

Effect on U.S. Tax Basis – **UPDATED APRIL 6, 2015**

Quarterly Dividend Distributions Paid February 14, 2014

Section 6045B Reporting

United States Internal Revenue Service Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, any U.S. tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

Purpose:

Section 6045B of the Internal Revenue Code of 1986, as amended (“Code”), requires an issuer of stock to provide to the United States Internal Revenue Service (“IRS”) and to the holders of stock certain information on organizational actions that affect the tax basis of such stock for United States federal income tax purposes. Under Treasury Regulation § 1.6045B-1(a)(3) and (b)(4), an issuer may comply with these requirements by posting such information on its public Web site.

Issuer:

Crosstex Energy, Inc. (“CEI”)

Issuer TIN:

52-2235832

Description of Organizational Action:

On February 14, 2014 each holder of record of CEI’s Common Stock as of the close of business on January 30, 2014 received cash distributions, per share, in the amount of \$0.15 (the “Distributions”).

It was previously published that all of these Distributions would qualify as a taxable dividend distribution. Based on more recent available information and under the rules of the United States Internal Revenue Code, CEI now expects that the Form 1099s it provides to shareholders will characterize the Distributions as nondividend distributions in taxable year 2014.

Securities Involved:

Crosstex Energy, Inc. (“Common Stock”)

CUSIP: 22765Y104

NYSE Ticker Symbol: TXXI

Effects on Tax Basis:

For United States federal income tax purposes, CEI expects that the Form 1099s it provides to shareholders will characterize these Distributions as nondividend distributions under section 301(c) of the Code in taxable year 2014.

All holders should consult their own tax advisors regarding the United States federal and other tax consequences of the Distributions.

Contact Person:

If you have any questions, please contact:

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