LJL, LLC
Form 424B5
July 23, 2014
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-185179

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)(2)
5.00% Senior Notes due 2022	$700,000,000	$90,160
Guarantees of Senior Notes	(2)	None
Total	$700,000,000	$90,160

(1) The filing fee, calculated in accordance with Rule 457(r), has been transmitted to the SEC in connection with the securities offered from Registration Statement File No. 333-185179 by means of this prospectus supplement.
(2) No separate consideration will be received for such guarantees. Pursuant to Rule 457(n) under the Securities Act, no registration fee is required with respect to such guarantees.

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PROSPECTUS SUPPLEMENT

(To Prospectus dated November 28, 2012)

$700,000,000

Regency Energy Partners LP

Regency Energy Finance Corp.

5.00% Senior Notes due 2022

We are offering $700,000,000 aggregate principal amount of 5.00% Senior Notes due 2022 (the notes). We will pay interest on the notes on April 1 and October 1 of each year, beginning April 1, 2015. The notes will mature on October 1, 2022.

At any time prior to July 1, 2022, we may redeem some or all of the notes at 100% of the principal amount thereof, plus a make-whole redemption price and accrued and unpaid interest, if any, to the redemption date. On or after July 1, 2022, we may redeem some or all of the notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. If we undergo certain change of control transactions we may be required to offer to purchase the notes from holders.

The notes will be guaranteed on a senior basis by substantially all of our existing consolidated subsidiaries and certain of our future subsidiaries. In accordance with the terms of the notes, the acquired Eagle Rock entities (as defined herein) will become guarantors of the notes within 20 business days of their guarantee of our obligations under our revolving credit facility, which is required to occur within 30 days of the closing of the Eagle Rock midstream acquisition (as defined herein). The notes will rank equally in right of payment with all of our existing and future senior unsecured debt, including our outstanding senior notes, and senior in right of payment to all of our future subordinated debt. The notes will be effectively subordinated to our existing and future secured indebtedness, including indebtedness under our revolving credit facility, to the extent of the value of the collateral securing such indebtedness. The guarantees will rank equally in right of payment with all of the guarantors existing and future senior debt, including their guarantees of our outstanding senior notes, and senior in right of payment to all of the guarantors future subordinated debt. The guarantees will be effectively subordinated to the guarantors existing and future secured indebtedness, including their guarantees of indebtedness under our revolving credit facility, to the extent of the value of the collateral securing such indebtedness. The notes and the guarantees will be structurally subordinated to all indebtedness and obligations of our subsidiaries that do not guarantee the notes.

Investing in the notes involves risks. See Risk Factors beginning on page S-12 of this prospectus supplement and on page 3 of the accompanying base prospectus.

	Per Note	Total
Public offering price[1]	99.158%	$ 694,106,000
Underwriting discount	1.463%	$ 10,241,000
Proceeds, before expenses, to us[1]	97.695%	$ 683,865,000

(1) Plus accrued interest from July 25, 2014, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying base prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

The notes offered by this prospectus supplement will not be listed on any securities exchange and there is no existing trading market for the notes.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on or about July 25, 2014.

Joint Book-Running Managers

Barclays

BBVA **Comerica Securities**

Deutsche Bank Securities **Morgan Stanley**

ABN AMRO **BNP PARIBAS**

Fifth Third Securities **Goldman, Sachs & Co.**

MUFG

Senior Co-Manager

Capital One Securities

Prospectus Supplement dated July 22, 2014.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the notes. The second part is the accompanying base prospectus, some of which may not apply to this offering of the notes. Generally, when we refer only to the prospectus, we are referring to both parts combined. If the information about the offering varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus supplement, the accompanying base prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus supplement or the accompanying base prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated by reference into this prospectus supplement or the accompanying base prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying base prospectus. Please read Incorporation of Certain Documents by Reference in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying base prospectus and any free writing prospectus prepared by or on behalf of us relating to this offering of the notes. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are offering to sell the notes, and seeking offers to buy the notes, only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus or any free writing prospectus is accurate as of any date other than the dates shown in these documents or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying base prospectus. It does not contain all of the information you should consider before making an investment decision. You should read this entire prospectus supplement, the accompanying base prospectus, the documents incorporated by reference and the other documents to which we refer for a more complete understanding of this offering. Please read Risk Factors beginning on page S-12 of this prospectus supplement and on page 3 of the accompanying base prospectus for more information about important factors that you should consider before buying the notes in this offering.

Except as otherwise indicated or the context otherwise requires, as used in this prospectus supplement, Regency Energy Partners, the Partnership, we, our, us or like terms mean Regency Energy Partners LP and its subsidiaries. References to our general partner refer to Regency GP LP, the general partner of the Partnership, and its general partner, Regency GP LLC, which effectively manages the business and affairs of the Partnership. References to Finance Corp. refer to Regency Energy Finance Corp.

Regency Energy Partners LP

We are a growth-oriented, publicly-traded Delaware limited partnership engaged in the gathering and processing, compression, treating and transportation of natural gas; the transportation, fractionation and storage of natural gas liquids (NGLs); the gathering, transportation and terminaling of oil (crude, and/or condensate, a lighter oil) received from producers; and the management of coal and natural resource properties in the United States. We focus on providing midstream services in some of the most prolific natural gas producing regions in the United States, including the Eagle Ford, Haynesville, Barnett, Fayetteville, Marcellus, Utica, Bone Spring, Avalon and Granite Wash shales. Our assets are primarily located in Texas, Louisiana, Arkansas, Pennsylvania, California, Mississippi, Alabama, New Mexico and the mid-continent region of the United States, which includes Kansas, Colorado and Oklahoma. On July 1, 2014, we completed our acquisition (the Eagle Rock midstream acquisition) of the midstream business of Eagle Rock Energy Partners, L.P. (Eagle Rock). The entities we acquired from Eagle Rock (the acquired Eagle Rock entities) are engaged in the business of gathering, compressing, treating, processing and transporting natural gas; fractionating and transporting NGLs; crude oil and condensate logistics and marketing; and natural gas marketing and trading. The Eagle Rock midstream business is located in four significant natural gas producing regions: (i) the Texas Panhandle; (ii) East Texas/Louisiana; (iii) South Texas and (iv) the Gulf of Mexico. These four regions are productive, mature, natural gas producing basins that have historically experienced significant drilling activity. The addition of the Eagle Rock midstream business is expected to complement our core gathering and processing business, and, when combined with our acquisition of PVR Partners, L.P. that we completed in March 2014 (the PVR merger), further diversify our basin exposure in the Texas Panhandle, East Texas and South Texas.

We divide our operations into six business segments:

Gathering and Processing. We provide wellhead-to-market services to producers of natural gas, which include transporting raw natural gas from the wellhead through gathering systems, processing raw natural gas to separate NGLs from the raw natural gas and selling or delivering pipeline-quality natural gas and NGLs to various markets and pipeline systems, the gathering, transportation and terminaling of oil (crude and/or condensate) received from producers, and the gathering and disposing of salt water. This segment also includes Edwards Lime Gathering LLC (ELG), which operates natural gas gathering, oil pipeline, and oil stabilization facilities in South Texas, our 33.33% membership interest in Ranch Westex JV LLC, which processes natural gas delivered from NGL-rich shale formations in west Texas, and our 51% interest in Aqua PVR Water Services, LLC, which transports and supplies fresh water to natural gas producers in the Marcellus shale in Pennsylvania.

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Natural Gas Transportation. We own a 49.99% general partner interest in RIGS Haynesville Partnership Co., which owns the Regency Intrastate Gas System, a 450-mile intrastate pipeline that delivers natural gas from northwest Louisiana to downstream pipelines and markets, and a 50% membership interest in Midcontinent Express Pipeline LLC, which owns a 500-mile interstate natural gas pipeline stretching from southeast Oklahoma through northeast Texas, northern Louisiana and central Mississippi to an interconnect with the Transcontinental Gas Pipe Line system in Butler, Alabama. This segment also includes Gulf States Transmission LLC, which owns a 10-mile interstate pipeline that extends from Harrison County, Texas to Caddo Parish, Louisiana.

NGL Services. We own a 30% membership interest in Lone Star NGL LLC, an entity owning a diverse set of midstream energy assets including NGL pipelines, storage, fractionation and processing facilities located in Texas, New Mexico, Mississippi and Louisiana.

Contract Services. We own and operate a fleet of compressors used to provide turn-key natural gas compression services for customer specific systems. We also own and operate a fleet of equipment used to provide treating services, such as carbon dioxide and hydrogen sulfide removal, natural gas cooling, and dehydration.

Natural Resources. We are involved in the management and leasing of coal properties and the related collection of royalties. We also earn revenues from other land management activities, such as selling standing timber, leasing coal-related infrastructure facilities, and collecting oil and gas royalties. This segment also includes our 50% interest in Coal Handling Solutions LLC, which owns and operates end-user coal handling facilities.

Corporate. The Corporate segment comprises our corporate assets.

Partnership Structure and Management

Our operations are conducted through, and our operating assets are owned by, our subsidiaries. We own our interests in our operating subsidiaries through an operating partnership, Regency Gas Services LP. Regency GP LP, our general partner, has direct responsibility for conducting our business and for managing our operations. Because our general partner is a limited partnership, its general partner, Regency GP LLC, is ultimately responsible for the business and operations of Regency GP LP and conducts our business and operations. Thus, the board of directors and officers of Regency GP LLC make decisions on our behalf.

Finance Corp., our wholly owned subsidiary, has no material assets or any liabilities other than as a co-issuer of our debt securities, including the notes offered hereby and our existing senior notes. Its business activities are limited to co-issuing our debt securities and engaging in other activities incidental thereto.

Other Information

Our principal executive offices are located at 2001 Bryan Street, Suite 3700, Dallas, Texas 75201, and our telephone number is (214) 750-1771. Our periodic reports and other information filed with or furnished to the Securities and Exchange Commission (the SEC) are available, free of charge, through our website, at www.regencyenergy.com, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus supplement and does not constitute a part of this prospectus supplement.

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The Offering

Issuers	Regency Energy Partners LP and Regency Energy Finance Corp.
Notes Offered	$700,000,000 aggregate principal amount of 5.00% senior notes due 2022.
Interest	5.00% per year. Interest on the notes is payable semi-annually on April 1 and October 1 of each year, beginning April 1, 2015 and interest will accrue from July 25, 2014.
Maturity	October 1, 2022.
Guarantees	The notes will be guaranteed on a senior basis by substantially all of our existing consolidated subsidiaries and certain of our future subsidiaries. In accordance with the terms of the notes, the acquired Eagle Rock entities will become guarantors of the notes within 20 business days of their guarantee of our obligations under our revolving credit facility, which is required to occur within 30 days of the closing of the Eagle Rock midstream acquisition.
Ranking	The notes will be unsecured and will rank equally with all of our existing and future unsubordinated unsecured obligations, including our outstanding 6 7/8% Senior Notes due 2018, 8 3/8% Senior Notes due 2019, 5 3/4% Senior Notes due 2020, 8 3/8% Senior Notes due 2020, 6 1/2% Senior Notes due 2021, 6 1/2% Senior Notes due 2021, 5 7/8% Senior Notes due 2022, 5 1/2% Senior Notes due 2023 and 4 1/2% Senior Notes due 2023 (collectively, our existing senior notes). The notes will be senior in right of payment to any of our future obligations that are, by their terms, expressly subordinated in right of payment to the notes. The notes will be effectively subordinated to our existing and future secured indebtedness, including indebtedness under our revolving credit facility, to the extent of the value of the collateral securing such obligations. The guarantees will be unsecured and will rank equally with all of the guarantors existing and future unsubordinated unsecured obligations, including their guarantees of our existing senior notes. The guarantees will be senior in right of payment to any of the guarantors future obligations that are, by their terms, expressly subordinated in right of payment to the guarantees. The guarantees will be effectively subordinated to the guarantors existing and future secured indebtedness, including their guarantees of indebtedness under our revolving credit facility, to the extent of the value of the collateral securing such indebtedness. The notes and guarantees will be structurally subordinated to all indebtedness and obligations of our subsidiaries that do not guarantee the notes.

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	As of March 31, 2014, after giving pro forma effect to the financing transactions described in Capitalization and this offering and the application of the net proceeds therefrom as set forth under Use of Proceeds, we and the guarantors would have had approximately $5.8 billion in principal amount of senior indebtedness outstanding (including the notes offered hereby), $102 million of which would have been secured indebtedness under our revolving credit facility (excluding approximately $21 million of letters of credit outstanding thereunder), and we would have had approximately $1.4 billion of availability under our revolving credit facility. As of March 31, 2014, our non-guarantor subsidiaries did not have any indebtedness other than ordinary trade indebtedness and our unconsolidated subsidiaries had an aggregate of $1.2 billion of indebtedness outstanding.
Optional Redemption	At any time prior to July 1, 2022, we may redeem some or all of the notes at a redemption price of 100% of the principal amount of the notes redeemed plus a make-whole premium and accrued and unpaid interest, if any, to the redemption date. On or after July 1, 2022, we may redeem some or all of the notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any. See Description of Notes Optional Redemption.
Change of Control	Upon the occurrence of a change of control event, which occurrence (other than one involving the adoption of a plan relating to liquidation or dissolution) is followed by a ratings decline within 90 days of the consummation of the transaction, we must offer to repurchase the notes at 101% of the principal amount of the notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase. A ratings decline is defined as a decrease in the rating of the notes by both Moody s Investors Service, Inc. (Moody s) and Standard & Poor s Ratings Services (Standard & Poor s) by one or more gradations of the notes. See Description of Notes Repurchase at the Option of Holders Change of Control. We may not have enough funds available at the time of a change of control to make any required debt payment (including repurchases of the notes). Our ability to repurchase the notes upon a change of control will be limited by the terms of our debt agreements, including our revolving credit facility. We cannot assure you that we will have the financial resources to repurchase the notes in such circumstances.
Covenants	We will issue the notes under a supplement to an indenture with Wells Fargo Bank, National Association, as trustee. The covenants in the indenture supplement will, among other things, limit our ability and the ability of certain of our subsidiaries to: incur additional indebtedness; pay distributions on, or repurchase or redeem our equity interests;

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make certain investments;

incur liens;

enter into certain types of transactions with our affiliates; and

sell assets or consolidate or merge with or into other companies.

These and other covenants that will be contained in the indenture supplement are subject to important exceptions and qualifications, which are described under Description of Notes Certain Covenants.

If the notes achieve investment grade ratings by either Moody s or Standard & Poor s and no default or event of default has occurred and is continuing under the indenture, we and our restricted subsidiaries will no longer be subject to many of the foregoing covenants. See Description of Notes Certain Covenants Termination of Covenants.

Use of Proceeds

The net proceeds, after deducting underwriting discounts and commissions and estimated offering expenses, to us from the sale of the notes offered hereby will be approximately $682.6 million, which we will use to repay borrowings outstanding under our revolving credit facility and for general partnership purposes. See Use of Proceeds.

Risk Factors

You should read Risk Factors beginning on page S-12 of this prospectus supplement, on page 3 of the accompanying base prospectus and as found in the documents incorporated by reference, as well as the other cautionary statements throughout this prospectus supplement and in the accompanying base prospectus, to ensure you understand the risks associated with an investment in the notes.

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Summary Historical Consolidated and Pro Forma Financial Data

The following table sets forth our summary historical consolidated financial data for the periods and as of the dates presented. The summary historical consolidated balance sheet data as of December 31, 2013, 2012 and 2011 and the summary historical consolidated statement of operations and cash flow data for the years ended December 31, 2013, 2012 and 2011 are derived from our audited historical consolidated financial statements incorporated by reference into this prospectus supplement. The summary historical consolidated balance sheet data as of March 31, 2014 and the summary historical consolidated statement of operations and cash flow data for the three months ended March 31, 2014 and 2013 are derived from our unaudited historical consolidated financial statements incorporated by reference into this prospectus supplement, and the summary historical consolidated balance sheet data as of March 31, 2013 are derived from our unconsolidated financial statements not incorporated by reference into this prospectus supplement.

On August 9, 2013, we retrospectively adjusted our financial statements as of December 31, 2012 and for the year then ended to reflect our acquisition of Southern Union Gathering Company LLC (SUGS) on April 30, 2013. We accounted for this acquisition in a manner similar to the pooling of interest method of accounting as it was a transaction between commonly controlled entities. Under this method of accounting, we reflected the historical balance sheet data for us and SUGS instead of reflecting the fair market value of SUGS assets and liabilities. We retrospectively adjusted our financial statements as of December 31, 2012 and for the year then ended to include the balances and operations of SUGS from March 26, 2012 (the date upon which common control began).

You should read our historical consolidated financial data in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, as well as our historical financial statements and notes thereto, which are incorporated by reference into this prospectus supplement. Historical results are not necessarily indicative of results that may be expected for any future period. You should also read our historical consolidated financial data in conjunction with our combined pro forma financial information contained in our Current Reports on Form 8-K/A filed with the SEC on March 14, 2014 and May 16, 2014, which are incorporated by reference into this prospectus supplement.

The following table also sets forth our summary unaudited condensed combined financial data on a pro forma basis for the periods and as of the dates indicated after giving effect to (i) the PVR merger, including the assumption of the PVR s outstanding senior notes and the repayment of PVR s revolving credit facility with borrowings under our revolving credit facility, (ii) the Eagle Rock midstream acquisition, including the exchange of $550 million of Eagle Rock senior notes for $550 million of our senior notes (approximately $498.9 million of Eagle Rock senior notes were actually exchanged for $498.9 million of our senior notes on the closing date) and (iii) our acquisition of subsidiaries of Hoover Energy Partners, L.P. (the Hoover acquisition). The pro forma balance sheets as of March 31, 2014 and as of December 31, 2013 reflect such transactions and the pro forma adjustments as though they had occurred on March 31, 2014, while the pro forma combined statements of operations for the three months ended March 31, 2014 and for the year ended December 31, 2013 reflect such transactions and the pro forma adjustments as though they had occurred as of January 1, 2013.

The accounting for an acquisition of a business is based on the authoritative guidance for business combinations. Purchase accounting requires, among other things, that the assets and liabilities assumed be recognized at their fair values as of the date the acquisition is completed. The allocation of the purchase price is dependent upon certain valuations of the assets and liabilities and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments reflect the assets and liabilities at their historical book values. Differences between these historical bases and the final purchase accounting will occur, and these differences could have a material impact on the unaudited pro forma combined per unit information set forth below.

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The following summary unaudited condensed combined pro forma financial data has been prepared for illustrative purposes only and is not necessarily indicative of what the combined organization s condensed financial position or results of operations actually would have been had such transactions been completed as of the dates indicated and 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, including those set forth in Risk Factors beginning on page S-12 of this prospectus supplement and in the other information and documents included or incorporated by reference in this prospectus supplement and the accompanying base prospectus. The following summary unaudited condensed combined pro forma financial data should be read in conjunction with, and is qualified in its entirety by reference to, the audited historical consolidated and unaudited pro forma combined financial statements and the accompanying notes incorporated by reference into this prospectus supplement.

	Historical					Pro Forma	
(Dollars in millions)	**Three Months Ended March 31, 2014 (Unaudited)**	**Three Months Ended March 31, 2013 (Unaudited)**	**Year Ended December 31, 2013**	**Year Ended December 31, 2012**	**Year Ended December 31, 2011**	**Three Months Ended March 31, 2014 (Unaudited)**	**Year Ended December 31, 2013 (Unaudited)**
Statement of Operations Data:							
Total revenues	$ 863	$ 540	$ 2,521	$ 2,000	$ 1,434	$ 1,448	$ 4,698
Total operating costs and expenses	841	555	2,466	1,970	1,394	1,444	4,546
Operating income (loss)	22	(15)	55	30	40	4	152
Other income and deductions:							
Income from unconsolidated affiliates	43	35	135	105	120	43	135
Interest expense, net	(56)	(37)	(164)	(122)	(103)	(93)	(336)
Loss on debt refinancing, net			(7)	(8)			(21)
Other income and deductions, net	2	(14)	7	29	17	3	22
Income (loss) from continuing operations before income taxes	11	(31)	26	34	74	(43)	(48)
Income tax expense (benefit)	(1)	(2)	(1)			(1)	(1)

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	Historical					Pro Forma	
(Dollars in millions)	Three Months Ended March 31, 2014 (Unaudited)	Three Months Ended March 31, 2013 (Unaudited)	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Three Months Ended March 31, 2014 (Unaudited)	Year Ended December 31, 2013 (Unaudited)
Net income (loss)	12	(29)	27	34	74	(42)	(47)
Net income (loss) attributable to noncontrolling interest	(3)		(8)	(2)	(2)	(3)	(8)
Net income (loss) attributable to Regency Energy Partners LP	9	$ (29)	$ 19	$ 32	$ 72	$ (45)	$ (55)
Cash Flow Data:							
Net cash flows provided by (used in):							
Operating activities	187	$ 83	$ 436	$ 324	$ 254	$ 255	$ 673
Investing activities	(454)	(288)	(1,393)	(807)	(955)	(466)	(1,848)
Financing activities	261	196	923	535	693	235	1,127
Other Financial Data:							
Ratio of earnings to fixed charges[1]	1.12		1.14	1.35	1.63		
Adjusted EBITDA[2]	205	$ 120	$ 608	$ 517	$ 420	$ 279	$ 994

	Historical					Pro Forma	
(Dollars in millions)	March 31, 2014 (Unaudited)	March 31, 2013 (Unaudited)	December 31, 2013	December 31, 2012	December 31, 2011	Three Months Ended March 31, 2014 (Unaudited)	Year Ended December 31, 2013 (Unaudited)
Balance Sheet Data (at period end):							
Property, plant and equipment, net	$ 7,321	$ 3,882	$ 4,418	$ 3,686	$ 1,886	$ 8,315	$ 7,688
Total assets	15,197	8,320	8,782	8,123	5,568	16,663	16,394
Long-term debt (long-term portion only)	5,564	2,336	3,310	2,157	1,687	6,634	6,365
Series A Preferred Units	32	73	32	73	71	32	32
Partners capital	8,863	5,324	4,916	5,340	3,531	9,063	9,125

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(1) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations before adjustment for equity income from equity method investees plus fixed charges, amortization of capitalized interest and distributed income from investees accounted for under the equity method. Fixed charges consist of interest expensed and capitalized and an estimated interest component of rent expense.

(2) Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies and is not a measure of net income or cash flows as determined by GAAP. We define EBITDA as net income (loss) plus interest expense, net; income tax expense, net; and depreciation and amortization expense. We define adjusted EBITDA as EBITDA plus or minus: non-cash loss (gain) from commodity and embedded derivatives; unit-based compensation expenses; loss (gain) on asset sales, net; loss on debt refinancing; other non-cash (income) expense, net; our interest in ELG adjusted EBITDA less adjusted EBITDA attributable to ELG; and our interest in adjusted EBITDA from unconsolidated affiliates less income from unconsolidated affiliates.

Adjusted EBITDA is used as supplemental measure by our management and by external users of our financial statements to assess, among other things: the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness and make cash distributions to our unitholders and general partner; our operating performance and return on capital as compared to those of other companies in the midstream energy sector, without regard to financing or capital structure; and the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

Adjusted EBITDA should not be considered an alternative to, or more meaningful than net income, operating income, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP. Adjusted EBITDA may not be comparable to a similarly titled measure of another company because other entities may not calculate adjusted EBITDA in the same manner. Adjusted EBITDA is the starting point in determining cash available for distribution, which is an important non-GAAP financial measure for a publicly traded partnership.

Adjusted EBITDA does not include interest expense, income tax expense or depreciation and amortization expense. Because we have borrowed money to finance our operations, interest expense is a necessary element of our costs and our ability to generate cash available for distribution. Because we use capital assets, depreciation and amortization are also necessary elements of our costs. Therefore, any measures that exclude these elements have material limitations. To compensate for these limitations, we believe that it is important to consider both net earnings determined under GAAP, as well as adjusted EBITDA, to evaluate our performance.

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The following table provides a reconciliation of net cash flows provided by operating activities and of net income (loss) to adjusted EBITDA for the periods presented:

	Historical					Pro Forma	
(Dollars in millions)	**Three Months Ended March 31, 2014 (Unaudited)**	**Three Months Ended March 31, 2013 (Unaudited)**	**Year Ended December 31, 2013**	**Year Ended December 31, 2012**	**Year Ended December 31, 2011**	**Three Months Ended March 31, 2014 (Unaudited)**	**Year Ended December 31, 2013 (Unaudited)**
Net cash flows provided by operating activities	$ 187	$ 83	$ 436	$ 324	$ 254	$ 255	$ 673
Add (deduct):							
Depreciation and amortization, including debt issuance cost amortization, bond premium write-off and amortization and impairment	(97)	(67)	(293)	(259)	(175)	(187)	(577)
Impairment of long-lived assets						(2)	
Income from unconsolidated affiliates	43	35	135	105	120	43	135
Derivative valuation change	(17)	(18)	(6)	12	21	(20)	(31)
(Loss) gain on asset sales, net	2	(1)	(2)	(3)	2	2	(1)
Gain on sale of unconsolidated subsidiary							14
Unit-based compensation expenses	(2)	(2)	(7)	(5)	(3)	(4)	(19)
Non-cash interest expense							(7)
Trade accounts receivable and related party receivables	21	14	96		8	29	132
Other current assets and other current liabilities	(35)	(85)	54	(10)	(11)	(37)	56
Trade accounts payable and related party payables	(48)	47	(119)	(18)	(23)	(80)	(153)
Distributions of earnings received from unconsolidated affiliates	(43)	(36)	(142)	(121)	(119)	(43)	(150)
Cash flow changes in other assets and liabilities	1	1	(125)	9		2	(119)

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(Dollars in millions)	Historical					Pro Forma	
	Three Months Ended March 31, 2014 (Unaudited)	Three Months Ended March 31, 2013 (Unaudited)	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Three Months Ended March 31, 2014 (Unaudited)	Year Ended December 31, 2013 (Unaudited)
Net income (loss)	12	(29)	27	34	74	(42)	(47)
Add (deduct):							
Interest expense, net	56	37	164	122	103	93	336
Depreciation, depletion and amortization	94	65	287	252	169	186	563
Income tax expense	(1)	(1)	(1)			(1)	(1)
EBITDA	161	71	477	408	346	236	851
Add (deduct):							
Partnership s interest in unconsolidated affiliates adjusted EBITDA	75	63	250	222	213	75	250
Income from unconsolidated affiliates	(43)	(35)	(135)	(105)	(120)	(43)	(135)
Non-cash (gain) loss from commodity and embedded derivatives	4	18	3	(19)	(18)	(20)	3
Other expense, net	8	3	13	11	(1)	32	25
Adjusted EBITDA	$ 205	$ 120	$608	$517	$ 420	$ 279	$ 994

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RISK FACTORS

An investment in the notes involves risks. You should carefully consider the following risk factors, together with the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2013 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, as well as all of the other information and documents included or incorporated by reference in this prospectus supplement and the accompanying base prospectus in evaluating an investment in the notes. If any of the described risks actually were to occur, our business, financial condition or results of operations could be affected materially and adversely.

Risks Relating to the Notes

We have a holding company structure in which our subsidiaries conduct our operations and own our operating assets. Additionally, we are not able to control the amounts of cash that certain of our unconsolidated subsidiaries may distribute to us.

We are a holding company, and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the partnership interests and the equity in our subsidiaries. As a result, our ability to make required payments on the notes depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, our revolving credit facility and applicable state partnership or limited liability company laws and other laws and regulations. Pursuant to our revolving credit facility, we may be required to establish cash reserves for the future repayment of outstanding letters of credit under such facility. If we are unable to obtain the funds necessary to pay the principal amount of the notes at maturity, we may be required to adopt one or more alternatives, such as a refinancing of the notes. We cannot assure you that we would be able to refinance the notes on satisfactory terms or at all.

Additionally, the ability of our unconsolidated subsidiaries to make distributions to us may be restricted by, among other things, the terms of each such entity s partnership or limited liability company agreement, as applicable, and any debt instruments entered into by such entity, as well as applicable state partnership or limited liability company laws and other laws and regulations. We are not able to control the amounts of cash that our unconsolidated subsidiaries may distribute to us.

Your right to receive payments on the notes and the guarantees is unsecured and will be effectively subordinated to our existing and future secured indebtedness.

The notes are effectively subordinated to claims of our secured creditors and the guarantees are effectively subordinated to the claims of our and the guarantors secured creditors, including the lenders under our revolving credit facility. As of March 31, 2014, after giving pro forma effect to the financing transactions described in Capitalization and this offering and the application of the net proceeds therefrom as set forth under Use of Proceeds, we and the guarantors would have had approximately $5.8 billion in principal amount of senior indebtedness outstanding (including the notes offered hereby), $102 million of which would have been secured indebtedness under our revolving credit facility (excluding approximately $21 million of letters of credit outstanding thereunder), and we would have had approximately $1.4 billion of availability under our revolving credit facility.

Not all of our subsidiaries will initially guarantee the notes. Your right to receive payments on the notes could be adversely affected if any of our non-guarantor subsidiaries declares bankruptcy, liquidates or reorganizes.

Although substantially all of our consolidated subsidiaries will initially guarantee the notes, in the future the guarantees may be released under certain circumstances. Further, certain of our subsidiaries will not guarantee the notes initially and the acquired Eagle Rock entities will not become guarantors within 20 business days after their guarantee of our revolving credit facility, which is required to occur within 30 days of the closing of the Eagle Rock midstream acquisition. None of our unconsolidated subsidiaries will qualify as a Subsidiary for

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purposes of the indenture governing the notes, and therefore, will not guarantee the notes. The notes will be structurally subordinated to the claims of all creditors, including unsecured indebtedness, trade creditors and tort claimants, of our non-guarantor subsidiaries. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of a non-guarantor subsidiary, creditors of that non-guarantor subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the notes. As of March 31, 2014, our non-guarantor subsidiaries did not have any indebtedness other than ordinary trade indebtedness, and our unconsolidated subsidiaries had an aggregate of $1.2 billion of indebtedness outstanding.

We do not have the same flexibility as other types of organizations to accumulate cash, which may limit cash available to service the notes or to repay them at maturity.

Unlike a corporation, our partnership agreement requires us to distribute, on a quarterly basis, all of our available cash to our unitholders of record and our general partner subject to the limitations on restricted payments in the indentures governing our existing senior notes and in our revolving credit facility. Available cash is generally all of our cash and cash equivalents on hand and the amount of any cash reserves established by our general partner. Our general partner will determine the amount and timing of such distributions and has broad discretion to establish and make additions to our reserves or the reserves of our operating partnership in amounts the general partner determines in its reasonable discretion to be necessary or appropriate:

- to provide for the proper conduct of our business and the businesses of our operating partnership (including reserves for future capital expenditures and for our anticipated future credit needs);
- to provide funds for distributions to our unitholders and the general partner for any one or more of the next four calendar quarters; or
- to comply with applicable law or any of our loan or other agreements, including the indentures governing the notes and our existing senior notes and our revolving credit facility.

Although our payment obligations to our unitholders are subordinated to our payment obligations to you, the value of our common units decreases in correlation with decreases in the amount we distribute per unit. Accordingly, if we experience a liquidity problem in the future, we may not be able to issue equity to recapitalize.

Our leverage may limit our ability to borrow additional funds, comply with the terms of our indebtedness or capitalize on business opportunities.

Our leverage is significant in relation to our partners capital and we will be prohibited from making cash distributions during an event of default under our debt agreements. Various limitations in our revolving credit facility, as well as the indentures for the notes and our existing senior notes, may reduce our ability to incur additional debt, to engage in transactions and to capitalize on business opportunities. Any subsequent refinancing of our current indebtedness or any new indebtedness could have similar or greater restrictions. As of March 31, 2014, after giving pro forma effect to the financing transactions described in Capitalization and this offering and the application of the net proceeds therefrom as set forth under Use of Proceeds, we and the guarantors would have had approximately $5.8 billion in principal amount of senior indebtedness outstanding (including the notes offered hereby), $102 million of which would have been secured indebtedness under our revolving credit facility (excluding approximately $21 million of letters of credit outstanding thereunder) and would have ranked effectively senior to the notes, and we would have had approximately $1.4 billion of availability under our revolving credit facility.

Our leverage could have important consequences to investors in the notes. We will require substantial cash flow to meet our principal and interest obligations with respect to the notes and our other indebtedness. Our ability to make scheduled payments, to refinance our obligations with respect to our indebtedness or to obtain additional financing in the future will depend on our financial and operating performance, which, in turn, is

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subject to prevailing economic conditions and to financial, business and other factors. We believe that we will have sufficient cash flow from operations and available borrowings under our revolving credit facility to service our indebtedness. However, a significant downturn in our business and the midstream sector of the natural gas industry or other development adversely affecting our cash flow could materially impair our ability to service our indebtedness. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to refinance all or a portion of our debt or sell assets. We cannot assure you that we would be able to refinance our existing indebtedness or sell assets on terms that are commercially reasonable.

Our leverage may adversely affect our ability to fund future working capital, capital expenditures and other general partnership requirements, future acquisition, construction or development activities, or to otherwise fully realize the value of our assets and opportunities because of the need to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness or to comply with any restrictive terms of our indebtedness. Our leverage may also make our results of operations more susceptible to adverse economic and industry conditions by limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and may place us at a competitive disadvantage as compared to our competitors that have less debt.

A court may use fraudulent conveyance considerations to avoid or subordinate the subsidiary guarantees.

Various applicable fraudulent conveyance laws have been enacted for the protection of creditors. A court may use fraudulent conveyance laws to subordinate or avoid the subsidiary guarantees of the notes issued by any of the guarantors. It is also possible that under certain circumstances a court could hold that the direct obligations of a subsidiary guaranteeing the notes could be superior to the obligations under that guarantee.

A court could avoid or subordinate the guarantee of the notes by any of our subsidiaries in favor of that subsidiary s other debts or liabilities to the extent that the court determined either of the following were true at the time the subsidiary issued the guarantee:

- that subsidiary incurred the guarantee with the intent to hinder, delay or defraud any of its present or future creditors or that subsidiary contemplated insolvency with a design to favor one or more creditors to the total or partial exclusion of others; or

- that subsidiary did not receive fair consideration or reasonably equivalent value for issuing the guarantee and, at the time it issued the guarantee, that subsidiary (i) was insolvent or rendered insolvent by reason of the issuance of the guarantee, (ii) was engaged or about to engage in a business or transaction for which the remaining assets of that subsidiary constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

The measure of insolvency for purposes of the foregoing will vary depending upon the law of the relevant jurisdiction. Generally, however, an entity would be considered insolvent for purposes of the foregoing if the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets at a fair valuation, or if the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and matured.

Among other things, a legal challenge of a subsidiary s guarantee of the notes on fraudulent conveyance grounds may focus on the benefits, if any, realized by that subsidiary as a result of our issuance of the notes. To the extent a subsidiary s guarantee of the notes is avoided as a result of fraudulent conveyance or held unenforceable for any other reason, the note holders would cease to have any claim in respect of that guarantee and the notes would be structurally subordinated to all liabilities of that subsidiary.

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The indenture governing the notes will contain a savings clause, which limits the liability of each guarantor on its guarantee to the maximum amount that such guarantor can incur without risk that its guarantee will be subject to avoidance as a fraudulent transfer. We cannot assure you that this limitation will protect such guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the guarantees would suffice, if necessary, to pay the notes in full when due. Furthermore, in Official Committee of Unsecured Creditors of TOUSA, Inc. v. Citicorp North America, Inc., the U.S. Bankruptcy Court in the Southern District of Florida held that a savings clause similar to the savings clause that will be included in the indenture governing the notes was unenforceable. As a result, the subsidiary guarantees were found to be fraudulent conveyances. The United States Court of Appeals for the Eleventh Circuit recently affirmed the liability findings of the Bankruptcy Court without ruling directly on the enforceability of savings clauses generally. If the TOUSA decision were followed by other courts, the risk that the guarantees would be deemed fraudulent conveyances would be significantly increased.

Our reimbursement of our general partner s expenses and our payment of certain fees to affiliates of Energy Transfer Equity, L.P. (ETE) and Energy Transfer Partners, L.P. (ETP) under a services agreement and an operation and service agreement will reduce our cash available for debt service.

We reimburse our general partner and its affiliates for all expenses they incur on our behalf. These expenses include all costs incurred by our general partner and its affiliates in managing and operating us, including costs for rendering corporate staff and support services to us. In addition, we are a party to a services agreement with ETE and its affiliate, ETE Services Company, LLC (ETE Services), pursuant to which ETE Services provides certain general and administrative services to us and our general partner. Although ETE has agreed to eliminate the $10 million annual management fee paid by us until April 30, 2015, our obligation to make this payment will resume following such time. We are also party to an operation and service agreement with our general partner, our subsidiary, Regency Gas Services LP, and an affiliate of ETP, La Grange Acquisition, L.P. d/b/a Energy Transfer Company (ETC), pursuant to which ETC performs certain operations, maintenance and related services reasonably required to operate and maintain certain of our facilities. The reimbursement of expenses of our general partner and its affiliates, as well as our payments under the services agreement with ETE Services and the operation and service agreement with ETC, will reduce our cash available for debt service.

Your ability to transfer the notes may be limited by the absence of a trading market.

The notes will be new securities for which there is no trading market. We do not currently intend to apply for listing of the notes on any securities exchange. Although the underwriters have informed us that they currently intend to make a market in the notes, they are not obligated to do so. In addition, the underwriters may discontinue any such market-making at any time without notice. The liquidity of any market for the notes will depend on the number of holders of the notes, the interest of securities dealers in making a market in the notes and other factors. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes.

Increases in interest rates, which experienced record lows in recent years, could adversely impact the market price of our common units and our ability to issue additional common units in order to make acquisitions or reduce debt or for other purposes.

The credit markets experienced 50-year record lows in interest rates in recent years. As the overall economy continues to strengthen, monetary policy is likely to tighten, which would result in higher interest rates. Following the issuance of the notes, the interest rate on all of the notes will be fixed, and the rate on loans outstanding under our revolving credit facility will bear interest at a floating rate, a portion of which we have converted to a fixed rate through the use of interest rate swaps. Additionally, interest rates on future credit facilities could be higher than current levels, causing our financing costs to increase accordingly. As with other yield-oriented securities, the market price for our common units will be affected by the level of our cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank

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yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our common units, and a rising interest rate environment could have an adverse effect on the market price of our common units and our ability to issue additional common units, in order to make acquisitions or reduce debt or for other purposes.

We may not have the ability to raise funds necessary to finance any change of control offer required under the indenture.

Upon the occurrence of a change of control event, which occurrence (other than one involving the adoption of a plan relating to liquidation or dissolution) is followed by a ratings decline within 90 days of consummation of the transaction, we will be required to offer to purchase the notes at 101% of their principal amount plus accrued and unpaid interest to the date of purchase. If a purchase offer obligation arises under the indenture governing the notes, a change of control could also have occurred under the terms of our other debt, including our revolving credit facility, which could result in the acceleration of the indebtedness outstanding thereunder. Any of our future debt agreements may contain similar restrictions and provisions. If a purchase offer were required under the indenture, we may not have sufficient funds to pay the purchase price of all debt, including the notes, that we are required to purchase or repay.

Many of the covenants in the indenture will terminate if the notes are rated investment grade by either Moody s or Standard & Poor s.

Many of the covenants in the indenture governing the notes (including those that will restrict our ability to pay distributions, incur debt and to enter into certain other transactions) will no longer apply to us if the notes are rated investment grade by either Moody s or Standard & Poor s, provided at such time no default or event of default has occurred and is continuing. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, that the notes will maintain these ratings. However, termination of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. See Description of Notes Certain Covenants Termination of Covenants.

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses, will be approximately $682.6 million. We intend to use the net proceeds from the offering to repay borrowings outstanding under our revolving credit facility and for general partnership purposes.

As of July 18, 2014, an aggregate of $1,110 million of borrowings were outstanding under our revolving credit facility and we had approximately $41 million of letters of credit outstanding thereunder. The weighted average interest rate on the total amount outstanding at July 18, 2014 was 2.76%. Our revolving credit facility matures in May 2018. We have used our revolving credit facility to fund capital expenditures, working capital requirements, the cash portion of the consideration for the Hoover acquisition and the repayment of PVR s revolving credit facility in connection with the PVR merger.

The underwriters may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of their business. Affiliates of each of the underwriters are lenders under our revolving credit facility and will receive a portion of the proceeds from this offering from the repayment of such facility. See Underwriting.

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CAPITALIZATION

The following table shows our cash and cash equivalents and capitalization as of March 31, 2014 on:

- a consolidated historical basis;
- an as adjusted basis to give effect to (i) our redemption of approximately $300 million aggregate principal amount of senior notes assumed by us in the PVR merger in April 2014 with borrowings under our revolving credit facility; (ii) the issuance of $400 million of equity to ETE Common Holdings, LLC, a wholly owned subsidiary of ETE (ETE Common Holdings), on June 4, 2014 and the use of proceeds therefrom to redeem approximately $82.6 million of our 8 3/8% Senior Notes due 2020 and for general partnership purposes; (iii) the issuance of $400 million of equity to ETE Common Holdings on July 1, 2014 and the use of proceeds therefrom to fund a portion of the cash consideration for the Eagle Rock midstream acquisition; and (iv) the consummation of the Eagle Rock midstream acquisition (including the exchange of approximately $498.9 million of Eagle Rock senior notes for $498.9 million of our senior notes) and the funding of a portion of the cash consideration therefor with approximately $176.2 million of borrowing under our revolving credit facility (collectively, the financing transactions); and
- as further adjusted basis to give effect to this offering and the application of the net proceeds therefrom as set forth under Use of Proceeds.

You should read our financial statements and notes thereto that are incorporated by reference into this prospectus supplement for additional information regarding our capitalization.

	As of March 31, 2014		
(Dollars in millions) (unaudited)	**Actual**	**As Adjusted**	**As Further Adjusted**
Cash and cash equivalents	$ 13	$ 13	$ 13
Total long-term debt:			
Revolving credit facility[1]	606	785	102
8 1/4% senior notes due 2018	300		
6 7/8% senior notes due 2018	600	600	600
8 3/8% senior notes due 2019		499	499
5 3/4% senior notes due 2020	400	400	400
8 3/8% senior notes due 2020	473	390	390
6 1/2% senior notes due 2021	400	400	400
6 1/2% senior notes due 2021	500	500	500
5 7/8% senior notes due 2022	900	900	900
5 1/2% senior notes due 2023	700	700	700
4 1/2% senior notes due 2023	600	600	600
Notes offered hereby			700
Total long-term debt	$ 5,479	$ 5,774	$ 5,791
Series A convertible redeemable preferred units	32	32	32
Partners capital:			
Common units[2]	7,835	8,835	8,835
Class F units	148	148	148
General partner interest	783	783	783
Noncontrolling interest	97	97	97

Total partners capital and noncontrolling interest	$ 8,863	$ 9,863	$ 9,863
Total capitalization	$ 14,374	$ 15,669	$ 15,686

(1) As of July 18, 2014, we had $1,110 million of borrowings outstanding under our revolving credit facility and approximately $41 million of letters of credit issued thereunder, leaving approximately $349 million of availability.

(2) On an as adjusted and as further adjusted basis, reflects the issuance of 8,245,859 common units in connection with the Eagle Rock midstream acquisition.

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RATIO OF EARNINGS TO FIXED CHARGES

The table below sets forth the ratio of earnings to fixed charges for us for each of the periods indicated.

For purposes of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations before adjustment for equity income from equity method investees plus fixed charges, amortization of capitalized interest and distributed income from investees accounted for under the equity method. Fixed charges consist of interest expensed and capitalized and an estimated interest component of rent expense.

	Successor					Predecessor	
	Three Months Ended March 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Period from May 26, 2010 to December 31, 2010	Period from January 1, 2010 to May 25, 2010	Year Ended December 31, 2009
Ratio of Earnings to Fixed Charges[(1)]	1.12	1.14	1.35	1.63			2.66

(1) Earnings were insufficient to cover fixed charges by $2.0 million and $8.8 million for the period from May 26, 2010 to December 31, 2010 and the period from January 1, 2010 to May 25, 2010, respectively.

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DESCRIPTION OF OTHER INDEBTEDNESS

Revolving Credit Facility

We maintain our revolving credit facility through our subsidiary, Regency Gas Services LP (RGS), as the borrower under a credit agreement (the credit agreement). Effective February 18, 2014, our revolving credit facility has aggregate commitments of up to $1.5 billion, with $50 million of availability for letters of credit and a $500 million uncommitted incremental facility. The maturity date of our revolving credit facility is May 21, 2018. The obligations under our revolving credit facility are secured by substantially all of our assets and are guaranteed by us and substantially all of our subsidiaries. In accordance with the terms of our revolving credit facility, we expect the acquired Eagle Rock entities to become guarantors under our revolving credit facility within 30 days of the closing of the Eagle Rock midstream acquisition. Interest on loans is calculated using either an alternate base rate or a LIBOR-based rate. The alternate base rate used to calculate interest on base rate loans is calculated based on the greatest to occur of a base rate, a federal funds effective rate plus 0.500% and an adjusted one-month LIBOR rate plus 1.000%. The applicable margin ranges from 0.625% to 1.500% for base rate loans, 1.625% to 2.500% for LIBOR-based loans, and a commitment fee of 0.300% to 0.450%, in each case based upon our consolidated total leverage ratio. We must also pay a participation fee for each revolving lender participating in letters of credit ranging from 1.625% to 2.500% per annum of the average daily amount of such lender s letter of credit exposure, and a fronting fee to the issuing bank of letters of credit equal to 0.20% per annum of the average daily amount of the letter of credit exposure. As of March 31, 2014, after giving pro forma effect to the financing transactions described in Capitalization and this offering and the application of the net proceeds therefrom as set forth under Use of Proceeds, we and the guarantors would have had approximately $102 million of borrowings and approximately $21 million of letters of credit outstanding under our revolving credit facility, leaving approximately $1.4 billion of availability.

The credit agreement contains the following financial covenants:

- our consolidated total leverage ratio for any preceding four fiscal quarter period, as defined in the credit agreement, (a) ending on or prior to March 31, 2015 must not exceed 5.50 to 1.0 and (b) ending after March 31, 2015 must not exceed 5.25 to 1.0;
- our consolidated interest coverage ratio for any preceding four fiscal quarter period, as defined in the credit agreement, must not be less than 2.50 to 1.0; and
- our consolidated senior secured leverage ratio for any preceding four fiscal quarter period, as defined in the credit agreement, must not exceed 3.25 to 1.0.

The credit agreement also contains various covenants that limit, among other things, RGS and the guarantors ability to:

- incur indebtedness;
- grant liens;
- enter into sale and leaseback transactions;
- make certain investments, loans and advances;
- dissolve or enter into a merger or consolidation;

enter into asset sales or make acquisitions;

enter into certain types of transactions with affiliates;

prepay other indebtedness or amend organizational documents or transaction documents (as defined in the credit agreement);

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issue capital stock or create subsidiaries; or

engage in any business other than those businesses in which they were engaged at the time of the effectiveness of the revolving credit facility or reasonable extensions thereof.

Existing Senior Notes

We have outstanding the following series of existing senior notes:

$600 million in aggregate principal amount of our 6 7/8% senior notes due December 1, 2018;

$498.9 million in aggregate principal amount of our 8 3/8% senior notes due June 1, 2019;

$400 million in aggregate principal amount of our 5 3/4% senior notes due September 1, 2020;

$390 million in aggregate principal amount of our 8 3/8% senior notes due June 1, 2020;

$400 million in aggregate principal amount of our 6 1/2% senior notes due May 15, 2021;

$500 million in aggregate principal amount of our 6 1/2% senior notes due July 15, 2021;

$900 million in aggregate principal amount of our 5 7/8% senior notes due March 1, 2022;

$700 million in aggregate principal amount of our 5 1/2% senior notes due April 15, 2023; and

$600 million in aggregate principal amount of our 4 1/2% senior notes due November 1, 2023.

Each series of our existing senior notes is guaranteed by substantially all of our existing consolidated subsidiaries. In accordance with the terms of the indentures governing our existing senior notes, the acquired Eagle Rock entities will become guarantors of the notes within 20 business days of their guarantee of our obligations under our revolving credit facility, which is required to occur within 30 days of the closing of the Eagle Rock midstream acquisition.

Upon a change of control followed by a ratings downgrade within 90 days of a change of control, each noteholder of our existing senior notes will be entitled to require us to purchase all or a portion of its notes at a purchase price of 101% plus accrued and unpaid interest, if any.

Our existing senior notes contain various covenants that limit, among other things, our ability, and the ability of certain of our subsidiaries, to:

incur additional indebtedness;

pay distributions on, or repurchase or redeem our equity interests;

make certain investments;

incur liens;

enter into certain types of transactions with affiliates; and

sell assets or consolidate or merge with or into other companies.

If our existing senior notes achieve investment grade ratings by both Moody s and Standard & Poor s and no default or event of default has occurred and is continuing, we will no longer be subject to many of the foregoing covenants. At March 31, 2014, we were in compliance with these covenants.

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DESCRIPTION OF NOTES

You can find the definitions of certain terms used in this description under the subheading Certain Definitions. In this description, the term Regency Energy Partners refers only to Regency Energy Partners LP and not to any of its subsidiaries, the term Finance Corp. refers to Regency Energy Finance Corp. and the term Issuers refers to Regency Energy Partners and Finance Corp.

The Issuers will issue the notes under an indenture among themselves, the Guarantors and Wells Fargo Bank, National Association, as trustee, as supplemented by a supplemental indenture thereto (the Indenture). The terms of the notes will include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act).

The following description is a summary of the material provisions of the Indenture. It does not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights as holders of notes. A copy of the Indenture is available as set forth below under Additional Information. Certain defined terms used in this description but not defined below under Certain Definitions have the meanings assigned to them in the Indenture.

The registered holder of a note will be treated as its owner for all purposes. Only registered holders will have rights under the Indenture.

General

The Notes

The notes:

- will be general unsecured obligations of the Issuers;
- will be *pari passu* in right of payment with all existing and future senior Indebtedness of the Issuers, including their outstanding 6 7/8% Senior Notes due 2018, 8 3/8% Senior Notes due 2019, 5 3/4% Senior Notes due 2020, 8 3/8% Senior Notes due 2020, 6 1/2% Senior Notes due 2021, 6 1/2% Senior Notes due 2021, 5 7/8% Senior Notes due 2022, 5 1/2% Senior Notes due 2023 and 4 1/2% Senior Notes due 2023 (collectively, our existing senior notes);
- will be senior in right of payment to any future subordinated Indebtedness of the Issuers; and
- will be unconditionally guaranteed by the Guarantors.

The notes will, however, be effectively subordinated to all secured Indebtedness under the Credit Agreement, which is secured by substantially all of the assets of Regency Energy Partners and the Guarantors, to the extent of the value of the collateral securing that Indebtedness. See Risk Factors Risks Relating to the Notes Your right to receive payments on the notes and the guarantees is unsecured and will be effectively subordinated to our existing and future secured indebtedness.

The Note Guarantees

Each guarantee of the notes:

- will be a general unsecured obligation of the Guarantor;

will be *pari passu* in right of payment with all existing and future senior Indebtedness of that Guarantor, including its guarantee of the Issuers existing senior notes; and

will be senior in right of payment to any future subordinated Indebtedness of that Guarantor.

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The note guarantees will, however, be effectively subordinated to all secured Indebtedness of the Guarantors, including their guarantees of Indebtedness under the Credit Agreement, to the extent of the value of the collateral securing those guarantees. As of March 31, 2013, after giving pro forma effect to the financing transactions described in Capitalization and this offering and the application of the net proceeds therefrom as set forth under Use of Proceeds, Regency Energy Partners and its Subsidiaries would have had approximately $102 million of secured indebtedness outstanding (excluding approximately $21 million of letters of credit outstanding under the Credit Agreement) and approximately $1.4 billion of available capacity under the Credit Agreement.

See Risk Factors Risks Relating to the Notes Your right to receive payments on the notes and the guarantees is unsecured and will be effectively subordinated to our existing and future secured indebtedness.

On the Closing Date, all our Subsidiaries will guarantee the notes, with the exception of Finance Corp., which is the co-issuer of the notes and our existing senior notes, Edwards Lime Gathering, LLC, ELG Oil LLC and ELG Utility LLC (collectively, the Edwards Lime Entities), CBC/Leon Limited Partnership, Leon Limited Partnership, Aqua-PVR Water Services, LLC, Kingsport Services LLC, Kingsport Handling LLC, Coal Handling Solutions LLC, Maysville Handling LLC, Covington Handling LLC and Bright Star Partnership (the PVR Entities) and the acquired Eagle Rock entities. The acquired Eagle Rock entities will become Guarantors of the notes within 20 business days of their guarantee of Regency Energy Partners obligations under the Credit Agreement, which is required to occur within 30 days of the closing of the Eagle Rock midstream acquisition. The notes will also be guaranteed by any of our future Restricted Subsidiaries that incur Indebtedness under a Credit Facility or guarantee Indebtedness of an Issuer or a Guarantor. In the event of a bankruptcy, liquidation or reorganization of any of our non-guaranteeing Subsidiaries, such non-guaranteeing Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us and, as a result, the obligations of our non-guaranteeing subsidiaries will be structurally senior to the notes and Note Guarantees.

As of the date of the Indenture, all of our Subsidiaries, except for the Edwards Lime Entities and the PVR Entities, will be Restricted Subsidiaries. Under the circumstances described below under the caption Certain Covenants Designation of Restricted and Unrestricted Subsidiaries, however, we will be permitted to designate certain of our existing and future Subsidiaries as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

We own a 49.99% general partner interest in HPC, a 50.0% membership interest in MEP, a 30.0% membership interest in Lone Star and a 33.33% interest in Ranch JV, and we account for each of HPC, MEP, Lone Star and Ranch JV as an unconsolidated subsidiary for financial accounting purposes. None of HPC, MEP, Lone Star or Ranch JV will be classified as a Subsidiary for purposes of the Indenture, and therefore none will be subject to the restrictive covenants in the Indenture nor guarantee the notes. As of March 31, 2014, HPC had total assets of $956 million and partners capital of $505 million, MEP had total assets of $2 billion and members equity of $1.2 billion, Lone Star had total assets of $4.1 billion and members equity of $3.7 billion and Ranch JV had total assets of $116 million and members capital of $113 million.

Finance Corp.

Finance Corp. is a Delaware corporation and a wholly owned subsidiary of Regency Energy Partners that was formed in 2006 for the purpose of facilitating the offering of our senior notes by acting as co-issuer. Finance Corp. is nominally capitalized and has no operations or revenues other than as may be incidental to its activities as a co-issuer of our senior notes. As a result, prospective purchasers of the notes should not expect Finance Corp. to participate in servicing the interest and principal obligations on the notes. Finance Corp. is also the co-issuer of our existing senior notes. See Certain Covenants Business Activities.

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Principal, Maturity and Interest

The Issuers will issue $500.0 million in aggregate principal amount of notes in this offering. The Issuers may issue additional notes under the Indenture from time to time after this offering. Any issuance of additional notes is subject to all the covenants in the Indenture, including the covenant described below under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Equity. The notes and any additional notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, and any such additional notes will be fungible with the original notes to the extent set forth in the applicable offering documentation. The Issuers will issue notes in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The notes will mature on October 1, 2022.

Interest on the notes will accrue at the rate of 5.00% per annum and will be payable semi-annually in arrears on April 1 and October 1, commencing on April 1, 2015. Interest on overdue principal and interest will accrue at the interest rate on the notes. The Issuers will make each interest payment to the holders of record on the immediately preceding March 15 and September 15.

Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Notes

If a holder of $5.0 million or more in principal amount of notes has given wire transfer instructions to Regency Energy Partners, to an account in the United States, the Issuers will pay all principal of, and interest and premium, if any, on, that holder s notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar unless the Issuers elect to make interest payments by check mailed to the holders of notes at their addresses set forth in the register of holders.

Paying Agent and Registrar for the Notes

The trustee will initially act as paying agent and registrar. The Issuers may change the paying agent or registrar without prior notice to the holders of notes, and Regency Energy Partners, Finance Corp. or any of Regency Energy Partners other Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the provisions of the Indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. The Issuers will not be required to transfer or exchange any note selected for redemption. Also, the Issuers will not be required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Note Guarantees

The notes will be initially guaranteed by each of Regency Energy Partners current Subsidiaries, except Finance Corp., the Edwards Lime Entities, the PVR Entities and the acquired Eagle Rock entities. The acquired Eagle Rock entities will become Guarantors of the notes within 20 business days of their guarantee of Regency Energy Partners obligations under the Credit Agreement, which is required to occur within 30 days of the closing of the Eagle Rock midstream acquisition. The notes will also be guaranteed by any of Regency Energy Partners future Restricted Subsidiaries under the circumstances described under Certain Covenants Additional Guarantees. These Note Guarantees will be joint and several obligations of the Guarantors. The

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obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See Risk Factors Risks Relating to the Notes A court may use fraudulent conveyance considerations to avoid or subordinate the subsidiary guarantees.

A Guarantor may not sell or otherwise dispose of all or substantially all of its properties or assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than the Issuers or another Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the assets in any such sale or other disposition or the Person formed by or surviving any such consolidation or merger (if other than the Guarantor) assumes all the obligations of that Guarantor under the Indenture and its Note Guarantee pursuant to a supplemental indenture substantially in the form specified in the Indenture; or

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the Asset Sales provisions of the Indenture.

The Note Guarantee of a Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the properties or assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) Regency Energy Partners or a Restricted Subsidiary of Regency Energy Partners, if (for the avoidance of doubt, at the time thereof) the sale or other disposition does not violate the Asset Sales provisions of the Indenture;

(2) in connection with any sale or other disposition of all the Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) Regency Energy Partners or a Restricted Subsidiary of Regency Energy Partners, if (for the avoidance of doubt, at the time thereof) the sale or other disposition does not violate the Asset Sales provisions of the Indenture;

(3) if Regency Energy Partners designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) at such time as the Guarantor ceases to guarantee any other Indebtedness of an Issuer or another Guarantor, provided that, if it is also a Domestic Subsidiary, it is then no longer an obligor with respect to any Indebtedness under any Credit Facility; provided, however, that if, at any time following such release, that Guarantor incurs a Guarantee under a Credit Facility, then such Guarantor shall be required to provide a Note Guarantee at such time;

(5) upon legal or covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions Legal Defeasance and Covenant Defeasance and Satisfaction and Discharge; or

(6) the first day on which the notes achieve an Investment Grade Rating.

See Repurchase at the Option of Holders Asset Sales.

Optional Redemption

Except pursuant to the next paragraph of this section relating to optional redemption, or as described below in the last paragraph under Repurchase at the Option of Holders Change of Control, the notes will not be redeemable at the Issuers option.

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At any time prior to July 1, 2022, the Issuers may redeem the notes in whole or in part at a redemption price equal to 100% of the principal amount of notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, but excluding, the date of redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date. On or after July 1, 2022, the Issuers may redeem all or a part of the notes at a redemption price equal to 100% of the principal amount of notes redeemed plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date.

Unless the Issuers default in the payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption on the applicable redemption date.

Selection and Notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption as follows:

(1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or

(2) if the notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such other method as the trustee deems fair or, if the notes are registered in global form, in compliance with the operational arrangements of The Depository Trust Company (DTC).

No notes of $2,000 or less can be redeemed in part. Notices of redemption will be sent at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be sent more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the Indenture. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of notes upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of notes called for redemption.

Mandatory Redemption

The Issuers are not required to make mandatory redemption or sinking fund payments with respect to the notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, Regency Energy Partners will make an offer to each holder of notes to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that holder s notes pursuant to the offer described below (the Change of Control Offer) on the terms set forth in the Indenture. In the Change of Control Offer, Regency Energy Partners will offer a payment in cash equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest on the notes repurchased to, but excluding, the date of purchase (the Change of Control Payment), subject to the rights of holders of notes on the relevant record date to receive interest due on an interest payment date that is on or prior to the purchase date. Within 30 days following any Change of Control, Regency Energy Partners will send a

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notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is sent, pursuant to the procedures required by the Indenture and described in such notice. In making the Change of Control Offer, Regency Energy Partners will comply with all applicable requirements of Rule 14e-1 under the Exchange Act and other securities laws and regulations. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, Regency Energy Partners will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

On the Change of Control Payment Date, Regency Energy Partners will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an officers certificate stating the aggregate principal amount of notes or portions of notes being purchased by Regency Energy Partners.

The paying agent will promptly mail to each holder of notes properly tendered the Change of Control Payment for such notes (or, to the extent the notes are in global form, make such payment through the facilities of DTC), and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered; provided, that each new note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. Regency Energy Partners will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

These provisions relating to a Change of Control Offer will be applicable whether or not any other provisions of the Indenture are applicable. Except with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of notes to require that either of the Issuers repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

Regency Energy Partners will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by Regency Energy Partners and purchases all notes properly tendered and not withdrawn under the Change of Control Offer or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption Optional Redemption, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained in the Indenture, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of Regency Energy Partners and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require Regency Energy Partners to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Regency Energy Partners and its Subsidiaries taken as a whole to another Person or group may be uncertain.

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In the event that holders of not less than 90% of the aggregate principal amount of the outstanding notes accept a Change of Control Offer and Regency Energy Partners purchases all of the notes held by such holders, Regency Energy Partners will have the right, upon not less than 15 nor more than 60 days prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the notes that remain outstanding following such purchase at a redemption price equal to 101% of the aggregate principal amount of notes redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date, subject to the right of the holders of notes on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date.

Asset Sales

Regency Energy Partners will not consummate, and will not permit any of its Restricted Subsidiaries to consummate, an Asset Sale unless:

(1) Regency Energy Partners (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) such fair market value is determined by (a) an executive officer of the General Partner if the value is less than $50.0 million, as evidenced by an officers certificate delivered to the trustee, or (b) the Board of Directors of the General Partner if the value is $50.0 million or more, as evidenced by a resolution of such Board of Directors of the General Partner; and

(3) at least 75% of the aggregate consideration received by Regency Energy Partners and its Restricted Subsidiaries in the Asset Sale and all other Asset Sales since the 2013 Notes Issue Date is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on Regency Energy Partners most recent consolidated balance sheet, of Regency Energy Partners or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Note Guarantees) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases Regency Energy Partners or such Restricted Subsidiary from or indemnifies against further liability; and

(b) any securities, notes or other obligations received by Regency Energy Partners or any such Restricted Subsidiary from such transferee that are within 180 days after the Asset Sale (subject to ordinary settlement periods), converted by Regency Energy Partners or such Restricted Subsidiary into cash or Cash Equivalents, to the extent of the cash or Cash Equivalents received in that conversion.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale (or within 180 days after such 365-day period in the event Regency Energy Partners or any Restricted Subsidiary enters into a binding commitment with respect to such application), Regency Energy Partners (or any Restricted Subsidiary) may apply an amount equal to such Net Proceeds:

(1) to repay Senior Indebtedness of Regency Energy Partners and/or its Restricted Subsidiaries (or to make an offer to repurchase or redeem such Indebtedness, provided that such repurchase or redemption closes within 45 days after the end of such 365-day period or any permitted extension thereof as contemplated by the first sentence of this paragraph) with a permanent reduction in availability for any revolving credit Indebtedness;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of Regency Energy Partners;

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(3) to make a capital expenditure; or

(4) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business.

Pending the final application of any Net Proceeds, Regency Energy Partners or any Restricted Subsidiary may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds $30.0 million, within five days thereof, Regency Energy Partners will make an offer (an Asset Sale Offer) to all holders of notes and all holders of other Indebtedness that is *pari passu* with the notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount of the notes plus accrued and unpaid interest to, but excluding, the date of purchase, subject to the rights of holders of notes on the relevant record date to receive interest due on an interest payment date that is on or prior to the purchase date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, Regency Energy Partners may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of notes and other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, then notes and such other *pari passu* Indebtedness will be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

In making an Asset Sale Offer, Regency Energy Partners will comply with the applicable requirements of Rule 14e-1 under the Exchange Act and other securities laws and regulations. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sales provisions of the Indenture, Regency Energy Partners will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sales provisions of the Indenture by virtue of such compliance.

The agreements governing Regency Energy Partners other Indebtedness contain, and future agreements governing Regency Energy Partners Indebtedness may contain, prohibitions of certain events, including events that would constitute a Change of Control or an Asset Sale and including repurchases of or other prepayments in respect of the notes. The exercise by the holders of notes of their right to require Regency Energy Partners to repurchase the notes upon a Change of Control or an Asset Sale could cause a default under these other agreements, even if the Change of Control or Asset Sale itself does not, due to the financial effect of such repurchases on Regency Energy Partners or other circumstances. If a Change of Control or Asset Sale occurs at a time when Regency Energy Partners is prohibited from purchasing notes, Regency Energy Partners could seek the consent of the lenders or counterparties under those agreements or could attempt to repay or refinance such borrowings. If Regency Energy Partners does not obtain an appropriate consent or repay those borrowings, Regency Energy Partners will remain prohibited from purchasing notes. In that case, Regency Energy Partners failure to purchase tendered notes would constitute an Event of Default under the Indenture which could, in all likelihood, constitute a default under the other indebtedness. Finally, Regency Energy Partners ability to pay cash to the holders of notes upon a repurchase may be limited by Regency Energy Partners then existing financial resources. See Risk Factors Risks Relating to the Notes We may not have the ability to raise funds necessary to finance any change of control offer required under the indenture.

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Certain Covenants

Termination of Covenants

If at any time following the date of the indenture, the notes achieve an Investment Grade Rating and no Default or Event of Default has occurred and is then continuing under the Indenture, Regency Energy Partners and its Restricted Subsidiaries will no longer be subject to the following provisions of the Indenture (Termination Event):

(1) Repurchase at the Option of Holders Asset Sales;

(2) Restricted Payments;

(3) Incurrence of Indebtedness and Issuance of Disqualified Equity;

(4) Dividend and Other Payment Restrictions Affecting Subsidiaries;

(5) Designation of Restricted and Unrestricted Subsidiaries;

(6) Transactions with Affiliates;

(7) Business Activities;

(8) clause (4) of the covenant described below under the caption Merger, Consolidation or Sale of Assets;

(9) Limitation on Sale and Leaseback Transactions; and

(10) Additional Guarantees.

There can be no assurance that the notes will ever achieve or maintain an Investment Grade Rating. After the foregoing covenants have been terminated, the Issuers may not designate any of their Subsidiaries as Unrestricted Subsidiaries pursuant to the definition of Unrestricted Subsidiary. Following a Termination Event, the foregoing covenants will continue to be terminated even if the Notes fall below Investment Grade Rating and a Default or Event of Default has occurred and is then continuing under the indenture.

Restricted Payments

Regency Energy Partners will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of its outstanding Equity Interests (including any payment in connection with any merger or consolidation involving Regency Energy Partners or any of its Restricted Subsidiaries) or to the direct or indirect holders of Regency Energy Partners or any of its Restricted Subsidiaries Equity Interests in their capacity as such (other than distributions or dividends payable in Equity Interests, excluding Disqualified Equity, of Regency Energy Partners and other than distributions or dividends payable to Regency Energy Partners or a Restricted Subsidiary of Regency Energy Partners);

(2) purchase, redeem or otherwise acquire or retire for value (including in connection with any merger or consolidation involving Regency Energy Partners) any Equity Interests of Regency Energy Partners or any direct or indirect parent of Regency Energy Partners;

(3)

make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of Regency Energy Partners or any Guarantor that is contractually subordinated to the notes or to any Note Guarantee (excluding intercompany Indebtedness between or among Regency Energy Partners and any of its Restricted Subsidiaries), except a payment of interest or principal within one month of its Stated Maturity; or

(4) make any Restricted Investment

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as Restricted Payments), unless, at the time of and after giving effect to such Restricted Payment, no Default (except a Reporting Default) or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment and either:

(1) if the Fixed Charge Coverage Ratio for Regency Energy Partners most recently ended four full fiscal quarters for which internal financial statements are available at the time of such Restricted Payment is not less than 1.75 to 1.0, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Regency Energy Partners and its Restricted Subsidiaries (excluding Restricted Payments permitted by clauses (2), (3), (4) (to the extent, in the case of clause (4), payments are made to Regency Energy Partners or a Restricted Subsidiary), (5), (6), (7), (8), (9) and (10) of the next succeeding paragraph) during the quarter in which such Restricted Payment is made, is less than the sum, without duplication, of:

(a) Available Cash from Operating Surplus as of the end of the immediately preceding quarter; plus

(b) 100% of the aggregate net cash proceeds received by Regency Energy Partners (including the Fair Market Value of any Permitted Business or long-term assets that are used or useful in a Permitted Business to the extent acquired in consideration of Equity Interests of Regency Energy Partners (other than Disqualified Equity)) since the 2013 Notes Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of Regency Energy Partners (other than Disqualified Equity) or from the issue or sale of convertible or exchangeable Disqualified Equity or convertible or exchangeable debt securities of Regency Energy Partners that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Equity or debt securities) sold to a Subsidiary of Regency Energy Partners); plus

(c) to the extent that any Restricted Investment that was made after the 2013 Notes Issue Date is sold for cash or Cash Equivalents or otherwise liquidated or repaid for cash or Cash Equivalents, the return of capital with respect to such Restricted Investment (less the cost of disposition, if any); plus

(d) the net reduction in Restricted Investments resulting from dividends, repayments of loans or advances, or other transfers of assets in each case to Regency Energy Partners or any of its Restricted Subsidiaries from any Person (including Unrestricted Subsidiaries) or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, to the extent such amounts have not been included in Available Cash from Operating Surplus for any period commencing on or after the 2013 Notes Issue Date (items (b), (c) and (d) being referred to as Incremental Funds); minus

(e) the aggregate amount of Incremental Funds previously expended pursuant to this clause (1) and clause (2) below; or

(2) if the Fixed Charge Coverage Ratio for Regency Energy Partners most recently ended four full fiscal quarters for which internal financial statements are available at the time of such Restricted Payment is less than 1.75 to 1.0, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Regency Energy Partners and its Restricted Subsidiaries (excluding Restricted Payments permitted by clauses (2), (3), (4) (to the extent, in the case of clause (4), payments are made to Regency Energy Partners or a Restricted Subsidiary), (5), (6), (7), (8), (9) and (10) of the next succeeding paragraph) during the quarter in which such Restricted Payment is made (such Restricted Payments for purposes of this clause (2) meaning only distributions on common units and subordinated units of Regency Energy Partners, plus the related distribution on the general partner interest), is less than the sum, without duplication, of:

(a) $200.0 million less the aggregate amount of all prior Restricted Payments made by Regency Energy Partners and its Restricted Subsidiaries pursuant to this clause 2(a) during the period since the 2013 Notes Issue Date; plus

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(b) Incremental Funds to the extent not previously expended pursuant to this clause (2) or clause (1) above.

The preceding provisions will not prohibit:

(1) the payment of any dividend or distribution within 60 days after the date of its declaration, if at the date of declaration the payment would have complied with the provisions of the Indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of subordinated Indebtedness of Regency Energy Partners or any Guarantor or of any Equity Interests of Regency Energy Partners in exchange for, or out of the net cash proceeds of, a substantially concurrent (a) capital contribution to Regency Energy Partners from any Person (other than a Restricted Subsidiary of Regency Energy Partners) or (b) sale (other than to a Restricted Subsidiary of Regency Energy Partners) of Equity Interests of Regency Energy Partners, with a sale being deemed substantially concurrent if such redemption, repurchase, retirement, defeasance or other acquisition occurs not more than 120 days after such sale; provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition will be excluded or deducted from the calculation of Available Cash from Operating Surplus and Incremental Funds;

(3) the defeasance, redemption, repurchase or other acquisition or retirement of any subordinated Indebtedness of Regency Energy Partners or any Guarantor with the net cash proceeds from an incurrence of, or in exchange for, Permitted Refinancing Indebtedness;

(4) the payment of any distribution or dividend by a Restricted Subsidiary of Regency Energy Partners to the holders of its Equity Interests (other than Disqualified Equity) on a pro rata basis;

(5) so long as no Default (except a Reporting Default) has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Regency Energy Partners or any Restricted Subsidiary of Regency Energy Partners held by any current or former officer, director or employee of the General Partner, Regency Energy Partners or any of Regency Energy Partners Restricted Subsidiaries pursuant to any equity subscription agreement or plan, stock or unit option agreement, shareholders agreement or similar agreement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $2.0 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum of $5.0 million in any calendar year); provided further that such amount in any calendar year may be increased by an amount not to exceed (a) the cash proceeds received by Regency Energy Partners from the sale of Equity Interests of Regency Energy Partners to members of management or directors of the General Partner, Regency Energy Partners or its Restricted Subsidiaries that occurs after the 2013 Notes Issue Date (to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of sections 1(b) or 2(b) of the preceding paragraph), plus (b) the cash proceeds of key man life insurance policies received by Regency Energy Partners after the 2013 Notes Issue Date;

(6) so long as no Default (except a Reporting Default) has occurred and is continuing or would be caused thereby, payments of dividends on Disqualified Equity issued pursuant to the covenant described under Incurrence of Indebtedness and Issuance of Disqualified Equity;

(7) repurchases of Capital Stock deemed to occur upon exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price of such options, warrants or other convertible securities;

(8) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of Regency Energy Partners;

(9) any purchases, redemptions or other acquisitions or retirements for value of Equity Interests made in lieu of withholding taxes in connection with any exercise or exchange of warrants, options or rights to acquire Equity Interests; or

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(10) in connection with an acquisition by Regency Energy Partners or any of its Restricted Subsidiaries, the return to Regency Energy Partners or any of its Restricted Subsidiaries of Equity Interests of Regency Energy Partners or its Restricted Subsidiaries constituting a portion of the purchase consideration in settlement of indemnification claims.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Regency Energy Partners or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined, in the case of amounts less than $50.0 million, by an executive officer of the General Partner as evidenced by an officers certificate delivered to the trustee and, in the case of amounts $50.0 million or more, by the Board of Directors of the General Partner, whose resolution with respect thereto shall be delivered to the trustee. For the purposes of determining compliance with this Restricted Payments covenant, if a Restricted Payment meets the criteria of more than one of the categories of Restricted Payments described in the preceding clauses (1) (10), Regency Energy Partners will be permitted to classify (or reclassify in whole or in part in its sole discretion) such Restricted Payment in any manner that complies with this covenant.

Incurrence of Indebtedness and Issuance of Disqualified Equity

Regency Energy Partners will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, incur) any Indebtedness (including Acquired Debt), and Regency Energy Partners will not issue any Disqualified Equity and will not permit any of its Restricted Subsidiaries to issue any Disqualified Equity; provided, however, that Regency Energy Partners and any Restricted Subsidiary may incur Indebtedness (including Acquired Debt) and Regency Energy Partners and the Restricted Subsidiaries may issue Disqualified Equity, if the Fixed Charge Coverage Ratio for Regency Energy Partners most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Equity is issued, as the case may be, would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Equity had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, Permitted Debt) or the issuance of any preferred securities described in clause (11) below:

(1) the incurrence by Regency Energy Partners and any Restricted Subsidiary of additional Indebtedness (including letters of credit) under one or more Credit Facilities, provided that, after giving effect to such incurrence, the aggregate principal amount of all Indebtedness incurred under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of Regency Energy Partners and its Restricted Subsidiaries thereunder) and then outstanding does not exceed the greater of (a) $1,500.0 million and (b) the sum of $500.0 million and 25.0% of Regency Energy Partners Consolidated Net Tangible Assets;

(2) the incurrence by Regency Energy Partners and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by Regency Energy Partners, Finance Corp. and the Guarantors of Indebtedness represented by the notes and the related Note Guarantees to be issued on the date of the Indenture;

(4) the incurrence by Regency Energy Partners or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of Regency Energy Partners or

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any of its Restricted Subsidiaries, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), provided that after giving effect to such incurrence the aggregate principal amount of all Indebtedness incurred pursuant to this clause (4) and then outstanding does not exceed the greater of (a) $50.0 million and (b) 2.0% of Regency Energy Partners Consolidated Net Tangible Assets;

(5) the incurrence by Regency Energy Partners or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge, any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2) or (3) of this paragraph or this clause (5);

(6) the incurrence by Regency Energy Partners or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Regency Energy Partners and any of its Restricted Subsidiaries; provided, however, that:

(a) if Regency Energy Partners or any Guarantor is the obligor on such Indebtedness and the payee is not Regency Energy Partners or a Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the notes, in the case of Regency Energy Partners, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Regency Energy Partners or a Restricted Subsidiary of Regency Energy Partners and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either Regency Energy Partners or a Restricted Subsidiary of Regency Energy Partners, will be deemed, in each case, to constitute an incurrence of such Indebtedness by Regency Energy Partners or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence by Regency Energy Partners or any of its Restricted Subsidiaries of Hedging Obligations;

(8) the guarantee by Regency Energy Partners or any of its Restricted Subsidiaries of Indebtedness of Regency Energy Partners or a Restricted Subsidiary of Regency Energy Partners that was permitted to be incurred by another provision of this covenant; provided that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the notes, then the Guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(9) the incurrence by Regency Energy Partners or any of its Restricted Subsidiaries of obligations relating to net gas balancing positions arising in the ordinary course of business and consistent with past practice;

(10) the incurrence by Regency Energy Partners or any of its Restricted Subsidiaries of Acquired Debt in connection with a transaction meeting either one of the financial tests set forth in clause (4) under the caption Merger, Consolidation or Sale of Assets;

(11) the issuance by any of Regency Energy Partners Restricted Subsidiaries to Regency Energy Partners or to any of its Restricted Subsidiaries of any preferred securities; provided, however, that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred securities being held by a Person other than Regency Energy Partners or a Restricted Subsidiary of Regency Energy Partners; and

(b) any sale or other transfer of any such preferred securities to a Person that is not either Regency Energy Partners or a Restricted Subsidiary of Regency Energy Partners;

will be deemed, in each case, to constitute an issuance of such preferred securities by such Restricted Subsidiary that was not permitted by this clause (11);

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(12) the incurrence by Regency Energy Partners or any of its Restricted Subsidiaries of liability in respect of the Indebtedness of any Unrestricted Subsidiary of Regency Energy Partners or any Joint Venture but only to the extent that such liability is the result of Regency Energy Partners or any such Restricted Subsidiary s being a general partner of such Unrestricted Subsidiary or Joint Venture and not as guarantor of such Indebtedness and provided that, after giving effect to any such incurrence, the aggregate principal amount of all Indebtedness incurred under this clause (12) and then outstanding does not exceed $50.0 million; and

(13) the incurrence by Regency Energy Partners or any of its Restricted Subsidiaries of additional Indebtedness; provided that, after giving effect to any such incurrence, the aggregate principal amount of all Indebtedness incurred under this clause (13) and then outstanding does not exceed the greater of (a) $100.0 million and (b) 5.0% of Regency Energy Partners Consolidated Net Tangible Assets.

Regency Energy Partners will not incur, and will not permit Finance Corp. or any Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of Regency Energy Partners, Finance Corp. or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the notes and the applicable Note Guarantee on substantially identical terms; provided, however, that no Indebtedness of a Person will be deemed to be contractually subordinated in right of payment to any other Indebtedness of such Person solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

For purposes of determining compliance with this Incurrence of Indebtedness and Issuance of Disqualified Equity covenant, if an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (13) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, Regency Energy Partners will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. Indebtedness under Credit Facilities outstanding on the date on which notes are first issued and authenticated under the Indenture will initially be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Equity in the form of additional shares of the same class of Disqualified Equity will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Equity for purposes of this covenant; provided, however, in each such case, that the amount of any such accrual, accretion or payment is included in Fixed Charges of Regency Energy Partners as accrued. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that Regency Energy Partners or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

Liens

Regency Energy Partners will not and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) securing Indebtedness (including any Attributable Debt) upon any of their property or assets, now owned or hereafter acquired, unless all payments due under the notes are secured on an equal and ratable basis or on a senior basis with the obligations so secured until such time as such obligations are no longer secured by a Lien (other than Permitted Liens).

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Dividend and Other Payment Restrictions Affecting Subsidiaries

Regency Energy Partners will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Equity Interests to Regency Energy Partners or any of its Restricted Subsidiaries or to pay any indebtedness owed to Regency Energy Partners or any of its Restricted Subsidiaries;

(2) make loans or advances to Regency Energy Partners or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to Regency Energy Partners or any of its Restricted Subsidiaries.

The preceding restrictions will not, however, apply to encumbrances or restrictions existing under or by reason of:

(1) agreements as in effect on the date of the Indenture and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements or the Indebtedness to which they relate; provided that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend, distribution and other payment restrictions than those contained in those agreements on the date of the Indenture;

(2) the Indenture, the notes and the Note Guarantees;

(3) applicable law, rule, regulation, order, licenses, permits or similar governmental, judicial or regulatory restriction;

(4) any instrument governing Indebtedness or Equity Interests of a Person acquired by Regency Energy Partners or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Equity Interests were incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; provided, however, that, in the case of Indebtedness, the incurrence thereof was otherwise permitted by the terms of the Indenture;

(5) customary non-assignment provisions in contracts for purchase, gathering, processing, sale, transportation or exchange of crude oil, natural gas liquids, condensate and natural gas, natural gas storage agreements, transportation agreements or purchase and sale or exchange agreements, pipeline or terminaling agreements, or similar operational agreements or in licenses or leases, in each case entered into in the ordinary course of business;

(6) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(7) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(8) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(9) Liens permitted to be incurred under the provisions of the covenant described above under the caption Liens that limit the right of the debtor to dispose of the assets subject to such Liens;

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(10) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements, buy/sell agreements and other similar agreements entered into in the ordinary course of business;

(11) any agreement or instrument relating to any property or assets acquired after the date of the Indenture, so long as such encumbrance or restriction relates only to the property or assets so acquired and is not and was not created in anticipation of such acquisitions;

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(13) any instrument governing Indebtedness of an FERC Subsidiary, provided that such Indebtedness was otherwise permitted by the Indenture to be incurred; and

(14) Hedging Obligations incurred from time to time.

Merger, Consolidation or Sale of Assets

Neither of the Issuers may, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Issuer is the surviving entity); or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of Regency Energy Partners and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) such Issuer is the surviving entity; or (b) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is a Person organized or existing under the laws of the United States, any state of the United States or the District of Columbia; provided, however, that Finance Corp. may not consolidate or merge with or into any Person other than a corporation satisfying such requirement so long as Regency Energy Partners is not a corporation;

(2) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition has been made assumes all the obligations of such Issuer under the notes and the Indenture pursuant to agreements reasonably satisfactory to the trustee;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) in the case of a transaction involving Regency Energy Partners and not Finance Corp., Regency Energy Partners or the Person formed by or surviving any such consolidation or merger (if other than Regency Energy Partners), or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made will either:

(a) be, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption Incurrence of Indebtedness and Issuance of Disqualified Equity; or

(b)

have a Fixed Charge Coverage Ratio, on the date of such transaction and after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, not less than the Fixed Charge Coverage Ratio of Regency Energy Partners immediately prior to such transaction; and

(5) such Issuer has delivered to the trustee an officers certificate and an opinion of counsel, each stating that such consolidation, merger or disposition and such supplemental indenture (if any) comply with the Indenture and all conditions precedent therein relating to such transaction have been satisfied; provided that clause (4) shall not apply to any sale of assets of a Restricted Subsidiary to Regency Energy Partners or another Restricted Subsidiary or the merger or consolidation of a Restricted Subsidiary into any Restricted Subsidiary or Regency Energy Partners.

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Notwithstanding the preceding paragraph, Regency Energy Partners is permitted to reorganize as any other form of entity in accordance with the procedures established in the Indenture; provided that:

(1) the reorganization involves the conversion (by merger, sale, legal conversion, contribution or exchange of assets or otherwise) of Regency Energy Partners into a form of entity other than a limited partnership formed under Delaware law;

(2) the entity so formed by or resulting from such reorganization is an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(3) the entity so formed by or resulting from such reorganization assumes all the obligations of Regency Energy Partners under the notes and the Indenture pursuant to agreements reasonably satisfactory to the trustee;

(4) immediately after such reorganization no Default or Event of Default exists; and

(5) such reorganization is not materially adverse to the holders of notes (for purposes of this clause (5) it is stipulated that such reorganization shall not be considered materially adverse to the holders of notes solely because the successor or survivor of such reorganization (a) is subject to federal or state income taxation as an entity or (b) is considered to be an includible corporation of an affiliated group of corporations within the meaning of Section 1504(b)(i) of the Code or any similar state or local law).

A Guarantor may not sell or otherwise dispose of all or substantially all of its properties or assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than Regency Energy Partners or another Guarantor, unless it complies with the alternative conditions described above under Note Guarantees.

Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, there may be uncertainty as to whether a particular transaction would involve all or substantially all of the properties or assets of a Person.

Transactions with Affiliates

Regency Energy Partners will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of Regency Energy Partners (each, an Affiliate Transaction), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to Regency Energy Partners or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Regency Energy Partners or such Restricted Subsidiary with an unrelated Person; and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $50.0 million, Regency Energy Partners delivers to the trustee a resolution of the Board of Directors of the General Partner set forth in an officers certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with clause (1) of this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of Regency Energy Partners.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, equity award, equity option or equity appreciation agreement or plan or any similar arrangement entered into by Regency Energy Partners or any of its Restricted Subsidiaries in the ordinary course of business and payments pursuant thereto;

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(2) transactions between or among Regency Energy Partners and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of Regency Energy Partners) that is an Affiliate of Regency Energy Partners solely because Regency Energy Partners owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) any issuance of Equity Interests (other than Disqualified Equity) of Regency Energy Partners to Affiliates of Regency Energy Partners;

(5) Restricted Payments or Permitted Investments that do not violate the provisions of the Indenture described above under the caption Restricted Payments;

(6) customary compensation, indemnification and other benefits made available to officers, directors or employees of Regency Energy Partners, a Restricted Subsidiary of Regency Energy Partners or the General Partner, including reimbursement or advancement of out-of-pocket expenses and provisions of officers and directors liability insurance;

(7) in the case of contracts for purchase, gathering, processing, sale, transportation and marketing of crude oil, natural gas, condensate and natural gas liquids, hedging agreements, and production handling, operating, construction, terminaling, storage, lease, platform use, or other operational contracts, any such contracts are entered into in the ordinary course of business on terms substantially similar to those contained in similar contracts entered into by Regency Energy Partners or any of its Restricted Subsidiaries and third parties, or if neither Regency Energy Partners nor any of its Restricted Subsidiaries has entered into a similar contract with a third party, that the terms are no less favorable than those available from third parties on an arm s length basis, as determined by the Board of Directors of the General Partner;

(8) loans or advances to employees in the ordinary course of business not to exceed $2.5 million in the aggregate at any one time outstanding; and

(9) transactions effected in accordance with the terms of (a) the Contribution Agreement, the Partnership Agreement, the Master Services Agreement or the AMI Agreement, as the case may be, referred to in the Current Report on Form 8-K of Regency Energy Partners filed with the SEC on March 18, 2009, (b) the Contribution Agreement dated as of May 10, 2010 by and among Energy Transfer Equity, L.P., Regency Energy Partners and Regency Midcontinent Express LLC, (c) the Amended and Restated Limited Liability Company Agreement dated as of March 1, 2007 of MEP, (d) the Amended and Restated Limited Liability Company Agreement dated as of May 2, 2011 of Lone Star and (e) the Operation and Service Agreement dated as of May 19, 2011 by and between La Grange Acquisition, L.P. d/b/a Energy Transfer Company, Regency GP LP, Regency Energy Partners LP and Regency Gas Services LP, as each such agreement described in clauses (a) through (e) is in effect on the date of the Indenture, and any amendment or extension of such agreement so long as the terms of such amendment or extension, taken as a whole, are not less advantageous to Regency Energy Partners or the relevant Restricted Subsidiary (as determined by the Board of Directors of the General Partner in its reasonable good faith judgment) in any material respect than the agreement so amended or extended.

Business Activities

Regency Energy Partners will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to Regency Energy Partners and its Restricted Subsidiaries taken as a whole.

Finance Corp. will not hold any material assets, become liable for any material obligations or engage in any significant business activities; provided, that Finance Corp. may be a co-obligor or guarantor with respect to Indebtedness if Regency Energy Partners is an obligor on such Indebtedness and the net proceeds of such Indebtedness are received by Regency Energy Partners, Finance Corp. or one or more Guarantors. At any time after Regency Energy Partners is a corporation, Finance Corp. may consolidate or merge with or into Regency Energy Partners or any Restricted Subsidiary.

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Additional Guarantees

If, after the date of the Indenture, any Restricted Subsidiary of Regency Energy Partners that is not already a Guarantor guarantees any Indebtedness of either of the Issuers or any Indebtedness of any Guarantor, or any Restricted Subsidiary, if not then a Guarantor, incurs any Indebtedness under any Credit Facility, then in either case that Subsidiary will become a Guarantor by executing a supplemental indenture and delivering it to the trustee within 20 business days of the date on which it guaranteed or incurred such Indebtedness, as the case may be; provided however, that the preceding shall not apply to Subsidiaries of Regency Energy Partners that have been properly designated as Unrestricted Subsidiaries in accordance with the Indenture for so long as they continue to constitute Unrestricted Subsidiaries. Notwithstanding the preceding, any Note Guarantee of a Restricted Subsidiary that was incurred pursuant to this paragraph as a result of its guarantee of any Indebtedness shall provide by its terms that it shall be automatically and unconditionally released upon the release or discharge of the Guarantee that resulted in the creation of such Restricted Subsidiary s Note Guarantee, except a discharge or release by, or as a result of payment under, such Guarantee.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the General Partner may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by Regency Energy Partners and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be either an Investment made as of the time of the designation that will reduce the amount available for Restricted Payments under the covenant described above under the caption Restricted Payments or a Permitted Investment under one or more clauses of the definition of Permitted Investments, as determined by Regency Energy Partners; provided that any designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of Regency Energy Partners as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a certified copy of a resolution of the Board of Directors of the General Partner giving effect to such designation and an officers certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption Restricted Payments. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of Regency Energy Partners as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption Incurrence of Indebtedness and Issuance of Disqualified Equity, Regency Energy Partners will be in default of such covenant.

The Board of Directors of the General Partner may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of Regency Energy Partners; provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Regency Energy Partners of any outsta