapses in full on July 13, 2008.

(8) Certain of our directors are associated with our principal stockholders as indicated in the table below:

Director	Principal Stockholder
Adam H. Clammer	Entities affiliated with Kohlberg Kravis Roberts & Co. L.P.
Samuel D. Colella	Entities affiliated with Versant Ventures
Bryan C. Cressey	Entities affiliated with Thoma Cressey Bravo
Michael W. Michelson	Entities affiliated with Kohlberg Kravis Roberts & Co. L.P.
James C. Momtazee	Entities affiliated with Kohlberg Kravis Roberts & Co. L.P.
Kenneth W. O Keefe	Entities affiliated with Beecken Petty O Keefe & Company
James B. Tananbaum, M.D.	Entities affiliated with Prospect Venture Partners

(9) Consists of 94,932,531 shares of Series B Prime preferred stock held by KKR JP LLC, 403,344 shares of Series B Prime preferred stock held by KKR JP III LLC and warrants to purchase 2,717,391 shares of Series BB preferred stock held by KKR TRS Holdings, Inc.

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(10) Consists of 21,662,348 shares of Series B preferred stock held by Thoma Cressey Fund VII, LP and 338,237 shares of Series B preferred stock held by Thoma Cressey Friends Fund VII, LP.
(11) Consists of 14,667,057 shares of Series B preferred stock held by Jazz Investors LLC.
(12) Consists of 7,313,625 shares of Series A preferred stock and 6,139,997 shares of Series B preferred stock held by Prospect Venture Partners II, L.P. and 111,375 shares of Series A preferred stock and 93,502 shares of Series B preferred stock held by Prospect Associates II, L.P.
(13) Consists of 7,223,361 shares of Series A preferred stock and 6,064,216 shares of Series B preferred stock held by Versant Venture Capital II, L.P., 137,080 shares of Series A preferred stock and 115,083 shares of Series B preferred stock held by Versant Affiliates Fund II-A, L.P., and 64,559 shares of Series A preferred stock and 54,200 shares of Series B preferred stock held by Versant Side Fund II, L.P.
(14) Consists of 9,521,349 shares of Series B preferred stock held by CCG Investment Fund, LP, 480,987 shares of Series B preferred stock held by CCG AV, LLC-Series C, 523,132 shares of Series B preferred stock held by CCG Associates-QP, LLC, 127,260 shares of Series B preferred stock held by CCG AV, LLC-Series A, 127,553 shares of Series B preferred stock held by CCG Investment Fund-AI, LP, and 220,006 shares of Series B preferred stock held by CCG CI, LLC.
(15) Consists of 1,833,382 shares of Series B preferred stock held by Lehman Brothers HealthCare Venture Capital LP, 3,509,093 shares of Series B preferred stock held by Lehman Brothers PA LLC, 1,581,017 shares of Series B preferred stock held by Lehman Brothers Partnership Account 2000/2001, LP, 410,036 shares of Series B preferred stock held by Lehman Brothers Offshore Partnership Account 2000/2001 LP, and warrants to purchase 3,369,566 shares of Series BB Preferred Stock held by LB I Group Inc. Lehman Brothers Holdings Inc. is affiliated with Lehman Brothers Inc., which is acting as a representative of the underwriters of this offering.

Senior Secured Notes

In June 2005, we issued senior secured notes in the aggregate principal amount of $80.0 million with interest payable on the notes at the rate of 15% per year, payable quarterly in arrears. The notes are due and payable on June 24, 2011. As of December 31, 2006, KKR TRS Holdings, Inc., an entity affiliated with Kohlberg Kravis Roberts & Co. L.P., and LB I Group, an entity affiliated with Lehman Brothers Holdings Inc., both of which are significant stockholders, held $25.0 million and $31.0 million, respectively, in principal amount of these senior secured notes which represented the largest aggregate amount of principal balance outstanding to date for each of these note holders. The interest payments made to KKR TRS Holdings, Inc. during the fiscal years ended December 31, 2006 and 2005 were approximately $3.8 million and $1.9 million, respectively. The interest payments made to LB I Group during the fiscal years ended December 31, 2006 and 2005 were approximately $4.6 million and $2.3 million, respectively. There were no payments of principal made in either of these periods. Lehman Brothers Inc., one of the representatives of the underwriters of this offering, is affiliated with Lehman Brothers Holdings Inc. In connection with the issuance of the senior secured notes, we issued warrants to purchase 2,717,391 and 3,369,566 shares of our Series BB preferred stock to KKR TRS Holdings, Inc. and LB I Group, respectively.

Second Amended and Restated Investor Rights Agreement

We entered into an investor rights agreement with certain purchasers of our common stock, preferred stock and warrants to purchase our Series BB preferred stock, including our principal stockholders with which certain of our directors are affiliated. As of January 31, 2007, the holders of 213,661,357 shares of our common stock, including the shares of common stock issuable upon the conversion of our preferred stock and exercise of outstanding warrants, are entitled to rights with respect to the registration of their shares under the Securities Act. In addition, upon exercise of outstanding options by our executive officers, our executive officers will be entitled to rights with respect to registration of the shares of common stock acquired upon exercise. For a description of these registration rights, see Description of Capital Stock Registration Rights.

Second Amended and Restated Voting Agreement

The election of the members of our board of directors is governed by a voting agreement with certain of the purchasers of our outstanding common stock, preferred stock and warrants to purchase our Series BB preferred stock, including our principal stockholders with which certain of our directors are affiliated, and by related provisions of our second amended and restated certificate of incorporation. The parties to the voting agreement have agreed, subject to certain conditions, to vote their shares so as to elect as directors the nominees designated

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by certain of our investors, including KKR JP LLC and its affiliated funds, Thoma Cressey Fund VII, L.P. and its affiliated funds, Jazz Investors LLC, Versant Venture Capital II, L.P. and its affiliated funds, and Prospect Venture Partners II, L.P. and its affiliated funds. In addition, so long as Mr. Cozadd and Dr. Saks are employed by us, the parties to the voting agreement have agreed to vote their shares so as to elect each of Mr. Cozadd and Dr. Saks to our board of directors. The parties further agreed to vote their shares so as to elect up to three persons who are not affiliates of us or any of our stockholders, and which nominees are nominated by at least two-thirds of our board of directors. Upon the closing of this offering, the obligations of the parties to the voting agreement to vote their shares so as to elect as these nominees will terminate and none of our stockholders will have any special rights regarding the nomination, election or designation of members of our board of directors.

Other Transactions

We have entered into employment agreements with our executive officers that, among other things, provide for certain severance and change of control benefits. For a description of these agreements, see Management Executive Compensation Executive Employment Agreements.

We have granted stock options to our executive officers and to one of our directors. For a description of these options, see Management Non-Employee Director Compensation and Executive Compensation.

We have entered into indemnity agreements with our directors and executive officers. For a description of these agreements, see Management Limitation of Liability and Indemnification.

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PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of our common stock as of January 31, 2007 by:

- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock;
- each of the named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

The percentage ownership information shown in the table is based upon 205,246,300 shares outstanding as of January 31, 2007, assuming the conversion of all outstanding shares of our preferred stock as of January 31, 2007, and the issuance of shares of common stock in this offering. The percentage ownership information assumes no exercise of the underwriters overallotment option.

Information with respect to beneficial ownership has been furnished by each director, officer or beneficial owner of more than 5% of our common stock. We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of common stock issuable pursuant to the exercise of stock options or warrants that are either immediately exercisable or exercisable on or before April 1, 2007, which is 60 days after January 31, 2007. These shares are deemed to be outstanding and beneficially owned by the person holding those options or a warrant for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

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Except as otherwise noted below, the address for person or entity listed in the table is c/o Jazz Pharmaceuticals, Inc., 3180 Porter Drive, Palo Alto, California 94304.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned Before Offering	Percentage of Shares Beneficially Owned After Offering
5% Stockholders			
Entities affiliated with Kohlberg Kravis Roberts & Co. L.P.			
KKR JP, LLC(1)	94,932,531	46.25%	
KKR JP III LLC(1)	403,344	*	*
KKR TRS Holdings, Inc.(2)	2,717,391	1.31	
Entities affiliated with Thoma Cressey Bravo, Inc.(3)	22,000,585	10.72	
Entities affiliated with Beecken Petty O Keefe & Company(4)	14,667,057	7.15	
Entities affiliated with Prospect Venture Partners(5)	13,658,499	6.65	
Entities affiliated with Versant Ventures(6)	13,658,499	6.65	
Entities affiliated with Golden Gate Capital(7)	11,000,287	5.36	
Entities affiliated with Lehman Brothers Holdings Inc.(8)	10,703,094	5.13	
Named Executive Officers and Directors			
Bruce C. Cozadd(9)	5,046,818	2.43	
Samuel R. Saks, M.D.(10)	5,856,818	2.82	
Robert M. Myers(11)	3,894,313	1.88	
Matthew K. Fust(12)	1,440,788	*	*
Janne L.T. Wissel(13)	1,954,135	*	*
Carol A. Gamble(14)	1,190,783	*	*
Adam H. Clammer(15)	98,053,266	47.15	
Samuel D. Colella(16)	13,658,499	6.65	
Bryan C. Cressey(17)	22,000,585	10.72	
Michael W. Michelson(18)	98,053,266	47.15	
James C. Momtazee(19)	98,053,266	47.15	
Kenneth W. O Keefe(20)	14,667,057	7.15	
Alan M. Sebulsky(21)	196,671	*	*
James B. Tananbaum, M.D.(22)	13,658,499	6.65	
All directors and executive officers as a group (14 persons)(23)	181,618,232	83.43%	

* Represents beneficial ownership of less than 1%.

(1) All of the outstanding equity interests of KKR JP LLC are owned directly by KKR Millennium Fund L.P. KKR Millennium GP LLC is the general partner of KKR Associates Millennium L.P., which is the general partner of KKR Millennium Fund L.P. All of the outstanding equity interests of KKR JP III LLC are owned directly by KKR Partners III, L.P. KKR III GP LLC is the general partner of KKR Partners III, L.P. The entities named in this footnote (1) are sometimes referred to as the KKR Funds. KKR Millennium GP LLC and KKR III GP LLC are limited liability companies, the managing members of which are Messrs. Henry R. Kravis and George R. Roberts, and the other members of which are James H. Greene, Jr., Paul E. Raether, Mr. Michelson, Perry Golkin, Johannes P. Huth, Todd A. Fisher, Alexander Navab, Marc Lipschultz, Jacques Garaialde, Reinhard Gorenflos, Michael M. Calbert and Scott C. Nuttall. Mr. Michelson is a member of our board of directors. Each of such individuals may be deemed to share beneficial ownership of any shares beneficially owned by KKR Millennium GP LLC and KKR III GP LLC, but disclaim beneficial ownership of such shares. Mr. Clammer is a member of our board of directors and is a member of KKR & Co. L.L.C. which is the general partner of Kohlberg Kravis Roberts & Co. L.P., which is an affiliate of the KKR Funds. Mr. Momtazee is a member of our board of directors and is an executive of Kohlberg Kravis Roberts & Co. L.P. Each of Messrs. Clammer and Momtazee disclaim beneficial ownership of any shares beneficially owned by the KKR Funds. The address of the KKR Funds and Messrs. Kravis, Raether, Golkin, Navab, Lipschultz and Nuttall is c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, NY 10019. The address of Messrs. Roberts, Michelson, Greene, Calbert, Clammer and Momtazee is 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025. The address of Messrs. Fisher, Huth, Gorenflos and Garaialde is c/o Kohlberg Kravis Roberts & Co. Ltd., Stirling Square, 7 Carlton Garden, London SW1Y 5AD, England.

(2) Consists of 2,717,391 shares that KKR TRS Holdings, Inc. has the right to acquire within 60 days of January 31, 2007 through the exercise of a warrant. All of the outstanding equity interests of KKR TRS Holdings, Inc. are owned by KKR Financial Corp. KKR Financial Advisors LLC is the manager of KKR Financial Corp. KKR Financial LLC is the sole member of KKR Financial Advisors LLC. Kohlberg Kravis Roberts & Co. L.P. owns a majority of the

outstanding equity interests of KKR Financial LLC. KKR & Co. L.L.C. is the general partner of Kohlberg Kravis Roberts & Co. L.P. The investment committee of KKR Financial Advisors LLC

reviews the investments held by KKR Financial Corp. Mr. Nuttall is one of four members of the investment committee, and Messrs. Kravis and Roberts are ad hoc members of the investment committee. The members of KKR & Co. L.L.C. consist of the individuals named in footnote (1) above (other than Mr. Momtazee) and other executives of Kohlberg Kravis Roberts & Co. L.P., and in such capacity may be deemed to share beneficial ownership of any shares beneficially owned by KKR & Co. L.L.C., but disclaim beneficial ownership of such shares. The address of KKR TRS Holdings, Inc., KKR Financial Corp. and KKR Financial LLC is 555 California Street, 50th Floor, San Francisco, CA 94104.

(3) Consists 21,662,348 shares held by Thoma Cressey Fund VII, LP and 338,237 shares held by Thoma Cressey Friends Fund VII, LP. Mr. Cressey, Orlando Bravo, Lee Mitchell and Carl Thoma are partners of Thoma Cressey Bravo, Inc., which is the general partner of each of Thoma Cressey Fund VII, LP and Thoma Cressey Friends Fund VII, LP., or the Thoma Cressey Funds, and are deemed to have shared voting and investment power over the shares held by the Thoma Cressey Funds. Each of Messrs. Cressey, Bravo, Mitchell and Thoma disclaim beneficial ownership of the shares held by the Thoma Cressey Funds, except to the extent of each of their pecuniary interest therein. The address for all entities and individuals affiliated with Thoma Cressey Bravo is Sears Tower, 92nd Floor, 22 South Wacker Drive, Chicago, IL 60606.

(4) Consists of 14,667,057 shares held by Jazz Investors LLC. Mr. O Keefe, David K. Beecken, William G. Petty, Jr., Thomas A. Schlesinger, David J. Cooney, Gregory A. Moerschel and John W. Kneen are partners of Beecken Petty O Keefe & Company, which is the general partner of Jazz Investors LLC, and are deemed to have shared voting and investment power over the shares held by Jazz Investors LLC. Each of Messrs. O Keefe, Beecken, Petty, Schlesinger, Cooney, Moerschel and Kneen disclaim beneficial ownership of the shares held by Jazz Investors LLC, except to the extent of each of their pecuniary interest therein. The address for all entities and individuals affiliated with Beecken Petty O Keefe & Company is 131 South Dearborn Street, Ste. 2800, Chicago, IL 60603.

(5) Consists of 13,453,622 shares held by Prospect Venture Partners II, L.P. and 204,877 shares held by Prospect Associates II, L.P. Dr. Tananbaum is a managing member of Prospect Management Co. II, L.L.C., which is the general partner of each of Prospect Venture Partners II, L.P. and Prospect Associates II, L.P., or the Prospect Funds. The managing members of Prospect Management Co. II, L.L.C. are deemed to have shared voting and investment power over the shares held by the Prospect Funds. Dr. Tananbaum disclaims beneficial ownership of the shares held by the Prospect Funds, except to the extent of his pecuniary interest therein. The address for all entities and individuals affiliated with Prospect Venture Partners is 435 Tasso Street, Suite 200, Palo Alto, CA 94301.

(6) Consists of 13,287,577 shares held by Versant Venture Capital II, L.P., 252,163 shares held by Versant Affiliates Fund II-A, L.P. and 118,759 shares held by Versant Side Fund II, L.P. Mr. Colella is a managing member of Versant Ventures II, LLC, which is the general partner of each of Versant Venture Capital II, L.P., Versant Affiliates Fund II-A, L.P. and Versant Side Fund II, L.P., or the Versant Funds, and is deemed to have shared voting and investment power over the shares held by the Versant Funds. Mr. Colella disclaims beneficial ownership of the shares held by the Versant Funds, except to the extent of his pecuniary interest therein. The address for all entities and individuals affiliated with Versant Ventures II LLC is 3000 Sand Hill Road, Building 4, Ste. 210, Menlo Park, CA 94025.

(7) Consists of 523,132 shares held by CCG Associates-QP, LLC, 127,260 shares held by CCG AV, LLC-Series A, 480,987 shares held by CCG AV, LLC-Series C, 220,006 shares held by CCG CI, LLC, 9,521,349 shares held by CCG Investment Fund, LP and 127,553 shares held by CCG Investment Fund-AI, LP. Golden Gate Capital Management, L.L.C. is the general partner or managing member of CCG Associates-QP, LLC, CCG AV, LLC-Series A, CCG AV, LLC-Series C, CCG CI, LLC, CCG Investment Fund, LP and CCG Investment Fund AI, LP, or the CCG Funds. Messrs. David C. Dominik and Jesse T. Rogers, as principal managing members of Golden Gate Capital Management, L.L.C., are deemed to have shared voting and investment power over the shares held by the CCG Funds. Each of Messrs. Dominik and Rogers disclaim beneficial ownership of the shares held by the CCG Funds, except to the extent of each of their pecuniary interest therein. The address for all entities and individuals affiliated with Golden Gate Capital is One Embarcadero Center, 33rd Floor, San Francisco, CA 94111.

(8) Consists of 1,833,382 shares held by Lehman Brothers HealthCare Venture Capital LP, 3,509,093 shares held by Lehman Brothers PA LLC, 1,581,017 shares held by Lehman Brothers Partnership Account 2000/2001, LP, 410,036 shares held by Lehman Brothers Offshore Partnership Account 2000/2001 LP, and warrants to purchase 3,369,566 shares held by LB I Group Inc. Each of the foregoing entities is managed by a subsidiary of Lehman Brothers Holdings Inc. The address for all entities and individuals affiliated with Lehman Brothers Holdings Inc. is 399 Park Avenue, New York, NY 10022. Lehman Brothers Holdings Inc. is affiliated with Lehman Brothers Inc., which is acting as a representative of the underwriters of this offering.

(9) Includes 2,333,466 shares Mr. Cozadd has the right to acquire within 60 days of January 31, 2007 through the exercise of options.

(10) Includes 2,333,466 shares Dr. Saks has the right to acquire within 60 days of January 31, 2007 through the exercise of options.

(11) Includes 2,333,466 shares Mr. Myers has the right to acquire within 60 days of January 31, 2007 through the exercise of options, and 43,594 shares subject to our unvested share repurchase right within 60 days of January 31, 2007.

(12) Includes 890,783 shares Mr. Fust has the right to acquire within 60 days of January 31, 2007 through the exercise of options, and 6,875 shares subject to our unvested share repurchase right within 60 days of January 31, 2007.

(13) Includes 890,783 shares Ms. Wissel has the right to acquire within 60 days of January 31, 2007 through the exercise of options, and 41,250 shares subject to our unvested share repurchase right within 60 days of January 31, 2007.

(14) Includes 890,783 shares Ms. Gamble has the right to acquire within 60 days of January 31, 2007 through the exercise of options, and 6,250 shares subject to our unvested share repurchase right within 60 days of January 31, 2007.

(15) Consists solely of the shares described in Notes (1) and (2) above. Mr. Clammer disclaims beneficial ownership of these shares.

(16) Consists solely of the shares described in Note (6) above. Mr. Colella disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.

(17) Consists solely of the shares described in Note (3) above. Mr. Cressey disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.

(18) Consists solely of the shares described in Notes (1) and (2) above. Mr. Michelson disclaims beneficial ownership of these shares.

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(19) Consists solely of the shares described in Notes (1) and (2) above. Mr. Momtazee disclaims beneficial ownership of these shares.
(20) Consists solely of the shares described in Note (4) above. Mr. O Keefe disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.
(21) Includes 50,000 shares Mr. Sebulsky has the right to acquire within 60 days of January 31, 2007 through the exercise of options, and 48,891 shares subject to our unvested share repurchase right within 60 days of January 31, 2007.
(22) Consists solely of the shares described in Note (5) above. Dr. Tananbaum disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.
(23) Includes 162,037,906 shares held by entities affiliated with certain of our directors, 9,722,747 shares that certain of our executive officers and directors have the right to acquire within 60 days of January 31, 2007 through the exercise of options and 146,860 shares subject to our unvested share repurchase right within 60 days of January 31, 2007.

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DESCRIPTION OF CAPITAL STOCK

Upon the closing of this offering and the filing of our third amended and restated certificate of incorporation, our authorized capital stock will consist of shares of common stock, par value $.0001 per share, and shares of preferred stock, par value $.0001 per share.

The following is a summary of the rights of our common stock and preferred stock. This summary is not complete. For more detailed information, please see our third amended and restated certificate of incorporation and amended and restated bylaws, which are filed as exhibits to the registration statement of which this prospectus is a part.

Common Stock

Outstanding Shares

Based on 6,908,095 shares of common stock outstanding as of January 31, 2007, the conversion of outstanding preferred stock as of January 31, 2007 into 198,338,205 shares of common stock upon the completion of this offering, the issuance of shares of common stock in this offering, and no exercise of options or warrants, there will be shares of common stock outstanding upon the closing of this offering. As of January 31, 2007, assuming the conversion of all outstanding preferred stock into common stock upon the closing of this offering, we had approximately 44 record holders of our common stock.

As of January 31, 2007, there were 8,695,652 shares of common stock subject to outstanding warrants, assuming the conversion of all outstanding preferred stock into common stock upon the closing of this offering, and 17,572,774 shares of common stock subject to outstanding options.

Voting Rights

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our third amended and restated certificate of incorporation and amended and restated bylaws do not provide for cumulative voting rights. Because of this, the holders of a majority of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose.

Dividends

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and Preferences

Holders of common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of common stock are subject to and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future.

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Fully Paid and Nonassessable

All of our outstanding shares of common stock are, and the shares of common stock to be issued pursuant to this offering will be, fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, all outstanding shares of preferred stock will have been converted into shares of common stock. See Note 12 to our consolidated financial statements for a description of the currently outstanding preferred stock. Following this offering, our third amended and restated certificate of incorporation will be amended and restated to delete all references to such shares of preferred stock. Under our third amended and restated certificate of incorporation, our board of directors will have the authority, without further action by the stockholders, to issue up to shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon and to increase or decrease the number of shares of any such series (but not below the number of shares of such series then outstanding).

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock. We have no current plans to issue any shares of preferred stock.

Warrants

As of January 31, 2007, warrants exercisable for 8,695,652 shares of our Series BB preferred stock at an exercise price of $1.84 per share were outstanding. These warrants were issued in June 2005 under a senior secured note and warrant purchase agreement entered into in connection with our acquisition of Orphan Medical. In connection with the conversion of all our outstanding shares of preferred stock into common stock immediately prior to the closing of this offering, the warrants will automatically become exercisable for shares of common stock. The warrants have a net exercise provision under which their holders may, in lieu of payment of the exercise price in cash, surrender the warrant and receive a net amount of shares based on the fair market value of our stock at the time of exercise of the warrants after deduction of the aggregate exercise price. The warrants contain provisions for the adjustment of the exercise price and the number of shares issuable upon the exercise of the warrants in the event of certain stock dividends, stock splits, reorganizations, reclassifications and consolidations. The warrants will terminate on June 24, 2012 if not exercised earlier.

Registration Rights

Under our investor rights agreement, following the closing of this offering, the holders of 213,661,357 shares of common stock, including warrants to purchase 8,695,652 shares of common stock, or their transferees, have the right to require us to register their shares with the SEC so that those shares may be publicly resold, or to include their shares in any registration statement we file, in each case as described below. If our executive officers exercise outstanding stock options, the shares of common stock acquired on exercise would have the registration rights

described below.

Demand Registration Rights

At any time after six months following the effective date of the registration statement for this offering, the holders of at least 40% of the shares having registration rights (or a lesser number if the anticipated aggregate amount of shares to be sold is expected to not be less than $25.0 million), and each holder who was an original

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purchaser of at least 50 million shares of our Series B preferred stock and/or Series B Prime preferred stock, each have the right to demand that we file one registration statement. These registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances.

Form S-3 Registration Rights

At any time after we are qualified to file a registration statement on Form S-3, the holders of at least 20% of the shares having registration rights and each holder who is an original purchaser of $40.0 million in original issue price of shares having registration rights, each have the right to demand that we file a registration statement on Form S-3 so long as the aggregate amount of shares to be sold under the registration statement on Form S-3 is at least $25.0 million. A holder who was an original purchaser of $40.0 million in original issue price of our shares having registration rights has the right to demand one registration statement for each $40.0 million in original issue price of such shares having registration rights that the holder purchased. We are only obligated to file up to two registration statement on Form S-3 in any 12 month period. These registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances.

Piggyback Registration Rights

At any time after the closing of this offering, if we propose to register any of our securities under the Securities Act either for our own account or for the account of other stockholders, a stockholder with registration rights will have the right to include their shares of common stock in the registration statement. These registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances, but not below 30% of the total number of shares included in the registration statement.

Expenses of Registration

We will pay all expenses relating to any demand registrations, Form S-3 registrations and piggyback registrations, other than underwriting discounts and commissions.

Termination

The registration rights and our obligations terminate upon the earlier of either February 18, 2016, or as to a given holder of registration rights, when such holder of registration rights can sell all of such holder s registrable securities in a three month period pursuant to Rule 144 promulgated under the Securities Act.

Delaware Anti-Takeover Law and Certain Provisions of Our Third Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Delaware Law

We are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a public Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares

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outstanding (a) shares owned by persons who are directors and also officers and (b) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

on or subsequent to the date of the transaction, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

any merger or consolidation involving the corporation and the interested stockholder;

any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;

subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; and

the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Third Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Provisions of our third amended and restated certificate of incorporation and amended and restated bylaws, which will become effective upon the closing of this offering, may delay or discourage transactions involving an actual or potential change in our control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our common stock. Among other things, our third amended and restated certificate of incorporation and amended and restated bylaws:

permit our board of directors to issue up to shares of preferred stock, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change in our control;

provide that the authorized number of directors may be changed only by resolution of the board of directors;

provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;

divide our board of directors into three classes;

require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent;

provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide notice in writing in a timely manner, and also specify requirements as to the form and content of a stockholder s notice;

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do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose);

provide that special meetings of our stockholders may be called only by the chairman of the board, our chief executive officer or by the board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors; and

provide that stockholders will be permitted to amend our amended and restated bylaws only upon receiving at least 66 2/3% of the votes entitled to be cast by holders of all outstanding shares then entitled to vote generally in the election of directors, voting together as a single class.

The amendment of any of these provisions would require approval by the holders of at least 66 2/3% of our then outstanding common stock, voting as a single class.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is . The transfer agent and registrar s address is .

NASDAQ Global Market Listing

We have applied for quotation of our common stock on the NASDAQ Global Market under the trading symbol JAZZ.

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SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of common stock in the public market could adversely affect prevailing market prices. Furthermore, since only a limited number of shares will be available for sale shortly after this offering because of contractual and legal restrictions on resale described below, sales of substantial amounts of common stock in the public market after the restrictions lapse could adversely affect the prevailing market price for our common stock as well as our ability to raise equity capital in the future.

Based on the number of shares of common stock outstanding as of January 31, 2007, upon completion of this offering, shares of common stock will be outstanding, assuming no exercise of the underwriters over-allotment option and no exercise of options or warrants. All of the shares sold in this offering will be freely tradable unless purchased by our affiliates. Except as set forth below, the remaining shares of common stock outstanding after this offering will be restricted as a result of securities laws or lock-up agreements. These remaining shares will generally become available for sale in the public market as follows:

- no restricted shares will be eligible for immediate sale upon the closing of this offering;
- shares, less shares subject to a repurchase option in our favor tied to the holders continued service to us (which will be eligible for sale upon lapse of the repurchase option), will be eligible for sale upon expiration of lock-up agreements 180 days after the date of this prospectus; and
- the remainder of the restricted shares will be eligible for sale from time to time thereafter upon expiration of their respective one-year holding periods, but could be sold earlier if the holders exercise any available registration rights.

Rule 144

In general, under Rule 144 under the Securities Act of 1933, as in effect on the date of this prospectus, a person who has beneficially owned shares of our common stock for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our common stock on the NASDAQ Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 144(k)

Under Rule 144(k) of the Securities Act as in effect on the date of this prospectus, a person who is not deemed to have been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, including the holding period of any prior owner other than an affiliate, is entitled to sell the shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. shares of our common stock will qualify for resale under Rule 144(k) within 180 days of the date of this prospectus.

Rule 701

Rule 701 under the Securities Act, as in effect on the date of this prospectus, permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions of Rule 144, including the holding period requirement. Most of our employees, executive officers or directors who purchased shares under a written

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compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701, but all holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling their shares. However, substantially all Rule 701 shares are subject to lock-up agreements as described below and under Underwriters and will become eligible for sale upon the expiration of the restrictions set forth in those agreements.

Lock-up Agreements

We, along with our directors, executive officers and substantially all of our other stockholders, optionholders and warrantholders have agreed with the underwriters that for a period of 180 days following the date of this prospectus, we or they will not offer, sell, assign, transfer, pledge, contract to sell or otherwise dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for shares of common stock, subject to specified exceptions. Morgan Stanley & Co. Incorporated and Lehman Brothers Inc. may, in their sole discretion, at any time without prior notice, release all or any portion of the shares from the restrictions in any such agreement.

The 180-day restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the 180-day restricted period we issue an earnings release or material news or a material event relating to us is publicly announced; or
- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period,

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the release or the occurrence of the material news or material event, except in no event will the restrictions extend past 214 days after the date of this prospectus.

Registration Rights

Upon the closing of this offering, the holders of 213,661,357 shares of our common stock, including warrants exercisable for shares of our common stock will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the 180-day lock-up arrangement described above. Shares acquired upon exercise of outstanding options by our executive officers would have these registration rights. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act (except for shares held by affiliates) immediately upon the effectiveness of this registration. Any sales of securities by these stockholders could adversely effect on the trading price of our common stock. See Description of Capital Stock Registration Rights.

Equity Incentive Plans

We intend to file with the SEC a registration statement under the Securities Act covering the shares of common stock subject to outstanding stock options granted under our 2003 Equity Incentive Plan, as well as the shares of common stock reserved for issuance under our 2007 Equity Incentive Plan, 2007 Non-Employee Directors Stock Option Plan and 2007 Employee Stock Purchase Plan. The registration statement is expected to be filed and become effective as soon as practicable after the closing of this offering. Accordingly, shares registered under the registration statement will be available for sale in the open market following its effective date, subject to Rule 144 volume limitations applicable to our affiliates and the lock-up agreements described above.

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MATERIAL U.S. TAX CONSEQUENCES FOR

NON-U.S. HOLDERS OF COMMON STOCK

The following is a general discussion of the material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a non-U.S. holder. For purposes of this discussion, you are a non-U.S. holder if you are a beneficial owner of our common stock and you are not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, or of any political subdivision of the United States;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust, in general, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or if the trust has made a valid election to be treated as a U.S. person under applicable U.S. Treasury regulations.

If you are an individual, you may be treated as a resident of the United States in any calendar year for U.S. federal income tax purposes, instead of a nonresident, by, among other ways, being present in the United States for at least 31 days in that calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For purposes of this calculation, you would count all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year. Residents are taxed for U.S. federal income tax purposes as if they were U.S. citizens. If a partnership or other flow-through entity is a beneficial owner of our common stock, the tax treatment of a partner in the partnership or owner of the entity will generally depend on the status of the partner or owner and the activities of the partnership or entity. Such holders and their partners or owners should consult their own tax advisors regarding U.S. federal, state, local and non-U.S. income and other tax consequences of acquiring, holding and disposing of shares of our common stock.

This discussion does not purport to address all aspects of U.S. federal income and estate taxes or specific facts and circumstances that may be relevant to a particular non-U.S. holder s tax position, including:

- U.S. state or local or any non-U.S. tax consequences;
- the tax consequences for the stockholders, partners or beneficiaries of a non-U.S. holder;
- special tax rules that may apply to particular non-U.S. holders, such as financial institutions, insurance companies, tax-exempt organizations, U.S. expatriates, broker-dealers and traders in securities; and special tax rules that may apply to a non-U.S. holder that holds our common stock as part of a straddle, hedge, conversion transaction, synthetic security or integrated investment.

The following discussion is based on provisions of the U.S. Internal Revenue Code of 1986, as amended, existing and proposed U.S. Treasury regulations and administrative and judicial interpretations, all as of the date of this prospectus, and all of which are subject to change, possibly with retroactive effect. The following summary assumes that you hold our common stock as a capital asset. **Each non-U.S. holder should consult a tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax consequences of acquiring, holding and disposing of shares of our common stock.**

Dividends

We do not anticipate paying cash dividends on our common stock in the foreseeable future. See Dividend Policy. In the event, however, that we pay dividends on our common stock, we will have to withhold a

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U.S. federal withholding tax at a rate of 30%, or a lower rate under an applicable income tax treaty, from the gross amount of the dividends paid to you. You should consult your tax advisors regarding your entitlement to benefits under a relevant income tax treaty. Generally, in order for us to withhold tax at a lower treaty rate, you must provide us with a properly executed Form W-8BEN certifying your eligibility for the lower treaty rate. However:

- in the case of common stock held by a foreign partnership, the certification requirement will generally be applied to partners and the partnership will be required to provide certain information;
- in the case of common stock held by a foreign trust, the certification requirement will generally be applied to the trust or the beneficial owners of the trust, depending on whether the trust is a foreign complex trust, foreign simple trust or foreign grantor trust as defined in the U.S. Treasury regulations; and
- look-through rules apply for tiered partnerships, foreign simple trusts and foreign grantor trusts.

A non-U.S. holder that is a foreign partnership or a foreign trust is urged to consult its tax advisor regarding its status under these U.S. Treasury regulations and the certification requirements applicable to it.

If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, you may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the U.S. Internal Revenue Service.

If the dividend is effectively connected with your conduct of a trade or business in the United States and, if an income tax treaty applies, is attributable to a permanent establishment that you maintain in the United States, the dividend will generally be exempt from the U.S. federal withholding tax, provided that you supply us with a properly executed Form W-8ECI. In this case, the dividend will be taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons and, if you are a foreign corporation, you may be subject to an additional branch profits tax at a rate of 30% or a lower rate as may be specified by an applicable income tax treaty.

Gain on Dispositions of Common Stock

You generally will not be subject to U.S. federal income tax on gain recognized on a disposition of our common stock unless:

- the gain is effectively connected with your conduct of a trade or business in the United States and, if an income tax treaty applies, the gain is attributable to a permanent establishment maintained by you in the United States; in this case, the gain will be taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons and, if you are a foreign corporation, you may be subject to an additional branch profits tax at a rate of 30% or a lower rate as may be specified by an applicable income tax treaty;
- you are an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets other requirements; or

we are or have been a U.S. real property holding corporation for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that you held our common stock; in this case, subject to the discussion below, the gain will be taxed on a net income basis in the manner described in the first bullet paragraph above.

Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. The tax relating to stock in a U.S. real property holding corporation generally will not apply to a non-U.S. holder whose holdings, direct and

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indirect, at all times during the applicable period, constituted 5% or less of our common stock, provided that our common stock was regularly traded on an established securities market. We believe that we are not currently, and we do not anticipate becoming in the future, a U.S. real property holding corporation for U.S. federal income tax purposes.

Federal Estate Tax

Common stock owned or treated as owned by an individual who is a non-U.S. holder (as specially defined for U.S. federal estate tax purposes) at the time of death will be included in the individual s gross estate for U.S. federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise and, therefore, may be subject to U.S. federal estate tax.

Information Reporting and Backup Withholding

Information returns will be filed with the U.S. Internal Revenue Service in connection with payments of dividends and the proceeds from a sale or other disposition of our common stock. Dividends paid to you may be subject to information reporting and U.S. backup withholding. You generally will be exempt from such backup withholding if you provide a properly executed Form W-8BEN or otherwise meet documentary evidence requirements for establishing that you are a non-U.S. holder or otherwise establish an exemption.

The gross proceeds from the disposition of our common stock may be subject to information reporting and backup withholding. If you sell your shares of our common stock outside of the United States through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside of the United States, then the U.S. backup withholding and information reporting requirements generally (except as provided in the following sentence) will not apply to that payment. However, information reporting, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made outside of the United States, if you sell our common stock through a non-U.S. office of a broker that:

- is a U.S. person;
- derives 50% or more of its gross income in specific periods from the conduct of a trade or business in the United States;
- is a controlled foreign corporation for U.S. tax purposes; or
- is a foreign partnership, if at any time during its tax year, one or more of its partners are U.S. persons who in the aggregate hold more than 50% of the income or capital interests in the partnership, or the foreign partnership is engaged in a U.S. trade or business,

unless the broker has documentary evidence in its files that you are a non-U.S. person and various other conditions are met or you otherwise establish exemption.

If you receive payments of the proceeds of a sale of our common stock to or through a U.S. office of a broker, the payment is subject to both U.S. backup withholding and information reporting unless you provide a properly executed Form W-8BEN certifying that you are a non-U.S. person and various other conditions are met or you otherwise establish an exemption.

You generally may obtain a refund of any amount withheld under the backup withholding rules that exceeds your income tax liability by filing a refund claim with the U.S. Internal Revenue Service.

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UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. Incorporated and Lehman Brothers Inc. are acting as representatives and joint book-running managers, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. Incorporated	
Lehman Brothers Inc.	
Credit Suisse Securities (USA) LLC	
Natexis Bleichroeder Inc.	
Total	

The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ a share under the public offering price. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of the additional shares of common stock as the number listed next to the underwriter s name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table. If the underwriters option is exercised in full, the total price to the public would be $, the total underwriters discounts and commissions would be $ and the total proceeds to us would be $.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of common stock offered by them.

Application has been made to have our common stock listed on the NASDAQ Global Market under the symbol JAZZ .

We and our directors, executive officers and certain other stockholders have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated and Lehman Brothers Inc. on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock;

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file any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or

enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock;

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise.

The restrictions described in the preceding paragraph do not apply to: the sale of shares by us to the underwriters or the issuance by us of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing, and, in the case of our directors, officers and stockholders, (1) transactions relating to shares of common stock or other securities acquired in open market transactions after the completion of this offering, provided that no filing under Section 16(a) of the Securities and Exchange Act of 1934, as amended, shall be required or shall be voluntarily made in connection with subsequent sales of common stock or other securities acquired in such open market transactions, (2) transfers of shares of common stock or any security convertible into common stock as a bona fide gift, or (3) distributions of shares of common stock or any security convertible into common stock to limited partners or stockholders of such persons; *provided* that in the case of any transfer or distribution pursuant to clause (2) or (3), (a) each donee or distributee shall sign and deliver in respect of shares of common stock and any security convertible into common stock so transferred or distributed, a lock-up agreement substantially in the form of the agreement entered into by our directors and officers and (b) no filing under Section 16(a) of the Securities Exchange Act of 1934, as amended, reporting a reduction in beneficial ownership of shares of common stock, shall be required or shall be voluntarily made during the 180-day restricted period referred to in the preceding paragraph. The 180-day restricted period described in the preceding paragraph will be extended if:

during the last 17 days of the 180-day restricted period we issue a release regarding earnings or regarding material news or events relating to us; or

prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period,

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the release or the occurrence of the material news or material event; provided, however, that the restrictions described in the preceding paragraph will not extend beyond 214 days after the date of this prospectus.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. The underwriting syndicate may also reclaim selling concessions allowed to an underwriter or a dealer for distributing the common stock in the offering, if the syndicate repurchases previously distributed common stock to cover syndicate short positions or to stabilize the price of the

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common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

The underwriters may in the future provide investment banking services to us for which they would receive customary compensation. In addition, entities affiliated with Lehman Brothers Inc. have entered into certain transactions with us, including the acquisition of shares of our capital stock and warrants to purchase shares of our capital stock, as described under Certain Relationships and Related Party Transactions.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State it has not made and will not make an offer of shares of common stock to the public in that Member State, except that it may, with effect from and including such date, make an offer of shares of common stock to the public in that Member State:

- at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or
- at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an offer of shares of common stock to the public in relation to any shares of common stock in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe the shares of common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in that Member State.

Each underwriter has represented and agreed that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the common stock in circumstances in which Section 21(1) of such Act does not apply to us and it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any shares of common stock in, from or otherwise involving the United Kingdom.

Pricing of the Offering

Prior to this offering, there has been no public market for the shares of common stock. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price will be our future prospects and our industry in general, our sales, earnings and certain other financial operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to ours. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors.

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LEGAL MATTERS

The validity of the shares of common stock being offered by this prospectus will be passed upon for us by Cooley Godward Kronish LLP, Palo Alto, California. The underwriters are being represented by Davis Polk & Wardwell, Menlo Park, California.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements and schedule at December 31, 2005 and 2006, and for each of the three years in the period ended December 31, 2006, as set forth in their report (which contains an explanatory paragraph describing conditions that raise substantial doubt about our ability to continue as a going concern as described in Note 2 to the consolidated financial statements). We have included our consolidated financial statements and schedule in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP s report, given on their authority as experts in accounting and auditing.

Ernst & Young LLP, independent auditors, has audited the financial statements of Orphan Medical, Inc. for the period from January 1, 2005 to June 24, 2005, as set forth in their report. We have included Orphan Medical, Inc. s financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP s report, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933, as amended, with respect to the shares of common stock being offered by this prospectus. This prospectus does not contain all of the information in the registration statement and its exhibits. For further information with respect to Jazz Pharmaceuticals and the common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You can read our SEC filings, including the registration statement, over the Internet at the SEC s website at *http://www.sec.gov*. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

Upon completion of this offering, we will be subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and web site of the SEC referred to above. We also maintain a website at *http://www.jazzpharmaceuticals.com*, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is not part of this prospectus.

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JAZZ PHARMACEUTICALS, INC.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Jazz Pharmaceuticals, Inc.

We have audited the accompanying consolidated balance sheets of Jazz Pharmaceuticals, Inc. as of December 31, 2005 and 2006, and the related consolidated statements of operations, convertible preferred stock and stockholders deficit, and cash flows for each of the three years in the period ended December 31, 2006. Our audits also included the financial statement schedule listed in Item 16(b) of this Registration Statement. These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audits included consideration of the internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Jazz Pharmaceuticals, Inc. at December 31, 2005 and 2006, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, Jazz Pharmaceuticals Inc. s recurring losses from operations and cash used in operating activities raise substantial doubt about its ability to continue as a going concern. Management s plans as to these matters also are described in Note 2. The 2006 financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 2 to the consolidated financial statements, Jazz Pharmaceuticals, Inc. changed its method of accounting for stock-based compensation in accordance with guidance provided in Statement of Financial Accounting Standards No. 123(R), Share-Based Payment , on January 1, 2006.

/s/ Ernst & Young LLP

Palo Alto, California

March 6, 2007

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JAZZ PHARMACEUTICALS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	December 31, 2005	2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20,614	$ 78,948
Restricted cash	300	275
Accounts receivable, net of allowances of $122 and $198 at December 31, 2005 and 2006, respectively	3,597	5,380
Inventories	3,262	3,026
Prepaid expenses	3,240	3,447
Other current assets	371	487
Total current assets	31,384	91,563
Property and equipment, net	1,941	2,107
Intangible assets, net purchased developed technology	71,023	63,130
Intangible assets, net other	7,717	6,010
Goodwill	38,883	38,213
Long-term restricted cash and available-for-sale securities	12,000	12,000
Other long-term assets	1,833	1,548
Total assets	$ 164,781	$ 214,571
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Line of credit	$	$ 2,191
Accounts payable	4,786	5,443
Accrued liabilities	11,121	12,943
Deferred revenue		1,422
Preferred stock warrant liability (including $5,107 and $5,965 as of December 31, 2005 and 2006, respectively, held by related parties)	7,429	8,521
Total current liabilities	23,336	30,520
Liability for early exercise of options and restricted common stock	184	98
Deferred rent	649	436
Non-current portion of deferred revenue		13,495
Senior secured notes (including $50,620 and $51,998 as of December 31, 2005 and 2006, respectively, held by related parties)	73,629	74,283
Development financing obligation	15,445	
Commitments and contingencies (Note 8)		
Convertible preferred stock, $.0001 par value; 308,236,575 authorized at December 31, 2005 and 2006; 125,002,932 and 198,338,205 shares issued and outstanding at December 31, 2005 and 2006, respectively; aggregate liquidation preference of $165,000 and $265,000 at December 31, 2005 and 2006, respectively	163,862	263,852
Common stock subject to repurchase	5,924	8,183
Stockholders deficit:		

Common stock, $.0001 par value; 252,716,057 shares authorized at December 31, 2005 and 2006; 6,839,171 and 6,905,733 shares issued and outstanding at December 31, 2005 and 2006, respectively; 4,345,209 and 6,002,085 of which are vested and included in common stock subject to repurchase above at December 31, 2005 and 2006, respectively		
Additional paid-in capital		1,335
Accumulated other comprehensive income	4	12
Accumulated deficit	(118,252)	(177,643)
Total stockholders deficit	(118,248)	(176,296)
Total liabilities, convertible preferred stock and stockholders deficit	$ 164,781	$ 214,571

The accompanying notes are an integral part of these financial statements.

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JAZZ PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Year Ended December 31,		
	2004	**2005**	**2006**
Revenues:			
Product sales, net	$	$ 18,796	$ 43,299
Royalties, net		146	594
Contract revenue		2,500	963
Total revenues		21,442	44,856
Operating expenses:			
Cost of product sales		4,292	6,968
Research and development	17,988	45,783	54,956
Selling, general and administrative	7,459	23,551	51,384
Amortization of intangible assets		4,960	9,600
Purchased in-process research and development		21,300	
Total operating expenses	25,447	99,886	122,908
Loss from operations	(25,447)	(78,444)	(78,052)
Interest income	643	1,318	2,307
Interest expense (including $4,595 and $9,024 for the years ended December 31, 2005 and 2006, respectively, pertaining to related parties)		(7,129)	(14,129)
Other expense		(901)	(1,109)
Gain on extinguishment of development financing obligation			31,592
Net loss	(24,804)	(85,156)	(59,391)
Beneficial conversion feature			(21,920)
Loss attributable to common stockholders	$ (24,804)	$ (85,156)	$ (81,311)
Loss per share attributable to common stockholders, basic and diluted	$ (137.80)	$ (1,216.51)	$ (572.61)
Weighted-average common shares used in computing loss per share attributable to common stockholders, basic and diluted	180	70	142

The accompanying notes are an integral part of these financial statements.

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JAZZ PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS DEFICIT

(In thousands, except share and per share amounts)

	Convertible Preferred Stock						Common Stock Subject to Repurchase	Stockholders Deficit				
	Series A		Series B		Series B Prime			Common Stock		Additional Paid-in	Other Comprehensive	Accumulated	Total Stockholders
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Shares	Amount	Capital	Income	Deficit	Deficit
Balance at January 1, 2004	7,150,000	$ 7,076		$		$	$	6,395,000	$ 16	$	$	$ (2,528)	$ (2,512)
Reincorporation in Delaware and reissuance of common stock with $.0001 par value									(16)	16			
Issuance of common stock subject to repurchase rights for cash								444,171		230			230
Transfer of common stock subject to repurchase to temporary equity							1,773			(21)		(1,752)	(1,773)
Vesting of common stock subject to repurchase							1,892			(24)		(1,839)	(1,863)
Repurchase rights to shares issued under restricted stock purchase agreements										(201)			(201)
Issuance of Series A convertible preferred stock net of issuance costs of $0	7,850,000	7,850											
Issuance of Series B convertible preferred stock, net of issuance costs of $441			17,600,469	23,560									
Issuance of Series B Prime convertible preferred stock, net of issuance costs of $477					19,067,175	25,523							
Net loss and comprehensive loss												(24,804)	(24,804)

Balance at December 31, 2004	15,000,000	14,926	17,600,469	23,560	19,067,175	25,523	3,665	6,839,171		(30,923)	(30,923)
Lapse of repurchase rights to shares issued under restricted stock purchase agreements									53		53
Vesting of common stock subject to repurchase							2,259		(53)	(2,173)	(2,226)
Issuance of Series B convertible preferred stock, net of issuance costs of $11			35,200,937	47,989							
Issuance of Series B Prime convertible preferred stock, net of issuance costs of $136					38,134,351	51,864					
Comprehensive loss:											
Net loss										(85,156)	(85,156)
Gain on available-for-sale securities									4		4
Comprehensive loss											(85,152)
Balance at December 31, 2005	15,000,000	14,926	52,801,406	71,549	57,201,526	77,387	5,924	6,839,171	4	(118,252)	(118,248)

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JAZZ PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS DEFICIT (Continued)

(In thousands, except share and per share amounts)

	Convertible Preferred Stock						Common Stock Subject to Repurchase	Stockholders Deficit					
	Series A		Series B		Series B Prime			Common Stock		Additional Paid-in	Other Compre-hensive	Accum-ulated	Total Stockholders
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Shares	Amount	Capital	Income	Deficit	Deficit
Balance at December 31, 2005	15,000,000	$ 14,926	52,801,406	$ 71,549	57,201,526	$ 77,387	$ 5,924	6,839,171	$	$	$ 4	$ (118,252)	$ (118,248)
Lapse of repurchase rights to shares issued under restricted stock purchase agreements										53			53
Vesting of common stock subject to repurchase							2,259			(2,226)			(2,226)
Issuance of Series B convertible preferred stock, net of issuance costs of $5			35,200,924	47,995									
Issuance of Series B Prime convertible preferred stock, net of issuance costs of $5					38,134,349	51,995							
Issuance of Common stock for cash upon exercise of stock options								66,562		10			10
Stock-based compensation										3,498			3,498
Beneficial conversion feature deemed dividend on issuance of Series B preferred stock										21,920			21,920
Beneficial conversion feature										(21,920)			(21,920)
Comprehensive loss:													
Net loss												(59,391)	(59,391)
Gain on available-for-sale securities											8		8

Comprehensive loss														(59,383)
Balance at December 31, 2006	15,000,000	$ 14,926	88,002,330	$ 119,544	95,335,875	$ 129,382	$ 8,183	6,905,733	$	$	1,335	$ 12	$ (177,643)	$ (176,296)

The accompanying notes are an integral part of these financial statements.

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JAZZ PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		
	2004	**2005**	**2006**
Operating activities			
Net loss	$ (24,804)	$ (85,156)	$ (59,391)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	122	479	710
Amortization of intangible assets		4,960	9,600
Loss on disposal of property and equipment			481
Fair value adjustment to acquired finished goods		1,584	775
Purchased in-process research and development		21,300	
Amortization of debt discount and debt issuance costs		476	949
Revaluation of preferred stock warrant liability		901	1,092
Stock-based compensation expense			3,480
Interest on development financing obligation		445	1,147
Gain on extinguishment of development financing obligation			(31,592)
Changes in assets and liabilities:			
Restricted cash	150	(175)	25
Accounts receivable		(249)	(1,783)
Inventories		(219)	(521)
Prepaid expenses and other current assets	(1,915)	1,158	(473)
Other assets	(151)		323
Accounts payable	1,564	2,408	657
Accrued liabilities	3,340	(210)	2,492
Deferred revenue			14,917
Deferred rent	688	(39)	(213)
Net cash used in operating activities	(21,006)	(52,337)	(57,325)
Investing activities			
Purchases of property and equipment	(992)	(1,413)	(1,682)
Proceeds from sale of property and equipment			150
Purchases of available-for-sale securities	(45,946)		(1,705)
Proceeds from sales of available-for-sale securities	40,000	3,450	
Proceeds from maturities of available-for-sale securities		2,500	
Cash paid for shares of Orphan Medical, Inc., net of cash acquired		(146,116)	
Proceeds from maturities of long-term restricted cash equivalents			1,705
Increase in long-term restricted cash and investments		(12,000)	
Net cash used in investing activities	(6,938)	(153,579)	(1,532)
Financing activities			
Proceeds from issuances of convertible preferred stock, net of issuance costs	56,933	99,853	99,990
Proceeds from issuances of common stock, net of issuance costs	58		10
Proceeds from issuances of common stock with repurchase rights and the early exercise of stock options	171		
Proceeds from line of credit			3,283
Repayments under line of credit			(1,092)
Proceeds from sale of senior secured notes, net of issuance costs		77,999	
Proceeds from development financing		15,000	15,000
Net cash provided by financing activities	57,162	192,852	117,191
Net increase (decrease) in cash and cash equivalents	29,218	(13,064)	58,334
Cash and cash equivalents, at beginning of period	4,460	33,678	20,614

Cash and cash equivalents, at end of period	$ 33,678	$ 20,614	$ 78,948
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	$ 6,200	$ 12,000
Supplemental disclosure of non-cash financing and investing activities:			
Warrants to purchase Series BB convertible preferred stock issued in conjunction with senior secured notes	$	$ 6,696	$
Beneficial conversion feature	$	$	$ 21,920

The accompanying notes are an integral part of these financial statements.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Jazz Pharmaceuticals, Inc. (the Company) was incorporated in California in March 2003 and reincorporated in Delaware in January 2004. The Company is a specialty pharmaceutical company focused on identifying, developing and commercializing innovative products to meet unmet medical needs in neurology and psychiatry. The Company s goal is to build a broad portfolio of products through a combination of internal development activities and acquisition and in-licensing opportunities, and to utilize its specialty sales force to promote its products in specific therapeutic markets.

Since its inception, the Company has built a commercial operation and assembled a portfolio that currently includes two marketed products, two product candidates for which new drug applications (NDAs) have been submitted to the U.S. Food and Drug Administration (FDA) and five product candidates in various stages of clinical development. The Company also has additional product candidates in early-stage development and feasibility activities. In March 2007, the Company sold its rights to a third marketed product.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Jazz Pharmaceuticals, Inc. and its wholly-owned subsidiary, Orphan Medical, Inc. (Orphan Medical), after elimination of intercompany transactions and balances.

Significant Risks and Uncertainties

The Company has incurred significant losses from operations since its inception and expects losses to continue for the next several years. To achieve profitable operations, the Company must successfully identify, develop and commercialize its products. Products developed by the Company will require approval of the FDA or a foreign regulatory authority prior to commercial sales. The regulatory approval process is expensive, time consuming and uncertain, and any denial or delay of approval could have a material adverse effect on the Company. Even if approved, the Company s products may not achieve market acceptance and will face competition from both generic and branded pharmaceutical products. The Company will need to raise additional funds to support its operations, and such funding may not be available to it on acceptable terms, or at all. The Company s board of directors has approved the filing of a registration statement on Form S-1 with respect to a proposed initial public offering of its common stock. The Company may seek additional sources of financing through development financings, collaborations or public or private debt or equity financings, and may also seek to reduce expenses related to its operations.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The 2006 financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from uncertainty related to the Company s ability to continue as a going concern.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on assumptions believed to be reasonable under the circumstances. Actual results could differ materially from those estimates.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Concentration of Credit Risks and Fair Value of Financial Instruments

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash equivalents, restricted cash, marketable securities and accounts receivable. The Company s investment policy limits investments to certain types of debt securities issued by the U.S. government, its agencies and institutions with investment-grade credit ratings and places restrictions on maturities and concentration by type and issuer. The Company is exposed to credit risk in the event of a default by the financial institutions holding its cash, cash equivalents and marketable securities and issuers of investments to the extent recorded on the balance sheet.

The Company monitors its exposure within accounts receivable and records a reserve against uncollectible accounts receivable as necessary. The Company extends credit to pharmaceutical companies, pharmaceutical wholesale distributors and a specialty pharmaceutical distribution company primarily in the U.S. in the normal course of business. Customer creditworthiness is monitored and collateral is not normally required. Historically, the Company has not experienced significant credit losses on its accounts receivable. The Company s five largest customers accounted for an aggregate of approximately 88% and 90% of gross accounts receivable as of December 31, 2005 and 2006, respectively.

The fair value of financial instruments, including cash, cash equivalents, marketable investments, accounts receivable, accounts payable, accrued liabilities and senior secured notes approximate their carrying value.

Cash Equivalents, Restricted Cash and Available-for-Sale Securities

The Company considers all highly liquid investments, readily convertible to cash, that mature within three months or less from date of purchase to be cash equivalents. Restricted cash and available-for-sale securities consist of cash equivalents and available-for-sale securities, the use of which is restricted either by contract or agreement. At December 31, 2006 the Company held a money market account in the amount of $275,000 as collateral securing a letter of credit. The Company has a $12.0 million investment account which is restricted under the agreement governing the Company s senior secured notes. Available-for-sale securities are investments in debt securities with maturities of less than one year from the balance sheet date, or securities with maturities of greater than one year that are specifically identified to fund current operations. Collectively, cash equivalents, restricted cash and available-for-sale securities are classified as available-for-sale and are recorded at fair value, based on quoted market prices. Unrealized gains and losses, net of tax, are recorded in other comprehensive income and included as a separate component of stockholders deficit. The Company uses the specific-identification method for calculating realized gains and losses on securities sold. Realized gains and losses and declines in value judged to be other than temporary on available-for-sale securities are included in interest income in the statement of operations. Realized gains and losses on sales of available-for-sale securities have not been material.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out method for all inventories. The Company s policy is to write down inventory that has become obsolete, inventory that has a cost basis in excess of its expected net realizable value and inventory in excess of expected requirements.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to five years. Leasehold improvements are amortized over the shorter of the noncancelable term of the Company s operating lease or their economic useful lives. Maintenance and repairs are charged to operations as incurred.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Goodwill and Intangible and Long-Lived Assets

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. The Company has determined that it operates in a single segment and has a single reporting unit associated with the development and commercialization of pharmaceutical products. The annual test for goodwill impairment is a two-step process. The first step is a comparison of the fair value of the reporting unit with its carrying amount, including goodwill. If this step indicates an impairment, then the loss is measured as the excess of recorded goodwill over its implied fair value. Implied fair value is the excess of the fair value of the reporting unit over the fair value of all identified assets and liabilities. Management tests goodwill for impairment annually in October and concluded that no impairment existed as of October 1, 2006. Management will also test for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. There have been no changes since October 1, 2006 that would cause management to reevaluate its conclusion.

Intangible assets consist primarily of purchased developed technology, agreements not to compete and trademarks. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range from three to ten years. The estimated useful lives associated with intangible assets are consistent with underlying agreements, or the estimated lives of the products. Once an intangible asset is fully amortized, the gross costs and accumulated amortization are removed from the consolidated balance sheet. The Company evaluates purchased intangibles and other long-lived assets, other than goodwill, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. The impairment loss, if recognized, would be based on the excess of the carrying value of the impaired asset over its respective fair value, calculated using discounted cash flows. Since the Company s inception, there has been no such impairment loss recognized.

Preferred Stock Warrant Liability

Effective July 1, 2005, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Staff Position (FSP) No. 150-5, *Issuer s Accounting under Statement No. 150 for Freestanding Warrants and Other Similar Instruments on Shares that are Redeemable* (FSP 150-5), an interpretation of FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*. Pursuant to FSP 150-5, freestanding warrants for shares that are puttable, or warrants for shares that are redeemable are classified as liabilities on the consolidated balance sheet at fair value. At the end of each reporting period, changes in fair value during the period are recorded as other expense.

Upon adoption of FSP 150-5, the Company reclassified the fair value of its warrants to purchase shares of convertible preferred stock from equity to a liability. There was no cumulative effect on adoption. The Company recorded other expense of $901,000 and $1.1 million during the years ended December 31, 2005 and 2006, respectively, to reflect the increase in the fair value of the warrants. The Company will continue to adjust the preferred stock warrant liability for changes in the fair value of the warrants until the earlier of the exercise of the warrants, at which time the liability will be reclassified to temporary equity, or the conversion of the underlying convertible preferred stock issuable into common stock, at which time the liability will be reclassified to stockholders deficit.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred Rent

The Company recognizes rent expense on a straight-line basis over the noncancelable term of its operating lease and, accordingly, records the difference between cash rent payments and the recognition of rent expense as a deferred rent liability. The Company also records landlord-funded lease incentives, such as reimbursable leasehold improvements, as a deferred rent liability which is amortized as a reduction of rent expense over the noncancelable terms of its operating lease.

Revenue Recognition

Revenues are recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed and determinable and collection is reasonably assured. In evaluating arrangements with multiple elements the Company considers whether components of the arrangement represent separate units of accounting based upon whether certain criteria are met, including whether the delivered element has stand-alone value to the customer and whether there is objective and reliable evidence of the fair value of the undelivered items. This evaluation requires subjective determinations and requires management to make judgments about the fair value of individual elements and whether such elements are separable from other aspects of the contractual relationship. The consideration received in such arrangements is allocated among the separate units of accounting based on their respective fair values when there is reliable evidence of fair value for all elements of the arrangement. If there is no evidence of fair value for all the elements of the arrangement consideration is allocated based on the residual value method for the delivered elements. Under the residual method, the amount of revenues allocated to the delivered elements equals the total arrangement consideration less the aggregate fair value of any undelivered elements. The applicable revenue recognition criteria are applied to each of the separate units. Payments received in advance of work performed are recorded as deferred revenues and recognized when earned.

Product Sales, Net

Revenues from sales of Xyrem within the U.S. are recognized upon transfer of title, which occurs when the Company s specialty pharmaceutical distributor removes product from the Company s consigned inventory location at its facility for shipment to a patient. Antizol is, and prior to our sale of the Company s rights Cystadane was, shipped to the Company s wholesaler customers in the U.S. with free on board destination shipping terms, and the Company recognizes revenues when delivery occurs. The Company s international sales often have customer acceptance clauses and therefore the Company recognizes revenues when it is notified of acceptance or the time to inspect and reject the shipment has lapsed. When sales to international customers do not have acceptance clauses, the Company recognizes revenues when title transfers, which is generally when the product leaves the Company s logistics provider s facilities.

Revenues from sales of products within the U.S. are recorded net of estimated allowances for prompt payment discounts, wholesaler and specialty distributor fees, government chargebacks and rebates. Significant judgment is inherent in the selection of assumptions and in the interpretation of historical experience, as well as the identification of external and internal factors affecting the estimates. Because Xyrem is sold to one distributor in the United States, allowances and adjustments to estimates for allowances have not historically been material.

Royalties, Net

The Company receives royalties from third parties based on sales of its products under out-licensing and distributor arrangements. For those arrangements where royalties are reasonably estimable, the Company recognizes revenues based on estimates of royalties earned during the applicable period, and adjusts for differences between the estimated and actual royalties in the following quarter. Historically, these adjustments have not been material. For those arrangements where royalties are not reasonably estimable, the Company recognizes revenues upon receipt of royalty statements from the licensee or distributor.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Contract Revenues

Nonrefundable fees where the Company has no continuing performance obligations are recognized as revenues when collection is reasonably assured. In situations where the Company has continuing performance obligations, nonrefundable fees are deferred and recognized ratably over the performance period. The Company recognizes at-risk milestone payments, which are typically related to regulatory, commercial or other achievements by the Company or its licensees and distributors, as revenues when the milestone is accomplished and collection is reasonably assured. Refundable fees are deferred and recognized as revenues upon the later of when they become nonrefundable or when performance obligations are completed.

Cost of Product Sales and Concentrations of Supply Risk

Cost of product sales includes third party manufacturing and distribution costs, the cost of drug substance, royalties due to third parties on product sales, product liability insurance, FDA user fees, freight, shipping, handling and storage costs, and salaries and related costs of employees involved with production. The Company s product exchange policy for Antizol allows and, prior to our sale of our rights to Cystadane, our product exchange policy for Cystadane allowed, customers to return expired product for exchange up to six months before or after the product s expiration date. These expiration date returns are exchanged for replacement product, and the estimated cost of such exchanges is included in cost of product sales. Amounts accrued for replacement product have not been material to date. In addition, as part of the acquisition of Orphan Medical, the Company recorded finished goods on-hand at the acquisition date at fair value, which is defined as inventory valued at estimated selling prices less the sum of (a) costs of disposal and (b) reasonable profit allowance for the selling effort of the acquiring entity. The fair value of inventory acquired is recorded as cost of product sales when the related product revenues are recorded.

The Company relies on certain sole suppliers for drug substance and certain sole manufacturing partners for each of its marketed products and certain of its product candidates. The Company attempts to mitigate this risk by establishing contractual relationships where appropriate.

Research and Development

The Company s research and development expenses consist of expenses incurred in identifying, developing and testing its product candidates. These expenses consist primarily of fees paid to contract research organizations and other third parties to assist us in managing, monitoring and analyzing our clinical trials, clinical trial costs paid to sites and investigators salaries, costs of non-clinical studies, including toxicity studies in animals, costs of contract manufacturing services, costs of materials used in clinical trials and non-clinical studies, fees paid to third parties for development candidates or drug delivery or formulation technologies that the Company has licensed, allocated expenses, such as facilities and information technology that support the Company s research and development activities, and related personnel expenses, including stock-based compensation. Research and development costs are expensed as incurred, including payments made under the Company s license agreements. For products that have not been approved by the FDA, inventory used in clinical trials is expensed at the time of production and recorded as research and development expense. For products that have been approved by the FDA, inventory used in clinical trials is expensed at the time the inventory is packaged for the trial and therefore is not included in inventory.

In-Process Research and Development

In connection with the acquisition of Orphan Medical, the Company recorded a charge of $21.3 million for acquired in-process research and development during the year ended December 31, 2005. This amount

JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

represented the estimated fair value related to three incomplete product candidate development projects for which, at the time of the acquisition, technological feasibility had not been established and there was no alternative future use.

Advertising Expenses

The Company expenses the costs of advertising, including promotional expenses, as incurred. Advertising expenses for the years ended December 31, 2004, 2005 and 2006 were zero, $551,000, and $2.3 million, respectively.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and the tax bases of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Comprehensive Loss

Comprehensive loss includes net loss and all changes in stockholders deficit during a period, except for those changes resulting from investments by stockholders or distributions to stockholders. For the years ended December 31, 2005 and 2006, the difference between comprehensive loss and net loss represented unrealized gains on available-for-sale securities. For the year ended December 31, 2004, comprehensive loss was equal to the net loss.

Loss Per Common Share

Basic and diluted loss per common share is computed using the weighted average number of shares of common stock outstanding during the period. Potentially dilutive securities consisting of convertible preferred stock, stock options, common stock subject to repurchase and warrants were not included in the diluted loss per share attributable to common stockholders for all periods presented because the inclusion of such shares would have had an antidilutive effect.

	Year Ended December 31,		
	2004	2005	2006
	(In thousands, except per share data)		
Numerator:			
Loss attributable to common stockholders	$ (24,804)	$ (85,156)	$ (81,311)
Denominator:			
Weighted-average common shares outstanding	6,724	6,839	6,857
Less: weighted-average common shares outstanding subject to repurchase	(6,544)	(6,769)	(6,715)
Weighted-average common shares used in computing loss per share attributable to common stockholders, basic and diluted	180	70	142
Loss per share attributable to common stockholders, basic and diluted	$ (137.80)	$ (1,216.51)	$ (572.61)

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following convertible preferred stock, stock options, common stock subject to repurchase and warrants were excluded from the computation of diluted loss per share attributable to common stockholders for the periods presented because including them would have an antidilutive effect (in thousands):

	Year Ended December 31,		
	2004	2005	2006
Series A convertible preferred stock (as if converted)	15,000	15,000	15,000
Series B convertible preferred stock (as if converted)	17,600	52,801	88,002
Series B Prime convertible preferred stock (as if converted)	19,067	57,202	95,336
Warrants to purchase Series BB convertible preferred stock (as if exercised and converted)		8,696	8,696
Options to purchase common stock	14,133	16,128	17,678
Common stock subject to repurchase	4,107	2,397	688

Stock-Based Compensation

Prior to January 1, 2006, the Company accounted for stock-based employee compensation arrangements using the intrinsic value method of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25) and related interpretations, and complied with the disclosure-only provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, (SFAS 123) as amended by SFAS No. 148, *Accounting for Stock-Based Compensation, Transition and Disclosure, an amendment to SFAS Statement No. 123* (SFAS 148). Under APB 25 compensation expense for employees is based on the excess, if any, of the fair value of the Company s common stock over the exercise price of the option on the date of grant. No stock-based compensation expense was recorded under APB 25 during the years ended December 31, 2004 and 2005.

Effective January 1, 2006, the Company adopted SFAS No. 123(R), *Share-Based Payment* (SFAS 123R), which requires compensation expense related to share-based transactions, including employee stock options, to be measured and recognized in the financial statements based on fair value. SFAS 123R revises SFAS 123, as amended, and supersedes APB 25. The Company adopted SFAS 123R using a modified version of prospective application. Under modified prospective application, SFAS 123R applies to new awards and to awards modified, repurchased, or cancelled after the required effective date. Additionally, compensation cost for the portion of awards for which the requisite service has not been rendered that are outstanding as of the required effective date are recognized as the requisite service is rendered on or after the required effective date. The compensation expense for that portion of awards is based on the grant-date fair value of those awards. The compensation expense for awards with grant dates prior to January 1, 2006, are attributed to periods beginning on or after the effective date using the attribution method that was used under SFAS 123, except that the method of recognizing forfeitures only as they occur is not continued.

The Company is using the straight-line method to allocate compensation cost to reporting periods under SFAS 123 and SFAS 123R for stock options granted during each of the three years ended December 31, 2006.

Beneficial Conversion Feature Series B Preferred Stock and Series B Prime Preferred Stock

The Company accounts for potentially beneficial conversion features under EITF Issue No. 98-5, *Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios* (EITF 98-5) and EITF Issue No. 00-27, *Application of Issue No. 98-5 to Certain Convertible Instruments*. Issuances of convertible preferred stock during the year ended December 31, 2006 were deemed to result in a beneficial conversion feature calculated in accordance with EITF 98-5. For additional information regarding this beneficial conversion feature, see Note 12.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reclassifications

Certain reclassifications have been made to the prior year amounts in order to conform to the current year presentation. Convertible preferred stock, which in prior year financial statements had been classified as part of stockholders deficit, is now classified as temporary equity in accordance with EITF Topic D-98, *Classification and Measurement of Redeemable Securities*. Previously the Company had recorded the original purchase price of unvested shares of common stock subject to a right of repurchase by the Company as a liability and reclassified amounts to stockholders deficit at the original purchase price as these shares vested. In the financial statements as reclassified, all vested shares of common stock subject to repurchase held by the Company s executive officers have been classified as temporary equity at fair value as of the date the Company entered into certain executive employment agreements. Certain payments to a customer for services performed, which had previously been classified as part of selling, general and administrative expense, have been reclassified as a reduction of revenue. These reclassifications did not impact previously reported net loss.

Recent Accounting Pronouncements

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006 and is required to be adopted by the Company effective January 1, 2007. The cumulative effects, if any, of applying FIN 48 will be recorded as an adjustment to accumulated deficit as of the beginning of the period of adoption. The Company is currently evaluating the effect that the adoption of FIN 48 will have on its results of operations and financial position.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108). SAB 108 provides guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB 108 establishes an approach that requires quantification of financial statement errors based on the effects on each of the Company s balance sheets and statement of operations and the related financial statement disclosures. SAB 108 will be adopted by the Company in the first quarter of 2007. The Company is currently evaluating the effect that the adoption of SAB 108 will have on its results of operations and financial position.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 provides guidance for using fair value to measure assets and liabilities. It also responds to investors requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, and does not expand the use of fair value in any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and is required to be adopted by the Company effective January 1, 2008. The Company is currently evaluating the effect that the adoption of SFAS 157 will have on its results of operations and financial position.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Cash, Cash Equivalents, Restricted Cash and Available-For-Sale Securities

Cash, cash equivalents, restricted cash and available-for-sale securities, all of which are classified as available-for-sale securities, consisted of the following as of December 31, 2005 and 2006 (in thousands):

	December 31, 2005			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash	$ 5,189	$	$	$ 5,189
Obligations of U.S. government agencies	15,484	2		15,486
Corporate debt securities	7,578	2		7,580
Other debt securities, primarily money market funds	4,659			4,659
Total available-for-sale securities	$ 32,910	$ 4	$	$ 32,914
Amounts classified as cash and cash equivalents				$ 20,614
Amounts classified as restricted cash				300
Amounts classified as long-term restricted cash and available-for-sale securities				12,000
Total				$ 32,914

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash	$ 11,799	$	$	$ 11,799
Obligations of U.S. government agencies	35,106	10		35,116
Corporate debt securities	17,180	2		17,182
Other debt securities, primarily money market funds	27,126			27,126
Total available-for-sale securities	$ 91,211	$ 12	$	$ 91,223
Amounts classified as cash and cash equivalents				$ 78,948
Amounts classified as restricted cash				275
Amounts classified as long-term restricted cash and available-for-sale securities				12,000
Total				$ 91,223

All available-for-sale securities held as of December 31, 2005 and 2006 had contractual maturities of less than one year.

Since inception, there have been no material realized gains or losses on available-for-sale securities. No available-for-sale securities held as of December 31, 2005 or 2006 had been in a continuous unrealized loss position for more than 12 months. The aggregate fair value of available-for-sale securities held at December 31, 2005 and 2006 which had unrealized losses was $1.5 million and $1.6 million, respectively. The amount of the unrealized loss at December 31, 2005 and 2006 was immaterial and the Company does not believe that the impairment is other than temporary.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Certain Balance Sheet Items

Inventories consist of the following (in thousands):

	December 31,	
	2005	2006
Raw materials	$ 1,109	$ 541
Finished goods	2,153	2,485
Total inventories	$ 3,262	$ 3,026

Property and equipment consist of the following (in thousands):

	December 31,	
	2005	2006
Leasehold improvements	$ 616	$ 700
Computer equipment	707	873
Computer software	558	1,271
Furniture and fixtures	160	182
Construction-in-progress	506	316
Total	2,547	3,342
Less accumulated depreciation and amortization	(606)	(1,235)
Property and equipment, net	$ 1,941	$ 2,107

Accrued liabilities consists of the following (in thousands):

	December 31,	
	2005	2006
Accrued research and development expense	$ 4,166	$ 5,119
Accrued compensation	3,329	4,322
Accrued sales and marketing expense	2,231	783
Accrued general and administrative expense	365	1,440
Other	1,030	1,279

Total accrued liabilities	$ 11,121	$ 12,943

5. Acquisition of Orphan Medical

On June 24, 2005, the Company acquired Orphan Medical, a developer and marketer of orphan drug products, primarily to establish a commercial presence through a specialty pharmaceutical sales organization focused on neurologists and psychiatrists. Orphan Medical marketed and sold three products and was conducting clinical trials in order to expand the potential use of one of those products to additional indications. The acquisition was accounted for as a business combination using the purchase method of accounting. Accordingly, the results of Orphan Medical are included in the Company s consolidated financial statements since the date of acquisition.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The purchase price was comprised of cash consideration (net of cash acquired) of $145.4 million plus direct acquisition costs of $750,000 and was allocated to the assets purchased and liabilities assumed based upon their respective fair values as follows (in thousands):

Accounts receivable	$ 3,348
Inventories	4,717
Other current assets	2,714
Noncurrent assets	112
Liabilities	(7,988)
Intangible assets	83,700
Goodwill	38,213
In-process research and development	21,300
Total fair value of assets acquired, net of liabilities assumed	$ 146,116

Liabilities of $8.0 million as shown above included $4.0 million of restructuring charges related primarily to employee severance payments and the closure of facilities, of which no amounts remained unpaid as of December 31, 2006.

The Company retained an independent appraisal firm to assist in the valuation of identifiable intangible assets acquired in the transaction. The estimated fair value of intangible assets identified and the useful lives assigned at the time of acquisition are as follows (in thousands):

	Gross Carrying Amount	Weighted-Average Estimated Useful Life (Years)
Developed technology	$ 75,100	9.5
Agreements not to compete	5,600	4.4
Trademarks	2,600	9.5
Other	400	4.5
Amortized intangible assets	$ 83,700	9.1

During the year ended December 31, 2005, the Company recorded a charge of $21.3 million for acquired in-process research and development. This amount represented the estimated fair value related to three incomplete product candidate development projects for which technological feasibility had not been established and that had no alternative future use at the time of acquisition. This charge is not deductible for federal tax purposes. The fair value of the in-process research and development was determined using the income approach. This method requires a forecast of all the expected future net cash flows associated with the in-process technology discounted to present value by applying an appropriate discount rate. The discount rate used reflects the weighted-average cost of capital for companies in the Company s industry, as well as specific

risks associated with the cash flows being discounted.

In January 2005, Orphan Medical submitted a supplemental New Drug Application, or sNDA, to the FDA seeking an expanded label indication for Xyrem. At the time of acquisition, the FDA had not yet approved the sNDA. As a result, the Company charged the value associated with the additional label indication to in-process research and development, which accounted for 71% of the total in-process research and development expense recorded in connection with the acquisition. The discount rate used to calculate the fair value of Xyrem for the new indication, excessive daytime sleepiness in patients with narcolepsy, was 26%. At the time of acquisition,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Orphan Medical was also conducting a Phase II clinical trial to evaluate the use of sodium oxybate, the active pharmaceutical ingredient (API) in Xyrem, to treat fibromyalgia syndrome (FMS). The discount rate used to calculate the fair value of this development project was 50%. Positive results for the Phase II trial were determined when the trial was unblinded in August 2005. In August 2006 the Company initiated a Phase III clinical trial to evaluate the use of sodium oxybate for the treatment of FMS.

The excess of the purchase price over the fair value of the net tangible and identifiable intangible assets was recorded as goodwill. The primary factors contributing to the existence of goodwill relate to Orphan Medical s sales force and commercial infrastructure. During the year ended December 31, 2006 the Company finalized its estimates of the assets acquired and liabilities assumed and recorded a decrease in goodwill of $670,000. The total amount of goodwill recorded in connection with the acquisition was $38.2 million, none of which will be deductible for federal tax purposes.

In March 2007, the Company sold its rights to Cystadane, a product acquired in connection with the acquisition of Orphan Medical. See Note 19 for a further discussion of this transaction.

The following unaudited pro forma information presents the results of continuing operations and net income of Jazz Pharmaceuticals and Orphan Medical for the years ended December 31, 2004 and 2005 as if the acquisition of Orphan Medical had been consummated as of January 1, 2004 and 2005, respectively. The pro forma results exclude the nonrecurring charge for purchased in-process research and development that resulted directly from the June 24, 2005 acquisition of Orphan Medical by the Company. The unaudited pro forma condensed combined financial information does not reflect any incremental direct costs, including any restructuring charges to be recorded in connection with the acquisition, or any potential cost savings that may result from the consolidation of certain operations of the Company and Orphan Medical. Accordingly, the unaudited pro forma financial information is presented for illustrative purposes and not necessarily indicative of the results of operations of the combined company that would have occurred had the acquisition occurred at the beginning of each period presented, nor is it necessarily indicative of future operating results. The unaudited pro forma information is as follows (in thousands, except per share data):

	Year Ended December 31,	
	2004	2005
Revenues	$ 23,768	$ 37,275
Net loss	(60,318)	(77,643)
Loss per common share	$ (335.10)	$ (1,111.13)

6. Goodwill and Intangible Assets

The gross carrying amount and net book value of goodwill and intangible assets is as follows (in thousands):

	December 31, 2005			December 31, 2006		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Developed technology	$ 75,100	$ 4,077	$ 71,023	$ 75,100	$ 11,970	$ 63,130
Agreements not to compete	5,600	696	4,904	5,600	2,042	3,558
Trademarks	2,600	141	2,459	2,600	414	2,186
Other	400	46	354	400	134	266
Amortizable intangible assets	83,700	4,960	78,740	83,700	14,560	69,140
Goodwill	38,883			38,213		
Total	$ 122,583			$ 121,913		

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Future amortization costs per year for the Company s existing intangible assets other than goodwill are estimated as follows (in thousands):

Year Ended December 31,	Estimated Amortization Expense
2007	$ 9,600
2008	9,307
2009	9,033
2010	8,542
2011	8,164

7. Debt and Financing Obligations

Line of Credit

In September 2006, the Company entered into a one year line of credit agreement with a financial institution under which the Company may borrow up to 80% of eligible receivables up to a maximum borrowing limit of $5.0 million. Borrowings under the line of credit bear interest at the lender s prime rate. The Company is subject to certain financial and operating covenants under the credit agreement. The lender has a security interest in all of the Company s assets, with the exception of intellectual property. As of December 31, 2006, $2.2 million was outstanding under the line of credit with interest accruing at a rate of 8.25% per year.

Senior Secured Notes

In order to partially finance the acquisition of Orphan Medical, a wholly-owned subsidiary of the Company issued $80.0 million aggregate principal amount of senior secured notes (the notes) and warrants to purchase 8,695,652 shares of the Company s Series BB preferred stock exercisable at $1.84 per share (the warrants) to certain third parties, some of whom are affiliated with preferred stock investors in June 2005. The notes accrue interest at a rate of 15% per annum, payable quarterly in arrears. The principal on the notes is due in full on June 24, 2011 and can be repaid by the Company at any time, at certain premiums over the principal amount.

The Company estimated the fair value of the warrants to be $6.7 million using the Black-Scholes option pricing model with the following assumptions at the time of issuance: risk free interest rate of 3.96%, volatility of 60%, dividend yield of 0.0%, and an expected life of seven years. For additional information on the determination of fair value for the warrants as of December 31, 2005 and 2006, see Note 11. The discount to the notes is being accreted to zero over the life of the notes using the effective interest rate method and is included as a component of interest expense. Total issuance costs of $2.0 million were allocated to the notes and the warrants based on their relative fair values. Of the total

issuance costs, $1.8 million was allocated to the notes and included in other assets and is being amortized to interest expense using the effective interest method.

The Company and all existing and future domestic subsidiaries fully and unconditionally guarantee repayment of the notes. The notes and each guarantee are secured by a lien and security interest in substantially all of the Company s and each subsidiary s assets. The subsidiary of the Company that issued the notes is required to maintain a minimum cash balance equal to 15% of the outstanding principal amount on the notes. This amount was $12.0 million at December 31, 2005 and 2006 and is reflected as long-term restricted cash and investments on the Company s consolidated balance sheet. The notes contain customary covenants including limitations on the Company s ability to pay dividends, make investments or other restricted payments, incur debt,

JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

grant liens, sell assets and enter into sale-leaseback transactions. Upon the occurrence of certain events of default under the notes, including a default by the Company in payment of principal or interest on the notes, a bankruptcy filing by the Company, or a change in control of the Company, the Company may be required to repay the notes at a premium. The repayment premium was 30.0% of the principal amount of the notes as of December 31, 2006 and is reduced to zero ratably over the term of the notes.

Development Financing Obligation

In August 2005, the Company entered into an agreement pursuant to which a third party agreed to provide $30.0 million to partially fund a Phase III clinical trial of a product candidate in development in exchange for the Company s agreement to repay the third party $37.5 million subject to, and conditional upon, approval by the FDA to market the product in the U.S. In addition, the Company agreed to pay royalties at specified rates based on sales of the product within the U.S. The Company received $15.0 million in 2005 and $15.0 million in 2006 under the agreement. In June 2006, following analysis of the results of the Phase III clinical trial, the Company notified the third party of its intention to discontinue development of the product candidate. As a result, the Company recorded a gain of $31.6 million resulting from the extinguishment of liabilities related to this transaction, which represented principal and interest accrued as of the date notice that development would be discontinued was provided to the third party. Prior to this extinguishment of liabilities, the Company had recorded interest of $445,000 and $1.1 million during the years ended December 31, 2005 and 2006, respectively, using the effective interest method.

8. Commitments and Contingencies

Indemnification

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification, including indemnification associated with product liability or infringement of intellectual property rights. The Company s exposure under these agreements is unknown because it involves future claims that may be made against the Company that may be, but have not yet been, made. To date, the Company has not paid any claims or been required to defend any action related to these indemnification obligations except as set forth in the description of legal proceedings below.

The Company has agreed to indemnify its officers and directors and the officers and directors of Orphan Medical for losses and costs incurred in connection with certain events or occurrences, including advancing money to cover certain costs, subject to certain limitations. The maximum potential amount of future payments the Company could be required to make under this indemnification is unlimited; however, the Company maintains insurance policies that may limit its exposure and may enable it to recover a portion of any future amounts paid. Assuming the applicability of coverage, the willingness of the insurer to assume coverage, and subject to certain retention, loss limits and other policy provisions, the Company believes the fair value of these indemnification obligations is not material. Accordingly, the Company has not recognized any liabilities relating to these obligations as of December 31, 2005 and 2006. No assurances can be given that the covering insurers will not attempt to dispute the validity, applicability, or amount of coverage without expensive litigation against these insurers, in which case the Company may incur substantial liabilities as a result of these indemnification obligations.

Lease and Other Commitments

In June 2004, the Company entered into a noncancelable operating lease for an office facility in Palo Alto, California which expires in August 2008. The lease is renewable through 2017 at the Company s option. In

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

addition to these lease payments, the Company is obligated to pay for operating expenses for the leased property. The Company is also obligated to make payments under noncancelable operating leases for cars used by its sales force. Rent expense under all operating leases was $435,000, $930,000 and $1.3 million for the years ended December 31, 2004, 2005 and 2006, respectively. Future minimum lease payments under the Company s noncancelable operating leases at December 31, 2006, are as follows (in thousands):

Year ended December 31,	Lease Payments
2007	$ 1,227
2008	929
2009	238
2010	17
Total future minimum lease payments	$ 2,411

The Company uses third party contract manufacturers to manufacture products. As of December 31, 2006, the Company had $1.5 million of noncancelable purchase commitments under agreements with contract manufacturers due in 2007.

Legal Proceedings

In April 2006, a physician who was a speaker for Orphan Medical (and for a short time for the Company), was indicted by a federal grand jury in the U.S. District Court for the Eastern District of New York. The indictment alleges that the physician engaged in a scheme with Orphan Medical sales representatives and other Orphan Medical employees to promote and obtain reimbursement for Xyrem for medical uses not approved for marketing by the FDA. Also in April 2006, the Department of Justice, acting through the U.S. Attorney for the Eastern District of New York, issued to the Company and Orphan Medical subpoenas for documents relating to Xyrem. The Company is cooperating with this investigation and has provided documents to the U.S. Attorney s Office. As a result of the Company s acquisition of Orphan Medical, the Government may seek to hold the Company responsible for Orphan Medical s conduct. The Company has been in discussions with the U.S. Attorney s Office regarding the possible settlement of any potential government claims against Orphan Medical and/or the Company. It is currently unknown if any such settlement will be reached on reasonable terms, or at all. The Company cannot predict or determine the outcome of this matter or reasonably estimate the amount of any fines or penalties that might result from an adverse outcome. Therefore, in accordance with Statement of Financial Accounting Standard No. 5, *Accounting for Contingencies* (SFAS 5), the Company has not recorded an associated liability. The Company will recognize a liability, if any, when it has an adequate basis to estimate any probable exposure, if any.

On April 10, 2006, Little Gem Life Sciences LLC, individually and purportedly on behalf of a class of persons similarly situated, filed a complaint against Orphan Medical and former officers of Orphan Medical in the U.S. District Court for the District of Minnesota. The complaint alleges that the defendants made false and misleading statements in the proxy statement prepared by Orphan Medical in connection with the solicitation of proxies to be voted at the special meeting of Orphan Medical stockholders held on June 22, 2005 for the purpose of considering and voting upon a proposal to adopt the definitive merger agreement pursuant to which the Company acquired Orphan Medical. The plaintiff seeks damages for itself and the putative class, in an unspecified amount, together with interest, litigation costs and expenses, and its attorneys

fees and other disbursements, as well as unspecified other and further relief. On October 25, 2006, the defendants filed a motion to dismiss the complaint and oral argument on the motion was heard by the U.S. District Court for the District of Minnesota. On February 16, 2007, the U.S. District Court for the District of Minnesota granted the defendants

JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

motion to dismiss the complaint, but granted the plaintiff a one-month leave to amend the plaintiff s complaint. The Company cannot predict or determine the outcome of this matter or reasonably estimate the amount of any judgments or payments that might result from an adverse outcome. Therefore, in accordance with SFAS 5 the Company has not recorded an associated liability. The Company will recognize a liability, if any, when it has an adequate basis to estimate any probable exposure, if any.

From time to time the Company is involved in legal proceedings arising in the ordinary course of business. The Company believes there is no other litigation pending that could have, individually or in the aggregate, a material adverse effect on the Company s results of operations or financial condition.

9. Collaboration and License Agreements

In October 2004, the Company entered into an agreement with GlaxoSmithKline to purchase worldwide rights to the API in JZP-4. The Company paid and recorded research and development expense of $2.0 million upon execution of the agreement and $3.0 million in July 2006 upon achievement of a developmental milestone. The Company also agreed to pay up to $113.5 million upon the achievement of future developmental and commercial milestones and royalties at specified rates based on net sales.

The Company paid and expensed as research and development $3.0 million and $10.4 million during the years ended December 31, 2004 and 2005, respectively, upon achievement of developmental milestones under the terms of three agreements which have since been terminated and under which no future obligations existed at December 31, 2006. In connection with its product development activities, the Company may enter into agreements with third party technology providers, patent holders and others. Patent licenses may require upfront payments, patent prosecution and maintenance fees and royalties on sales of products covered by the patents. Agreements with technology providers often provide for upfront payments and milestone payments based upon the achievement of specified developmental and commercial milestones and royalties based on sales of the products the Company develops with the technology provider. The Company currently has two such agreements pursuant to which it has agreed to pay up to $8.2 million upon achievement of developmental and commercial milestones.

10. Product License

In June 2006, the Company entered into an agreement with UCB Pharma Limited (UCB) that amended and restated a prior agreement between Orphan Medical and UCB. Under the terms of the amended agreement, UCB has the right to market Xyrem for the treatment of narcolepsy and JZP-6 for the treatment of FMS in 54 countries outside of the U.S. Under the prior agreement UCB made a nonrefundable development milestone payment of $2.5 million in November 2005 and a nonrefundable commercial milestone payment of $500,000 in June 2006 which the Company recognized upon achievement of the milestones. UCB also made upfront payments of $5.0 million upon execution of the amended agreement in June 2006 and $10.0 million in August 2006 upon exercise of its rights to develop and commercialize JZP-6 for the treatment of FMS. The Company recognized revenues of $463,000 related to these upfront payments during the year ended December 31, 2006. The remaining $14.5 million was recorded as deferred revenues as of December 31, 2006 and is being recognized ratably through 2019, the expected performance period under the agreement. The amended agreement requires UCB to make additional milestone payments of up to $148.0 million,

of which up to $8.0 million relate specifically to Xyrem for the treatment of narcolepsy, up to $40.0 million relate to the development and approval of JZP-6 for the treatment of FMS and up to $100.0 million relate primarily to the commercialization of JZP-6 for the treatment of FMS as well as additional sales of Xyrem for the treatment of narcolepsy.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Convertible Preferred Stock Warrant Liability

In June 2005 in connection with the issuance of the notes referenced in Note 7, the Company issued warrants to purchase 8,695,652 shares of Series BB preferred stock at an exercise price of $1.84 per share. The warrants are exercisable, at the option of the holders, at any time until June 24, 2012, and are recorded as preferred stock warrant liability. The warrants may be exercised using the net exercise method. Under this method, the number of shares issued upon exercise is reduced by an amount equal to the product of the number of shares subject to the exercise and the exercise price per share, divided by the fair value of the Series BB preferred stock on the date of the exercise. The number of shares issuable upon exercise of the warrants, and the exercise price per share, are adjustable in the event of stock splits, dividends and similar fundamental changes. The preferred stock warrant liability is revalued at the end of each reporting period to fair value using the Black-Scholes option pricing model to determine the fair value of the warrants. The fair value of the warrants was estimated to be $7.4 million and $8.5 million as of December 31, 2005 and 2006, respectively, using the following assumptions:

	December 31,	
	2005	2006
Series BB preferred stock fair value	$ 1.50	$ 1.75
Volatility	60%	59%
Contractual term	6.5	5.5
Risk-free rate	4.3%	4.7%
Expected dividend yield	0.0%	0.0%

The Company recorded other expense of $901,000 and $1.1 million during the years ended December 31, 2005 and 2006, respectively, to reflect increases in the fair value of the preferred stock warrant liability. The Company will continue to adjust the preferred stock warrant liability for changes in the fair value of the warrants until the earlier of the exercise of the warrants to purchase Series BB preferred stock, at which time the liability will be reclassified to temporary equity, or the conversion of the underlying Series BB preferred stock into common stock, at which time the liability will be reclassified to stockholders deficit.

12. Convertible Preferred Stock

The Company s Second Amended and Restated Certificate of Incorporation authorizes the Company to issue shares of Series A preferred stock, Series B preferred stock, Series B Prime preferred stock and Series BB preferred stock, which hereinafter are collectively referred to as preferred stock.

As of December 31, 2005, the preferred stock is comprised of the following (in thousands, except share amounts):

	Shares Authorized	Shares Issued and Outstanding	Carrying Amount	Aggregate Liquidation Preference
Series A	15,000,000	15,000,000	$ 14,926	$ 15,000
Series B	189,205,047	52,801,406	71,549	72,000
Series B Prime	95,335,876	57,201,526	77,387	78,000
Series BB	8,695,652			
Total	308,236,575	125,002,932	$ 163,862	$ 165,000

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2006, the preferred stock is comprised of the following (in thousands, except share amounts):

	Shares Authorized	Shares Issued and Outstanding	Carrying Amount	Aggregate Liquidation Preference
Series A	15,000,000	15,000,000	$ 14,926	$ 15,000
Series B	189,205,047	88,002,330	119,544	120,000
Series B Prime	95,335,876	95,335,875	129,382	130,000
Series BB	8,695,652			
Total	308,236,575	198,338,205	$ 263,852	$ 265,000

The Company initially recorded the preferred stock at their fair values on the dates of issuance, net of issuance costs. A redemption event will only occur upon a liquidation or winding up of the Company or a change of control as defined in the Company s Second Amended and Restated Certificate of Incorporation. All shares of preferred stock have been presented outside of permanent equity in accordance with EITF Topic D-98, *Classification and Measurement of Redeemable Securities*. The Company has elected not to adjust the carrying values of the preferred stock to their redemption value since it is uncertain whether or when a redemption event will occur. Subsequent adjustments to increase the carrying values to the redemption values will be made when it becomes probable that such redemption will occur.

As of December 31, 2006, the Company has reserved 95,335,876 shares of Series B preferred stock for conversion of the Series B Prime preferred stock.

In January and December 2006, the Company issued 35,200,924 and 38,134,349 shares, respectively, of Series B preferred stock and Series B Prime preferred stock at a purchase price of $1.3636 per share. At the time of each of these issuances, the value of the common stock into which the Series B preferred stock and Series B Prime preferred stock is convertible had a fair value greater than the proceeds for such issuances. Accordingly, the Company recorded a deemed dividend on the Series B preferred stock and Series B Prime preferred stock of $3.5 million in January 2006 and $18.4 million in December 2006, which equals the amount by which the estimated fair value of the common stock issuable upon conversion of the issued Series B preferred stock and Series B Prime preferred stock exceeded the proceeds from such issuances.

The significant rights, privileges and preferences of the preferred stock are as follows:

Election of Directors

The Company has two classes of directors on the Company s board of directors, designated as standard directors and Series B Prime directors. The holders of Series A preferred stock, Series B preferred stock, Series B Prime preferred stock, Series BB preferred stock and common stock, voting together as a single class on an as-if-converted to common stock basis, are entitled to elect the standard directors. The holders of Series B Prime preferred stock, voting as a single class on an as-if-converted-to-common-stock basis, are entitled to elect Series B Prime directors. The number of Series B Prime directors which the holders of Series B Prime preferred stock are entitled to elect and the number of votes which each Series B Prime director is entitled to cast with respect to any action of the Board of Directors is dependent upon (i) the total number of authorized directors; (ii) the ratio of outstanding Series B Prime preferred stock to the total outstanding shares of Series B preferred stock and Series B Prime preferred stock collectively, including common stock issued on conversion thereof; and (iii) the ratio of total capital committed by holders of Series B Prime preferred stock to the total capital commitments of all holders of Series B preferred stock and Series B Prime preferred stock.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Conversion

Each share of Series B Prime preferred stock is convertible into one share of Series B preferred stock at the option of the holder or automatically at any time that the holder, together with its affiliates, owns less than 8.7% of the aggregate total shares of Series B preferred stock and Series B Prime preferred stock, including common stock issued upon conversion thereof. Each share of Series A preferred stock, Series B preferred stock, Series B Prime preferred stock, and Series BB preferred stock is convertible into one share of common stock, subject to adjustment upon the occurrence of certain events. Each share of preferred stock will automatically be converted into common stock at the conversion price then in effect upon the earlier of (i) the closing of a firm commitment underwritten public offering with aggregate proceeds to the Company in excess of $60 million and a per share price not less than $4.09; or (ii) the consent of the holders of at least 55% of the total outstanding shares of preferred stock, voting together as a single class on an as-if-converted to common stock basis.

Voting Rights

The holder of each share of preferred stock is entitled to the number of votes equal to the number of shares of common stock into which the share of preferred stock could be converted. Other than as stated in the Second Amended and Restated Certificate of Incorporation or as required by law, holders of preferred stock vote together with holders of common stock and not as a separate class or series.

Dividends

Holders of the preferred stock are entitled to receive on a pari passu basis, prior and in preference to any declaration or payment of any dividend on the common stock, noncumulative dividends out of any assets legally available at an annual rate of 8% of the respective original purchase prices for the shares of preferred stock, when and if declared by the board of directors. No dividends on preferred stock have been declared through December 31, 2006.

Liquidation

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any change of control of the Company, the holders of Series A preferred stock, Series B preferred stock, Series B Prime preferred stock and Series BB preferred stock are entitled to receive, in preference to distributions to holders of common stock, an amount per share equal to $1.00, $1.3636, $1.3636 and $1.84, respectively, plus any declared but unpaid dividends with respect to such shares of preferred stock. If the assets of the Company are insufficient to permit payment of the liquidation amount in full to all holders of preferred stock, the assets of the Company will be distributed ratably to holders of all series of preferred stock in proportion to the preferential amount each such holder would otherwise be entitled to receive. A change of control of the Company is defined in the Company s Second Amended and Restated Certificate of Incorporation as (i) a sale of all or

substantially all the Company s assets other than to certain holders of Series B Prime preferred stock, their affiliates, a group including such holders or affiliates, or entities controlled by the existing stockholders of the Company; (ii) a transaction or series of transactions resulting in more than 50% of the Company s voting power being led by certain holders of Series B Prime preferred stock, their affiliates or a group including such holders or affiliates; or (iii) a merger or consolidation with an entity other than certain holders of Series B Prime preferred stockholders, their affiliates, or a group including such holder or affiliates if after such merger or consolidation the directors immediately prior to such merger or consolidation do not constitute a majority of the directors of the surviving entity or its parent.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Common Stock

The Company s Second Amended and Restated Certificate of Incorporation authorizes the Company to issue 252,716,057 shares of common stock. The Company has issued certain shares of its common stock under restricted stock purchase agreements with its executives and a non-employee director and upon the early exercise of stock options. Under the terms of these restricted stock purchase agreements and exercised stock options, the Company has the option to repurchase unvested shares of common stock at the initial purchase price upon the termination of a holder s services to the Company. The number of shares subject to repurchase is reduced ratably over 48 months from the date of purchase or, in the case of stock options early exercised, the date of grant of the stock option.

Unvested shares are subject to a right of repurchase at cost upon termination of employment. The original purchase price paid for these shares are recorded as a liability. Prior to 2004 these amounts were reclassified to permanent equity as these shares vested. In February 2004, each of the Company s executive officers entered into an employment agreement which permits the executive officer or the officer s estate to require the Company to repurchase vested shares at fair market value upon termination of the executive officer s employment due to death or disability. The fair value of vested shares held by the Company s executive officers as of the date of such agreements (the Agreement Date Fair Value) was recorded as temporary equity and following the date of such agreements, the Agreement Date Fair Value of shares held by the Company s executive officers is recorded as temporary equity as such shares vest. The excess of the Agreement Date Fair Value over the original purchase price paid for such shares is charged against additional paid-in capital or, to the extent additional paid-in capital is insufficient, as an increase to stockholders deficit. As of December 31, 2005 and 2006, the Company had recorded liability of $184,000 and $98,000 respectively, associated with 2,397,324 and 687,545 unvested shares, respectively. As of December 31, 2005 and 2006, the Company had recorded $5.9 million and $8.2 million as temporary equity, respectively, associated with 4,345,209 and 6,002,085 vested shares held by executive officers, respectively.

The Company has reserved the following shares of authorized but unissued Common Stock as of December 31, 2006:

	Shares
Reserved for conversion of Series A preferred stock	15,000,000
Reserved for conversion of Series B, Series B Prime and Series BB preferred stock	197,900,699
Reserved for the Company s equity incentive plan	23,056,296
Total reserved shares of common stock	235,956,995

14. Stock-Based Compensation

2003 Equity Incentive Plan

In March 2003, the board of directors adopted and the stockholders approved the 2003 Equity Incentive Plan (the 2003 Plan). The 2003 Plan provides for the grant of incentive and nonstatutory stock options, stock issuances, cash awards and certain other equity-related awards to employees, directors and consultants of the Company. An aggregate of 23,517,858 shares of common stock is reserved under the 2003 plan. Incentive stock options may be granted by the board of directors or a committee of the board of directors to employees with an exercise price not less than 100% of the fair value of the common stock on the date of grant. Nonstatutory stock options may be granted to employees, directors and consultants with an exercise price not less than 85% of the fair market value of the common stock on the date of grant. Option grants to employees generally vest 25% upon the first anniversary of the date of hire and ratably each month thereafter for the next three years. The only

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

activity under the 2003 Plan since adoption has related to the grant of stock options to employees and a non-employee director, all of which expire ten years from the date of grant if not exercised.

Change in Accounting Principle Stock Based Compensation Under SFAS 123R

Effective January 1, 2006, the Company adopted SFAS 123R, which requires compensation costs related to share-based transactions, including employee stock options, to be recognized in the financial statements based on fair value.

For each of the three years ended December 31, 2004, 2005, 2006, under both SFAS 123 and SFAS 123R the Company elected to use the Black-Scholes valuation model to calculate the fair value of stock options. The fair value of stock options was estimated at the grant date with using the following assumptions:

	Year Ended December 31,		
	2004	**2005**	**2006**
Weighted-average volatility	80%	60%	61%
Weighted-average expected term	5	5	6
Range of risk-free rates	3.0-4.0%	3.9-4.4%	4.6-5.1%
Expected dividend yield	0.0%	0.0%	0.0%

The weighted-average grant date fair value per share of employee stock options granted during the years ended December 31, 2004, 2005 and 2006 was $.81, $.78 and $.97, respectively.

Volatility

As the Company does not have any trading history for its common stock, the expected stock price volatility for the Company s common stock was estimated by taking the median historic stock price volatility for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. Industry peers consist of several public companies in the biopharmaceutical industry similar in size, stage of life cycle and financial leverage. The Company did not rely on the implied volatilities of traded options in its industry peers common stock, because either the term of those traded options was much shorter than the expected term of the Company s stock option grants, or the volume of activity was relatively low.

Expected Term

The Company has very little historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for its stock option grants. As a result, for stock option grants made during the year ended December 31, 2006, the expected term was estimated using the short-cut method allowed under Securities and Exchange Commission SAB No. 107 *Share-Based Payment*. For stock options granted during the years ended December 31, 2004 and 2005 the Company estimated the expected term of stock options based on the expected terms of options granted by publicly traded industry peers.

Risk-Free Rate

The risk-free interest rate assumption was based on zero coupon U.S. Treasury instruments whose term was consistent with the expected term of the Company s stock option grants.

Expected Dividend Yield

The Company has never declared or paid any cash dividends and does not presently plan to pay cash dividends in the foreseeable future. Consequently, the Company used an expected dividend yield of zero.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Common Stock Fair Value

The fair value of the Company s common stock during the years ended December 31, 2004 and 2005 was determined by its board of directors with assistance from management. In May 2006, the Company engaged an independent valuation specialist to perform a valuation of the Company s common stock. The valuation used a two-step methodology that first estimated the fair value of the Company as a whole, and then allocated a portion of the enterprise value to the Company s common stock. This approach is consistent with the methods outlined in the AICPA Practice Aid Valuation of Privately-Held-Company Equity Securities Issued as Compensation. The valuation methodology utilized both the income approach and the market approach to estimate enterprise value. The income approach estimates the fair value of the enterprise based upon a projection of future cash flows while the market approach is based upon comparisons to publicly-held companies in the Company s industry at a similar stage of development. In order to allocate the enterprise value to the various securities that comprise the Company s capital structure the option-pricing method was used. A discount was applied to account for a lack of marketability. After considering this valuation and other factors, the board of directors determined the fair value of the Company s common stock to be $1.50 as of June 28, 2006.

In December 2006, the Company engaged the independent valuation specialist to perform another valuation effective as of December 31, 2006. This valuation was completed in February 2007 and used the same methodology as the previous valuation except that the Company also considered the probability-weighted expected return method for allocating enterprise value to the common stock. After considering the valuation and other factors, including valuation estimates prepared by the Company s proposed underwriters, the board of directors determined the fair value of the Company s common stock to be $1.75 as of February 13, 2007. The board of directors also reviewed the developments of the Company from June 28, 2006 to February 13, 2007 and noted that while there were a number of development milestones reached during the period from June 28, 2006 to December 31, 2006 no such developments occurred in the period from December 31, 2006 to February 13, 2007. Accordingly, the Company increased the estimated fair value of the common stock ratably from $1.50 to $1.75 over the period from June 28, 2006 to December 31, 2006 for purposes of calculating stock-based compensation expense associated with the Company s stock option grants under SFAS 123R.

Forfeitures

SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In determining the Company s historic forfeiture rate, the Company has excluded stock option grants totaling 12,548,445 shares issued to executives of the Company in February 2004. The Company believes these stock option grants will not be cancelled due to termination, and therefore has applied a forfeiture rate of 0% for those stock option grants. The annualized forfeiture rate used for the remaining stock option grants was 7%. The forfeiture rate selected did not have a material impact on stock-based compensation expense in the year ended December 31, 2006. Prior to adoption of SFAS 123R, the Company accounted for forfeitures of stock option grants as they occurred.

As a result of the Company s Black-Scholes option fair value calculations and the allocation of value to the vesting periods using the straight-line vesting attribution method, the Company recognized $3.5 million of stock-based compensation expense during the year ended December 31, 2006, of which $8,000, $661,000, and $2.8 million were charged to cost of product sales, research and development and selling, general and administrative expense, respectively. The adoption of SFAS 123R caused basic and diluted net loss per common share to increase by $24.51 in 2006. No income tax benefit was recognized in the statement of operations for the year ended December 31, 2006. Compensation cost

capitalized as a component of inventory during 2006 was $18,000.

The total compensation cost related to unvested stock option grants not yet recognized as of December 31, 2006 was $5.5 million and the weighted-average period over which these grants are expected to vest is 1.9 years.

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes activity under the Company s stock option plans from January 1, 2004 through December 31, 2006:

	Shares Available for Grant	Shares Subject to Outstanding Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($000)
Outstanding at December 31, 2003		372,500	$ .10		
Shares authorized through Plan amendment	22,815,358				
Options granted at fair value on date of grant	(8,806,067)	8,806,067	1.36		
Options granted in excess of fair value on date of grant	(5,019,378)	5,019,378	3.41		
Options exercised		(65,000)	.10		
Outstanding at December 31, 2004	8,989,913	14,132,945	2.06		
Options granted at fair value on date of grant	(2,318,500)	2,318,500	1.43		
Options forfeited	303,500	(303,500)	1.22		
Options expired	20,000	(20,000)	.10		
Outstanding at December 31, 2005	6,994,913	16,127,945	1.99		
Options granted at fair value on date of grant	(1,963,600)	1,963,600	1.50		
Options exercised		(66,562)	.15		
Options forfeited	337,239	(337,239)	1.38		
Options expired	10,180	(10,180)	1.43		
Outstanding at December 31, 2006	5,378,732	17,677,564	1.95	7.5	$ 4,722
Vested and expected to vest at December 31, 2006		17,182,590	1.97	7.5	$ 4,577
Exercisable at December 31, 2006		10,581,005	2.04	7.2	$ 2,580

The aggregate intrinsic value shown in the table above is equal to the difference between the exercise price of the underlying stock options and $1.75, the fair value of the Company s common stock as of December 31, 2006, for stock options that were in-the-money as of December 31, 2006.

During 2004, stock options exercised had no intrinsic value. No options were exercised during 2005. The aggregate intrinsic value of options exercised during 2006 was $99,000.

The following table summarizes information about stock options outstanding as of December 31, 2006:

Options Outstanding

Exercise Price	Number of Shares	Weighted-Average Remaining Contractual Life (Years)	Options Exercisable Number of Shares
$ .10	172,500	6.5	172,500
1.36	9,645,726	7.3	6,479,341
1.50	2,839,954	9.3	373,762
2.73	2,509,692	7.1	1,777,701
4.09	2,509,692	7.1	1,777,701
	17,677,564	7.6	10,581,005

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company has issued new shares of common stock upon all exercises of stock options to date and does not currently expect to repurchase shares of common stock in future years to reserve for issuance upon exercise of stock options.

Accounting and Disclosures Under APB 25 and SFAS 123

Prior to January 1, 2006, the Company accounted for stock-based employee compensation arrangements using the intrinsic value method of APB 25 and related interpretations in accounting for its employee stock options and complied with the disclosure-only provisions of SFAS 123, as amended by SFAS 148. No stock-based compensation expense was recorded under APB 25 during the years ended December 31, 2004 and 2005.

The pro forma information required to be disclosed under SFAS 123 for the years ended December 31, 2004 and 2005 is as follows:

	Year Ended December 31,	
	2004	2005
	(In thousands except per share data)	
Loss attributable to common stockholders, as reported	$ (24,804)	$ (85,156)
Add: Employee stock-based compensation using the intrinsic value method		
Deduct: Total employee stock compensation calculated using the fair-value method	(2,325)	(2,934)
Pro forma loss attributable to common stockholders	$ (27,129)	$ (88,090)
Loss per share attributable to common stockholders, basic and diluted		
As reported	$ (137.80)	$ (1,216.51)
Pro forma	$ (150.72)	$ (1,258.43)

The Company estimated fair value of stock options at the grant date using the assumptions set forth above. The Company granted options with exercise prices equal to fair value per share with weighted-average exercise price per share and fair value per share of $1.36, $1.43 and $1.50 during the years ended December 31, 2004, 2005 and 2006, respectively. The Company granted options with exercise prices greater than fair value per share with a weighted-average exercise price per share of $3.41 and weighted-average fair value per share of $1.36 during the year ended December 31, 2004.

15. Income Taxes

The Company has a history of losses and therefore has made no provision for income taxes. All of the Company s losses result from domestic operations.

Deferred income taxes reflect the tax effects of net operating loss and tax credit carryforwards and the net temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for income tax purposes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Significant components of the Company s deferred tax assets and liabilities are as follows (in thousands):

	December 31, 2005	2006
Deferred tax assets:		
Federal and state net operating loss carryforwards	$ 48,552	$ 58,474
Federal and state tax credit carryforwards	8,420	9,876
Deferred contract revenues		5,453
Acquired capitalized research and development	4,256	3,889
Other	1,996	2,631
Total deferred tax assets	63,224	80,323
Deferred tax liabilities:		
Acquired intangible assets	(27,559)	(24,328)
Other		(457)
Total deferred tax liabilities	(27,559)	(24,785)
Valuation allowance	(35,665)	(55,538)
Net deferred tax assets	$	$

Realization of the deferred tax assets is dependent upon the generation of future taxable income, if any, the amount and timing of which are uncertain. Based on available objective evidence, management believes it more likely than not that the Company s deferred tax assets are not recognizable. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by $10.0 million, $24.6 million and $19.9 million for the years ended December 31, 2004, 2005 and 2006, respectively.

At December 31, 2006, the Company had net operating loss carryforwards for federal income tax purposes of approximately $161.0 million which expire in the period from 2008 to 2026, and federal tax credits of approximately $8.0 million which expire in the period from 2008 to 2026. The Company also has state net operating loss carryforwards of approximately $73.0 million which expire beginning in 2013 and state tax credits of approximately $2.0 million which have no expiration date. Utilization of the Company s net operating loss carryforwards and tax credit carryforwards are subject to annual limitation due to the ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such an annual limitation may result in the expiration of the net operating loss before utilization. Because our acquisition of Orphan Medical triggered an ownership change, approximately $37.0 million of the net operating loss carryforward is only available ratably through 2018 based upon the annual limitation under Section 382 of the Internal Revenue Code. Similarly, approximately $5.0 million of tax credits are only available from 2019 to 2024.

16. Related Party Transactions

In June 2005, the Company issued senior secured notes in the aggregate principal amount of $80.0 million with interest payable on the notes at the rate of 15% per year, payable quarterly in arrears. The notes are due and payable on June 24, 2011. As of December 31, 2006, KKR TRS Holdings, Inc., an entity affiliated with Kohlberg Kravis Roberts & Co. L.P., and LB I Group, an entity affiliated with Lehman Brothers Holdings Inc., both of which are significant stockholders, held $25.0 million and $31.0 million, respectively, in principal amount of these senior secured notes. The interest expense recognized with respect to notes held by KKR TRS Holdings, Inc. during the fiscal years ended December 31, 2005 and 2006 was $2.1 million and $4.0 million, respectively. The interest expense recognized with respect to notes held by LB I Group during the fiscal years ended

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2006 was $2.5 million and $5.0 million, respectively. No payments of principal were made in either of these periods. In connection with the issuance of the senior secured notes, we issued warrants to purchase 2,717,391 and 3,369,566 shares of our Series BB preferred stock to KKR TRS Holdings, Inc. and LB I Group, respectively.

17. 401(k) Plan

The Company provides a qualified 401(k) savings plan for its employees. All employees are eligible to participate, provided they meet the requirements of the plan. While the Company may elect to match employee contributions, no such matching contributions have been made through December 31, 2006.

18. Segment and Other Information

Management has determined that the Company operates in one business segment which is the development and commercialization of pharmaceutical products.

The following table presents a summary of product sales (in thousands):

	Year Ended December 31,	
	2005	2006
Xyrem	$ 11,200	$ 29,049
Antizol	6,782	12,813
Cystadane	814	1,437
Total	$ 18,796	$ 43,299

The Company had no product sales or other revenues prior to the acquisition of Orphan Medical in June 2005. In March 2007, the Company sold its rights to Cystadane. See Note 19 for a further discussion of this transaction.

The following table presents a summary of total revenues attributed to domestic and foreign sources (in thousands):

	Year Ended December 31,	
	2005	2006
United States	$ 18,305	$ 42,326
Europe	3,020	1,757
All other	117	773
Total	$ 21,442	$ 44,856

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JAZZ PHARMACEUTICALS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents a summary of revenues from significant customers as a percentage of the Company s total revenues:

	Year Ended December 31,	
	2005	2006
Express Scripts	51%	65%
Cardinal Health	*	12%
Amerisource Bergen	15%	*
UCB	12%	*

* Less than 10% of the Company s total revenues.

19. Subsequent Events

Product License Agreement

In January 2007, the Company entered into a product license agreement with Solvay Pharmaceuticals, Inc. (Solvay) for the rights to market Luvox CR and Luvox in the United States. The Company made a $2.0 million payment upon execution of the agreement, and agreed to make additional payments of up to $138.0 million upon achievement of developmental and commercial milestones. Up to $41.0 million of these milestone payments are payable at or prior to commercial launch of Luvox CR and $2.0 million of these milestone payments are payable if the Company commercially launches Luvox. In addition, the Company is required to pay Solvay royalties at specified rates on commercial sales.

Facilities Lease

In March 2007, the Company entered into a lease agreement for approximately 13,000 square feet of office space in Palo Alto, California. The annual lease payments for this space are approximately $460,000. The fixed term expires in August 2008, after which the Company may extend the term for up to six months subject to certain conditions.

Divestiture of Cystadane

In March 2007, the Company signed a Product Acquisition Agreement with an unrelated third party under which that third party purchased the Company s rights to Cystadane for cash consideration of $9.0 million, along with its associated product registrations, commercial inventory and trademarks. The unrelated third party was also assigned certain contracts related to Cystadane, and assumed substantially all liabilities associated

with Cystadane arising subsequent to March 1, 2007. The Company and the third party concurrently entered into a Transition Services Agreement under which the Company has agreed to perform substantially all of the ongoing services necessary for the sale and promotion of Cystadane on behalf of the third party for up to 90 days following the date of the transaction, subject to certain conditions. The Company expects to record a gain of approximately $5.1 million on the sale of the rights to Cystadane in the first quarter of 2007.

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Report of Independent Auditors

The Board of Directors and Stockholders

Jazz Pharmaceuticals, Inc.

We have audited the accompanying statements of operations and cash flows of Orphan Medical, Inc. for the period from January 1, 2005 to June 24, 2005. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audit included consideration of the internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Orphan Medical, Inc. for the period January 1, 2005 to June 24, 2005, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Palo Alto, California

March 6, 2007

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ORPHAN MEDICAL, INC.

STATEMENT OF OPERATIONS

(In thousands, except per share amounts)

	Period from January 1, 2005 to June 24, 2005
Revenues:	
Product sales, net	$ 12,966
Royalties, net	71
Contract revenues	1,806
Total revenues	14,843
Operating expenses:	
Cost of product sales	1,975
Research and development	4,212
Selling, general and administrative	12,155
Total operating expenses	18,342
Loss from operations	(3,499)
Interest income	111
Interest expense	(13)
Net loss	(3,401)
Less: Preferred stock dividends	491
Loss attributable to common stockholders	$ (3,892)

The accompanying notes are an integral part of these financial statements.

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ORPHAN MEDICAL, INC.

STATEMENT OF CASH FLOWS

(In thousands)

	Period from January 1, 2005 to June 24, 2005
Operating activities	
Net loss	$ (3,401)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	196
Stock compensation expense for non-employee	25
Loss on disposal of property and equipment	37
Changes in assets and liabilities:	
Restricted cash	(1)
Prepaid expenses and other current assets	(2,074)
Accounts receivable	(1,045)
Inventories	115
Accounts payable	(1,241)
Accrued liabilities	(510)
Deferred revenue	(806)
Net cash used in operating activities	(8,705)
Investing activities	
Purchases of property and equipment	(5)
Net cash used in investing activities	(5)
Financing activities	
Proceeds from employee stock purchase plan	16
Proceeds from exercise of stock options	164
Payments on capital lease obligations	(9)
Payments on premium finance note	(683)
Preferred stock dividend payments	(388)
Net cash used in financing activities	(900)
Net decrease in cash and cash equivalents	(9,610)
Cash and cash equivalents, at beginning of period	12,709
Cash and cash equivalents, at end of period	$ 3,099
Schedule of non-cash financing activities:	
Issuance of preferred stock dividends	$ 491
Supplemental disclosure of cash flow information:	
Cash paid for interest	$ 4

The accompanying notes are an integral part of these financial statements.

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ORPHAN MEDICAL, INC.

NOTES TO FINANCIAL STATEMENTS

1. Description of Business

Orphan Medical, Inc. (the Company) acquires, develops, and markets products of high medical value intended to treat sleep disorders, pain and other central nervous system disorders that are addressed by physician specialists. On June 24, 2005, Jazz Pharmaceuticals, Inc. acquired the Company for cash consideration (net of cash acquired) of $145.4 million plus direct acquisition costs of $750,000. At the time of acquisition, the Company had three pharmaceutical products approved for marketing by the U.S. Food and Drug Administration (FDA).

2. Summary of Significant Accounting Policies

Basis of Presentation

The Statement of Operations and Statement of Cash Flows have been prepared in accordance with U.S. generally accepted accounting principles. These statements were prepared for the purpose of complying with Regulation S-X, Rule 3.05 of the Securities and Exchange Commission and are being included in the Form S-1 of Jazz Pharmaceuticals, Inc.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Management bases its estimates on historical experience and on assumptions believed to be reasonable under the circumstances. Actual results could differ materially from those estimates.

Revenue Recognition

Revenues are recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed and determinable and collection is reasonably assured. In evaluating arrangements with multiple elements the Company considers whether components of the arrangement represent separate units of accounting based upon whether certain criteria are met, including whether the delivered element has stand-alone value to the customer and whether there is objective and reliable evidence of the fair value of the undelivered items. This evaluation requires subjective determinations and requires management to make judgments about the fair value of individual elements and whether such elements are separable from other aspects of the contractual relationship. The consideration received in such arrangements is allocated among the separate units of accounting based on their respective fair values when there is reliable evidence of fair value for all elements of the

arrangement. If there is no evidence of fair value for all the elements of the arrangement consideration is allocated based on the residual value method for the delivered elements. Under the residual method, the amount of revenues allocated to the delivered elements equals the total arrangement consideration less the aggregate fair value of any undelivered elements. The applicable revenue recognition criteria are applied to each of the separate units. Payments received in advance of work performed are recorded as deferred revenues and recognized when earned.

Product Sales, Net

Revenues from sales of Xyrem within the United States are recognized upon transfer of title, which occurs when the Company s specialty pharmaceutical distributor removes product from the Company s consigned inventory location at its facility for shipment to a patient. Antizol is and, prior to our sale of the Company s

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ORPHAN MEDICAL, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

rights, and Cystadane was shipped to the Company s wholesaler customers in the United States with free on board destination shipping terms, and the Company recognizes revenues when delivery occurs. The Company s international sales often have customer acceptance clauses and therefore the Company recognizes revenues when it is notified of acceptance or the time to inspect and reject the shipment has lapsed. When sales to international customers do not have acceptance clauses, the Company recognizes revenues when title transfers, which is generally when the product leaves the Company s logistics provider s facilities.

Revenues from sales of products within the United States are recorded net of estimated allowances for prompt payment discounts, wholesaler and speciality distributor fees, government chargebacks and rebates. Significant judgment is inherent in the selection of assumptions and in the interpretation of historical experience, as well as the identification of external and internal factors affecting the estimates. Because Xyrem is sold to one distributor in the United States, allowances and adjustments to estimates for allowances have not historically been material.

Royalties, Net

The Company receives royalties from third parties based on sales of its products under out-licensing and distributor arrangements. For those arrangements where royalties are reasonably estimable, the Company recognizes revenues based on estimates of royalties earned during the applicable period, and adjusts for differences between the estimated and actual royalties in the following quarter. Historically, these adjustments have not been material. For those arrangements where royalties are not reasonably estimable, the Company recognizes revenues upon receipt of royalty statements from the licensee or distributor.

Contract Revenues

Nonrefundable fees where the Company has no continuing performance obligations are recognized as revenues when collection is reasonably assured. In situations where the Company has continuing performance obligations, nonrefundable fees are deferred and recognized ratably over the performance period. The Company recognizes at-risk milestone payments, which are typically related to regulatory, commercial or other achievements by the Company or its licensees and distributors, as revenues when the milestone is accomplished and collection is reasonably assured. Refundable fees are deferred and recognized as revenues upon the later of when they become nonrefundable or when performance obligations are completed.

Cost of Product Sales

Cost of product sales includes third party manufacturing and distribution costs, the cost of drug substance, royalties due to third parties on product sales, product liability insurance, FDA user fees, freight, shipping, handling and storage costs. The Company s product exchange policy for Antizol and Cystadane allows customers to return expired product for exchange up to six months before or after the product s expiration date.

These expiration date returns are exchanged for replacement product, and the estimated cost of such exchanges is included in cost of product sales. Amounts accrued for replacement product have not been material.

Research and Development

The Company s research and development expenses consist of expenses incurred in identifying, developing and testing its product candidates. These expenses consist primarily of fees paid to contract research organizations and other third parties to assist us in managing, monitoring and analyzing our clinical trials, clinical trial costs paid to sites and investigators salaries, costs of non-clinical studies, including toxicity studies in animals, costs of contract manufacturing services, costs of materials used in clinical trials and non-clinical studies, fees paid to third parties for development candidates, allocated expenses, such as facilities and

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ORPHAN MEDICAL, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

information technology that support the Company s research and development activities and related personnel expenses. For products that have not been approved by the FDA, inventory used in clinical trials is expensed at the time of production and recorded as research and development expense. Research and development costs are expensed as incurred, including payments made under the Company s license agreements. For products that have been approved by the FDA, inventory used in clinical trials is expensed at the time the inventory is packaged for the trial and therefore not included in inventory.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and the tax basis of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The Company has a history of losses and therefore has made no provision for income taxes.

Stock-Based Compensation

The Company accounts for stock-based employee compensation arrangements using the intrinsic value method of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, (APB 25) and complies with the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*, (SFAS 123) as amended by Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation, Transition and Disclosure, an amendment to SFAS Statement No. 123 (SFAS 148)*. Under APB 25 compensation expense for employees is based on the excess, if any, of the fair value of the Company s common stock over the exercise price of the option on the date of grant. No stock-based compensation expense was recorded under APB 25 during the period January 1, 2005 to June 24, 2005. The following table illustrates the effect on net loss and loss per common share if the Company had applied the fair value recognition provisions of SFAS 123 as amended by SFAS 148 to stock-based employee compensation.

	Period from January 1, 2005 to June 24, 2005
Loss attributable to common stockholders, as reported	$ (3,892)
Add: Employee stock-based compensation using the intrinsic value method	
Deduct: Total employee stock compensation calculated using the fair-value method	(1,240)
Pro forma loss attributable to common stockholders	$ (5,132)
Loss per share attributable to common stockholders, basic and diluted	
As reported	$ (.35)
Pro forma	$ (.46)

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ORPHAN MEDICAL, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

The Company estimated the fair value of the stock options using the Black-Scholes method in accordance with SFAS No. 123 as amended by SFAS 148. The fair value of the stock options was estimated at the grant date with the following assumptions:

	Period from January 1, 2005 to June 24, 2005
Expected dividend yield	0%
Expected stock price volatility	65%
Risk-free interest rate	4%
Expected life of option (in years)	8

The weighted average grant date fair value per share of employee stock options granted during the period January 1, 2005 to June 24, 2005 was $6.16.

3. Product License

In October 2003, the Company entered into an agreement with Celltech Pharmaceuticals, Inc., which was subsequently acquired by UCB Pharma Limited (UCB), pursuant to which the Company has licensed to UCB all European sales and marketing rights for Xyrem for the treatment of narcolepsy. The Company received $2.5 million upon execution of the agreement which is being amortized on a straight-line basis as contract revenues through September 2005, the expected regulatory approval period. The Company recognized $806,000 of contract revenues in the period from January 1, 2005 to June 24, 2005 related to the upfront payment. UCB also made two $1.0 million milestone payments related to the filing of an application for marketing approval for

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ORPHAN MEDICAL, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

Xyrem for the treatment of cataplexy in patients with narcolepsy with the European Agency for the Evaluation of Medicinal Products and to the Company s delivery to UCB of a supplemental new drug application package for Xyrem for the treatment the excessive daytime sleepiness in patients with narcolepsy. These payments were recognized as revenues upon the achievement of the milestones in March 2004 and January 2005, respectively.

4. Segment and Other Information

Management has determined that the Company operates in one business segment, which is the development and commercialization of pharmaceutical products.

The following table presents a summary of product sales (in thousands):

	Period from January 1, 2005 to June 24, 2005
Xyrem	$ 8,034
Antizol	4,267
Cystadane	665
Total	$ 12,966

The following table presents a summary of total revenues attributed to domestic and foreign sources (in thousands):

	Period from January 1, 2005 to June 24, 2005
United States	$ 12,464
Europe	2,107
All other	272
Total	$ 14,843

The following table presents a summary of revenues from significant customers as a percentage of the Company s total revenues:

	Period from January 1, 2005 to June 24, 2005
ExpressScripts	54%
UCB	12%
Cardinal Health	11%
Amerisource Bergen	10%

5. Subsequent Events

Legal Proceedings

In April 2006, a physician who was a speaker for the Company was indicted by a federal grand jury in the U.S. District Court for the Eastern District of New York. The indictment alleges that the physician engaged in a scheme with the Company s sales representatives and other Company employees to promote and obtain reimbursement for Xyrem for medical uses not approved for marketing by the FDA. Also in April 2006, the

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ORPHAN MEDICAL, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

Department of Justice, acting through the U.S. Attorney for the Eastern District of New York, issued to the Company and Jazz Pharmaceuticals subpoenas for documents relating to Xyrem. The Company is cooperating with this investigation and has provided documents to the U.S. Attorney s Office. There have been discussions with the U.S. Attorney s Office regarding the possible settlement of any potential government claims. It is currently unknown if any such settlement will be reached on reasonable terms, or at all. The Company cannot predict or determine the outcome of this matter or reasonably estimate the amount of any fines or penalties that might result from an adverse outcome. Therefore, in accordance with Statement of Financial Accounting Standard No. 5, *Accounting for Contingencies* (SFAS 5), the Company has not recorded an associated liability. The Company will recognize a liability, if any, when it has an adequate basis to estimate any probable exposure, if any.

On April 10, 2006, Little Gem Life Sciences LLC, individually and purportedly on behalf of a class of persons similarly situated, filed a complaint against the Company and former officers of the Company in the U.S. District Court for the District of Minnesota. The complaint alleges that the defendants made false and misleading statements in the proxy statement prepared by the Company in connection with the solicitation of proxies to be voted at the special meeting of Company stockholders held on June 22, 2005 for the purpose of considering and voting upon a proposal to adopt the definitive merger agreement pursuant to which the Company was acquired by Jazz Pharmaceuticals. The plaintiff seeks damages for itself and the putative class, in an unspecified amount, together with interest, litigation costs and expenses, and its attorneys fees and other disbursements, as well as unspecified other and further relief. On October 25, 2006, the defendants filed a motion to dismiss the complaint and oral argument on the motion was heard by the U.S. District Court for the District of Minnesota. On February 16, 2007, the U.S. District Court for the District of Minnesota granted the defendants motion to dismiss the complaint, but granted the plaintiff a one-month leave to amend the plaintiff s complaint. The Company cannot predict or determine the outcome of this matter or reasonably estimate the amount of any judgments or payments that might result from an adverse outcome. Therefore, in accordance with SFAS 5 the Company has not recorded an associated liability. The Company will recognize a liability, if any, when it has an adequate basis to estimate any probable exposure, if any.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of the common stock being registered. All amounts shown are estimates except for the SEC registration fee, the NASD filing fee and the NASDAQ Global Market filing fee.

	Amount to be Paid
SEC registration fee	$ 5,296
NASD filing fee	17,750
NASDAQ Global Market initial listing fee	150,000
Blue sky qualification fees and expenses	15,000
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	20,000
Miscellaneous expenses	*
Total	$ *

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers.

We are incorporated under the laws of the State of Delaware. Section 145 of the Delaware General Corporation Law provides that a Delaware corporation may indemnify any persons who are, or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person was an officer, director, employee or agent of such corporation, or is or was serving at the request of such person as an officer, director, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation s best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was illegal. A Delaware corporation may indemnify any persons who are, or are threatened to be made, a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation s best interests except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred

to above, the corporation must indemnify him or her against the expenses that such officer or director has actually and reasonably incurred. Our third amended and restated certificate of incorporation and our amended and restated bylaws, each of which will become effective upon the closing of this offering, provide for the indemnification of our directors and officers to the fullest extent permitted under the Delaware General Corporation Law.

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Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, except for liability for any:

transaction from which the director derives an improper personal benefit;

act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

unlawful payment of dividends or redemption of shares; or

breach of a director s duty of loyalty to the corporation or its stockholders.

Our third amended and restated certificate of incorporation and amended and restated bylaws include such a provision. Expenses incurred by any officer or director in defending any such action, suit or proceeding in advance of its final disposition shall be paid by us upon delivery to us of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified by us.

Section 174 of the Delaware General Corporation Law provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption may be held liable for such actions. A director who was either absent when the unlawful actions were approved, or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

As permitted by the Delaware General Corporation Law, we have entered into indemnity agreements with each of our directors and officers that require us to indemnify such persons against any and all expenses (including attorneys fees), witness fees, judgments, fines, settlements and other amounts incurred (including expenses of a derivative action) in connection with any action, suit or proceeding or alternative dispute resolution mechanism, inquiry hearing or investigation, whether threatened, pending or completed, to which any such person may be made a party by reason of the fact that such person is or was a director, an officer or an employee of Jazz Pharmaceuticals or any of its affiliated enterprises, provided that such person s conduct did not constitute a breach of his or her duty of loyalty to us or our stockholders, and was not an act or omission not in good faith or which involved intentional misconduct or a knowing violation of laws. The indemnity agreements also set forth certain procedures that will apply in the event of a claim for indemnification thereunder.

At present, there is no pending litigation or proceeding involving any of our directors or officers as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

We have an insurance policy covering our officers and directors with respect to certain liabilities, including liabilities arising under the Securities Act or otherwise. Messrs. Clammer, Michelson and Momtazee are further insured by liability insurance that has been purchased by Kohlberg Kravis Roberts & Co. L.P. on their behalf for any excess liabilities that are not covered by our liability insurance. Mr. Colella is insured by liability insurance purchased on his behalf by, and indemnified pursuant to the governing agreements of, Versant Ventures for his service on our board of directors.

We plan to enter into an underwriting agreement that provides that the underwriters are obligated, under some circumstances, to indemnify our directors, officers and controlling persons against specified liabilities, including liabilities under the Securities Act.

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Item 15. Recent Sales of Unregistered Securities.

The following list sets forth information regarding all unregistered securities sold by us since our inception through January 31, 2007.

(1) Since our inception through January 31, 2007, we have granted options under our 2003 Stock Equity Incentive Plan, to purchase 18,810,045 shares of common stock to employees and directors, having exercise prices ranging from $.10 to $4.09 per share. Of these, options to purchase 463,924 shares of common stock have been exercised for aggregate consideration of $52,536.02, at exercise prices ranging from $.10 to $1.36 per share. As of January 31, 2007, we have cancelled options to purchase 773,347 shares of common stock.

(2) On March 20, 2003, we issued and sold an aggregate of 3,960,000 shares of common stock to two of our executive officers for aggregate consideration of $9,108.

(3) On March 31, 2003, we issued and sold 815,000 shares of common stock to one of our executive officers for aggregate consideration of $1,874.50.

(4) On April 18, 2003, we issued and sold 300,000 shares of common stock to one of our executive officers for aggregate consideration of $1,500.

(5) On April 23, 2003, we issued and sold 330,000 shares of common stock to one of our executive officers for aggregate consideration of $3,300.

(6) On April 30, 2003, we issued and sold an aggregate of 2,150,000 shares of Series A preferred stock to a total of six accredited investors for aggregate consideration of $2,150,000.

(7) On August 29, 2003, we issued and sold an aggregate of 5,000,000 shares of Series A preferred stock to a total of five accredited investors for aggregate consideration of $5,000,000.

(8) On October 30, 2003, we issued and sold 660,000 shares of common stock to one of our executive officers for aggregate consideration of $66,000.

(9) On January 9, 2004, we issued and sold an aggregate of 232,500 shares of common stock to one of our executive officers for aggregate consideration of $23,250.

(10) On January 14, 2004, we issued and sold an aggregate of 7,850,000 shares of Series A preferred stock to a total of five accredited investors for aggregate consideration of $7,850,000.

(11) On February 18, 2004, we issued and sold an aggregate of 17,307,128 shares of Series B preferred stock to a total of thirty-one accredited investors for aggregate consideration of $23,599,999.74.

(12)

On February 18, 2004, we issued and sold an aggregate of 19,067,175 shares of Series B Prime preferred stock to a total of two institutional and accredited investors for aggregate consideration of $25,999,999.83.

(13) On April 6, 2004, we issued and sold an aggregate of 293,341 shares of Series B preferred stock to a total of two accredited investors for aggregate consideration of $399,999.79.

(14) On September 24, 2004, we issued and sold an aggregate of 146,671 shares of common stock to one of our directors for aggregate consideration of $200,000.58.

(15) On June 20, 2005, we issued and sold an aggregate of 35,200,937 shares of Series B preferred stock to a total of thirty-four accredited investors for aggregate consideration of $47,999,997.69.

(16) On June 20, 2005, we issued and sold an aggregate of 38,134,351 shares of Series B Prime preferred stock to a total of two accredited investors for aggregate consideration of $52,000,001.02.

(17) On June 24, 2005, in connection with the issuance of our senior secured notes in the aggregate principal amount of $80,000,000, we issued and sold warrants to purchase an aggregate of 8,695,652 shares of Series BB preferred stock to a total of eight accredited investors. Pursuant to the terms of

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the agreement governing the issuance of the senior secured notes and warrants, the aggregate consideration allocated to the warrants was $5,360,000.00.

(18) On January 26, 2006, we issued and sold an aggregate of 12,320,326 shares of Series B preferred stock to a total of thirty-two accredited investors for aggregate consideration of $16,799,996.53.

(19) On January 26, 2006, we issued and sold an aggregate of 13,347,023 shares of Series B Prime preferred stock to a total of two accredited investors for aggregate consideration of $18,200,000.56.

(20) On December 14, 2006, we issued and sold an aggregate of 22,880,598 shares of Series B preferred stock to a total of thirty-two institutional and accredited investors for aggregate consideration of $31,199,983.44.

(21) On December 14, 2006, we issued and sold an aggregate of 24,787,326 shares of Series B Prime preferred stock to a total of two institutional and accredited investors for aggregate consideration of $33,799,997.74.

The offers, sales and issuances of the securities described in Item 15(1) were exempt from registration under the Securities Act under Rule 701 in that the transactions were under compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of such securities were our employees or directors and received the securities under our 2003 Equity Incentive Plan. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment or business relationships, to information about us.

The offers, sales, and issuances of the securities described in Items 15(2) through 15(21) were exempt from registration under the Securities Act under Section 4(2) of the Securities Act and Regulation D promulgated thereunder as transactions by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited or sophisticated person and had adequate access, through employment, business or other relationships, to information about us.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description of Document
1.1	Form of Underwriting Agreement.
2.1	Agreement and Plan of Merger dated as of April 18, 2005, by and among the Registrant, Twist Merger Sub, Inc. and Orphan Medical, Inc.
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant, currently in effect.
3.2	Form of Third Amended and Restated Certificate of Incorporation of the Registrant to be effective upon the closing of this offering.
3.3	Amended and Restated Bylaws of the Registrant, currently in effect.

3.4	Form of Amended and Restated Bylaws of the Registrant to be effective upon the closing of this offering.
4.1	Reference is made to exhibits 3.1 through 3.4.
4.2	Specimen Common Stock Certificate.
4.3+	Second Amended and Restated Investor Rights Agreement, dated as of June 24, 2005, by and between the Registrant and the other parties named therein.
4.4	Senior Secured Note and Warrant Purchase Agreement, dated as of June 24, 2005, by and among the Registrant, Twist Merger Sub, Inc. and the Purchasers.

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Exhibit Number	Description of Document
4.5	Form of Senior Secured Note of the Registrant.
4.6	Form of Series BB Preferred Stock Warrant of the Registrant.
5.1	Opinion of Cooley Godward Kronish LLP.
9.1	Second Amended and Restated Voting Agreement, dated as of June 24, 2005, by and among the Registrant and the other parties named therein.
10.1+	Form of Indemnification Agreement between the Registrant and its officers and directors.
10.2+	Employment Agreement, dated as of February 18, 2004, by and between the Registrant and Bruce Cozadd.
10.3+	Employment Agreement, dated as of February 18, 2004, by and between the Registrant and Samuel Saks.
10.4+	Employment Agreement, dated as of February 18, 2004, by and between the Registrant and Robert Myers.
10.5+	Employment Agreement, dated as of February 18, 2004, by and between the Registrant and Matthew Fust.
10.6+	Employment Agreement, dated as of February 18, 2004, by and between the Registrant and Carol Gamble.
10.7+	Employment Agreement, dated as of February 18, 2004, by and between the Registrant and Janne Wissel.
10.8+	Stock Purchase Agreement, dated as of September 24, 2004, by and between the Registrant and Alan Sebulsky.
10.9+	Common Stock Purchase Agreement, dated as of March 20, 2003, by and between the Registrant and Bruce Cozadd.
10.10+	Stock Restriction Agreement, dated as of April 30, 2003, by and between the Registrant and Bruce Cozadd.
10.11+	Amendment to Stock Restriction Agreement, dated as of October 30, 2003, by and between the Registrant and Bruce Cozadd.
10.12+	Common Stock Purchase Agreement, dated as of October 30, 2003, by and between the Registrant and Bruce Cozadd.
10.13+	Common Stock Purchase Agreement, dated as of March 20, 2003, by and between the Registrant and Samuel Saks.
10.14+	Stock Restriction Agreement, dated as of April 30, 2003, by and between the Registrant and Samuel Saks.
10.15+	Amendment to Stock Restriction Agreement, dated as of October 30, 2003, by and between the Registrant and Samuel Saks.
10.16+	Amended and Restated Stock Purchase Agreement, dated as of April 30, 2003, by and between the Registrant and Robert Myers.
10.17+	Amendment No. 1 to Amended and Restated Stock Purchase Agreement, dated as of December 18, 2003, by and between the Registrant and Robert Myers.
10.18+	Common Stock Purchase Agreement, dated as of January 9, 2004, by and between the Registrant and Robert Myers.
10.19+	Amended and Restated Stock Purchase Agreement, dated as of April 30, 2003, by and between the Registrant and Matthew Fust.
10.20+	Amended and Restated Stock Purchase Agreement, dated as of April 30, 2003, by and between the Registrant and Carol Gamble.

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Exhibit Number	Description of Document
10.21+	2003 Equity Incentive Plan, as amended.
10.22+	Form of Stock Option Agreement and Form of Option Grant Notice under the 2003 Equity Incentive Plan.
10.23+	2007 Equity Incentive Plan.
10.24+	Form of Option Agreement and Form of Option Grant Notice under the 2007 Equity Incentive Plan.
10.25+	2007 Non-Employee Directors Stock Option Plan.
10.26+	Form of Stock Option Agreement and Form of Option Grant Notice under the 2007 Non-Employee Directors Stock Option Plan.
10.27+	2007 Employee Stock Purchase Plan.
10.28+	Form of 2007 Employee Stock Purchase Plan Offering Document.
10.29+	Jazz Pharmaceuticals, Inc. Cash Bonus Plan.
10.30	Asset Purchase Agreement, dated as of October 4, 2004, by and among the Registrant, Glaxo Group Limited and SmithKline Beecham Corporation dba GlaxoSmithKline.
10.31	Sodium Gamma Hydroxybutyrate Development and Supply Agreement, dated as of November 6, 1996, as amended, by and between Orphan Medical, Inc. and Lonza, Inc.
10.32	Services Agreement dated as of July 29, 2002, as amended, between Orphan Medical, Inc. and Express Scripts Specialty Distribution Services, Inc.
10.33	Xyrem Supply Agreement dated as of June 30, 2000, as amended, by and between Orphan Medical, Inc. and DSM Pharmaceuticals, Inc.
10.34	Amended and Restated Xyrem License and Distribution Agreement, dated as of June 30, 2006, by and between the Registrant and UCB Pharma Limited.
10.35	License Agreement, dated as of January 31, 2007, by and between the Registrant and Solvay Pharmaceuticals, Inc.
10.36	Supply Agreement, dated as of January 31, 2007, by and between the Registrant and Solvay Pharmaceuticals, Inc.
10.37	Trademark License Agreement, dated as of January 31, 2007, by and between the Registrant and Solvay Pharmaceuticals, Inc.
10.38	Assignment, Assumption and Consent, dated as of January 31, 2007, by and among the Registrant, Solvay Pharmaceuticals, Inc and Elan Pharma International Limited.
10.39	License Agreement, dated as of December 22, 1997, as amended, by and among Solvay Pharmaceuticals, Inc and Elan Pharma International Limited.
10.40	Commercial Lease, dated as of June 2, 2004, by and between the Registrant and The Board of Trustees of the Leland Stanford Junior University.
10.41	Sublease Agreement, dated as of February 25, 2007, by and between Xerox Corporation and the Registrant.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
23.2	Consent of Independent Auditors.
23.3	Consent of Cooley Godward Kronish LLP (included in Exhibit 5.1).
24.1	Power of Attorney (see page II-10 to this Registration Statement on Form S-1).

* Previously filed.
To be filed by amendment.
\+ Indicates management contract or compensatory plan.

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(b) Financial Statement Schedules. The following financial statement schedule is included herewith:

Schedule II

Valuation and Qualifying Accounts

(In thousands)

	Balance at beginning of period	Additions(3)	Additions charged to costs and expenses(4)	Deductions	Balance at end of period
For the year ended December 31, 2006					
Allowance for doubtful accounts(1)	$ 25	$	$ 28	$ (3)	$ 50
Allowance for sales discounts(1)	71		880	(857)	94
Allowance for chargebacks(1)	26		212	(233)	5
Allowance for customer rebates(1)			44	(26)	18
Allowance for wholesaler fees(1)	153		203	(325)	31
Allowance for government rebates(2)	88		229	(254)	63
For the year ended December 31, 2005					
Allowance for doubtful accounts(1)	$	$ 25	$ 14	$ (14)	$ 25
Allowance for sales discounts(1)		62	381	(372)	71
Allowance for chargebacks(1)		25	57	(56)	26
Allowance for customer rebates(1)					
Allowance for wholesaler fees(2)		134	64	(45)	153
Allowance for government rebates(2)		115	135	(162)	88
For the year ended December 31, 2004					
Allowance for doubtful accounts	$	$	$	$	$
Allowance for sales discounts					
Allowance for chargebacks					
Allowance for customer rebates					
Allowance for wholesaler fees					
Allowance for government rebates					

Notes

(1) shown as a reduction of accounts receivable
(2) included in accrued liabilities
(3) amounts represent the liabilities assumed as a result of the acquisition of Orphan Medical, Inc. on June 24, 2005
(4) all charges except doubtful accounts are reflected as a reduction of revenue

All other schedules are omitted because they are inapplicable or the requested information is shown in the consolidated financial statements of the registrant or related notes thereto.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred

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or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Palo Alto, State of California, on the 8th day of March, 2007.

JAZZ PHARMACEUTICALS, INC.

By: /s/ SAMUEL R. SAKS, M.D.
Samuel R. Saks, M.D.
Chief Executive Officer

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KNOW ALL BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Samuel R. Saks, M.D., Matthew K. Fust and Carol A. Gamble, and each of them, as his or her true and lawful attorneys-in-fact and agents, each with the full power of substitution, for him or her and in his or her name, place or stead, in any and all capacities, to sign any and all amendments to this Registration Statement (including post-effective amendments), and to sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act, and all post-effective amendments thereto, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Samuel R. Saks, M.D. **Samuel R. Saks, M.D.**	Chief Executive Officer and Member of the Board of Directors (*Principal Executive Officer*)	March 8, 2007
/s/ Matthew K. Fust **Matthew K. Fust**	Senior Vice President and Chief Financial Officer (*Principal Accounting and Financial Officer*)	March 8, 2007
/s/ Adam H. Clammer **Adam H. Clammer**	Director	March 8, 2007
/s/ Samuel D. Colella **Samuel D. Colella**	Director	March 8, 2007
/s/ Bruce C. Cozadd **Bruce C. Cozadd**	Director	March 8, 2007
/s/ Bryan C. Cressey **Bryan C. Cressey**	Director	March 8, 2007
/s/ Michael W. Michelson **Michael W. Michelson**	Director	March 8, 2007
/s/ James C. Momtazee **James C. Momtazee**	Director	March 8, 2007
/s/ Kenneth W. O Keefe **Kenneth W. O Keefe**	Director	March 8, 2007

/s/ Alan M. Sebulsky **Alan M. Sebulsky**	Director	March 8, 2007
/s/ James B. Tananbaum, M.D. **James B. Tananbaum, M.D.**	Director	March 8, 2007

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