



July 13, 2020

### **TO OUR VALUED EMPLOYEES**

The Board and management of Hi-Crush have been working diligently to identify ways to better align our operating and financing costs with market realities, enhance strategic opportunities, and solidify Hi-Crush's long-term viability and success.

As a result of this work, on July 12, 2020, Hi-Crush (the "Company") voluntarily filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code to effectuate a prearranged plan of reorganization (the "Prearranged Plan"). At the same time, the Company entered into a Restructuring Support Agreement ("RSA") with certain of our noteholders collectively owning or controlling approximately 94% of the aggregate outstanding principal amount of the Company's 9.5% senior notes due 2026 (the "2026 Notes") on the Prearranged Plan.

Through the Chapter 11 process, our Company will reduce our debt, improve our competitive position, and continue to operate and serve customers. The RSA with our noteholders will assist us in moving through the Chapter 11 process quickly, and we currently expect to emerge within 60-90 days. This agreement is an indication of the noteholders' support for our continued operations, and their commitment to our future success.

Under the terms of the RSA, Hi-Crush will substantially reduce its annual interest burden by converting approximately \$450 million of the value of our 2026 Notes into new common equity of a reorganized company, while providing minimal disruption to our operations. The conversion of debt results in a reduction in the Company's annual interest burden of greater than \$43 million. This will allow Hi-Crush to invest more in our people and operations, as well as strengthen our balance sheet to navigate the current market environment and better prepare for future challenges and opportunities.

**Employees can expect that operations will continue and you will be paid as normal.** Additionally, as a result of the orders entered by the bankruptcy court today, substantially all trade vendors who will have an ongoing business relationship with the Company will be paid for goods and services in the normal course of business without interruption and business with our customers will continue as usual.

We believe that this represents a positive step for Hi-Crush and we look forward to working together with all of you to continue to grow our Company for many years to come.

If you have additional questions, do not hesitate to contact your manager. Additionally, the Company has set up a toll-free hotline to answer questions about this transaction. The hotline can be accessed by calling (866) 554-5810.



## **Frequently Asked Questions**

### **1. What did we announce?**

We announced that Hi-Crush voluntarily filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code. The action is supported by a Restructuring Support Agreement (“RSA”) between Hi-Crush Inc. and a majority of our noteholders. Under the RSA, we intend to restructure our balance sheet to reduce our obligations and improve Hi-Crush’s long-term competitive position. We also announced that we do not anticipate any disruptions to business operations as a result of the Chapter 11 process.

### **2. Hi-Crush is NOT going out of business**

We are going through the restructuring process to provide us the financial flexibility to pursue our business strategy. We will continue to operate our business in the normal course. The Company has worked diligently with certain of its creditors to develop a prearranged plan to support its ongoing operations and make the reorganization process as efficient as possible.

### **3. How does this impact my job or my day-to-day responsibilities?**

Hi-Crush and all of our business lines will continue operations as usual without interruption. This announcement will not affect your job responsibilities or day-to-day activities. You will still report to work as scheduled, and you will be paid your same salary on the standard payroll cycle immediately following the filing. We expect all employees to continue to perform their jobs safely and in full compliance with all Company policies and procedures.

### **4. Will I continue to be paid?**

Yes. You will be paid your same salary on the standard payroll cycle. You will see no interruption in your salary during this process.

### **5. Will the Prearranged Plan affect our operations?**

No. Daily operations at the Company and ongoing operations will continue as normal. The Company anticipates no disruption to its business operations. Any operational changes will be in response to changing market needs and communicated to employees in the ordinary course.

### **6. Do our customers know? What should we tell them?**

Our customers have been informed through separate communications, and the executive, supply chain, and sales teams are making every effort to hold proactive discussions with each of them. If you are contacted by a customer, please refer them to our toll-free restructuring hotline at (866) 554-5810. Please do this so that our customers can get the most up-to-date and accurate information possible. We also encourage employees to call the hotline or talk to their managers if they have questions.



**7. What is a “prearranged” Chapter 11 filing?**

A prearranged Chapter 11 filing is an event in which a company negotiates a plan of reorganization with key stakeholders before the company actually files for bankruptcy protection. This not only allows the company to enter into Chapter 11 with sufficient support to approve its plan, but also shortens and simplifies the process, reducing uncertainty for its employees, customers and suppliers.

**8. Which businesses are included in the Chapter 11 filing?**

All of Hi-Crush’s wholly-owned domestic subsidiaries are included in the filing. The Canadian entities, which are non-operational, are not included in the Chapter 11.

**9. Will there be a reduction in workforce due to this announcement?**

Nothing in the RSA or Prearranged Plan calls for a reduction in force or reduction in pay. Any future changes will be driven by overall business conditions or activity levels.

**10. Will there be any management changes?**

Nothing in the RSA or Prearranged Plan calls for a change in management and there will be no changes to the current reporting structure. Bob Rasmus will remain as CEO, along with the current management team for the foreseeable future.

**11. Will vendors continue to be paid?**

As a result of the orders entered by the court, substantially all trade vendors who will have an ongoing business relationship with the Company will be paid for goods and services in the normal course of business without interruption and most of the Company’s contracts will remain in effect in accordance with their terms, preserving the rights of such parties.

**12. What will happen to the stock that I own?**

All existing common stock of Hi-Crush will be cancelled as a result of the Restructuring Support Agreement, and the noteholders will convert existing debt into stock of the reorganized company, which they will control. There will be no exchange of current HCR stock with new shares issued by the reorganized company, holders of existing common stock shall not receive a distribution under the Prearranged Plan, and they will not receive any future cash payments for accrued dividends upon vesting, should an employee have held unvested stock at the time of the Chapter 11 filing.



**13. Where can I get additional information?**

You can contact your manager with any questions you may have. Alternatively, you can call our toll-free restructuring hotline at (866) 554-5810 or by referring the website maintained by the claims agent appointed in this case at <https://www.kccllc.net/hicrush>.