

Regency Energy Partners LP  
Form S-4/A  
February 19, 2014  
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As filed with the Securities and Exchange Commission on February 18, 2014

Registration No. 333-192184

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Amendment No. 3**  
**to**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**REGENCY ENERGY PARTNERS LP**  
**(Exact Name of Registrant as Specified in its Charter)**

<b>Delaware</b> (State or other jurisdiction of Incorporation or Organization)	<b>1311</b> (Primary Standard Industrial Classification Code Number) 2001 Bryan Street, Suite 3700	<b>16-1731691</b> (I.R.S. Employer Identification Number)
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**Dallas, Texas 75201**

**(214) 750-1771**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Thomas E. Long**

**Regency GP LLC**

**2001 Bryan Street**

**Suite 3700**

**Dallas, Texas 75201**

**(214) 750-1771**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

**Neel Lemon**  
**Joshua Davidson**  
**M. Breen Haire**  
**Baker Botts L.L.P.**  
**2001 Ross Avenue**  
**Dallas, Texas 75201**

**Bruce D. Davis, Jr.**  
**PVR GP, LLC**  
**Three Radnor Corporate Center**  
**100 Matsonford Road**  
**Suite 301**  
**Radnor, Pennsylvania 19087**  
**(610) 975-8200**

**Michael Swidler**  
**Mike Rosenwasser**  
**Vinson & Elkins L.L.P.**  
**666 Fifth Avenue**  
**26th Floor**  
**New York, NY 10103**  
**(212) 237-0000**

(214) 953-6500

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to the closing of the merger described herein.

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

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

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

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**The information in this document is not complete and may be changed. Regency Energy Partners LP may not issue the securities described herein until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**PRELIMINARY SUBJECT TO COMPLETION, DATED FEBRUARY 18, 2014**

**MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT**

February 18, 2014

Dear Unitholder:

On October 9, 2013, PVR Partners, L.P., which is referred to as PVR, and Regency Energy Partners LP, which is referred to as Regency, entered into a merger agreement, as amended, pursuant to which PVR will merge with and into Regency, with Regency continuing as the surviving entity. The board of directors of PVR GP, LLC, which is referred to as PVR GP, the general partner of PVR, has determined that the merger and the merger agreement are advisable and in the best interests of PVR and its unitholders, and has unanimously approved the merger agreement and the merger.

Under the terms of the merger agreement, holders of PVR common units and Class B units will receive 1.020 common units of Regency for each PVR unit held. In addition, PVR unitholders will receive a one-time cash payment at the closing of the merger estimated to be approximately \$36.7 million in the aggregate. The consideration to be received by PVR unitholders is valued at \$28.68 per common unit based on Regency's closing price as of October 9, 2013, representing a 25.7% premium to the closing price of PVR's common units of \$22.81 on October 9, 2013, and a 24.8% premium to the volume weighted average closing price of PVR's common units for the 10 trading days ending October 9, 2013.

Immediately following completion of the merger, it is expected that PVR unitholders will own approximately 40% of the outstanding common units of Regency, based on the number of common units of Regency outstanding, on a fully diluted basis, as of February 14, 2014. The common units of PVR are traded on the New York Stock Exchange under the symbol PVR, and the common units of Regency are traded on the New York Stock Exchange under the symbol RGP.

We are holding a special meeting of unitholders on March 20, 2014 at 10:00 a.m., local time, at The Villanova University Conference Center, 601 County Line Road, Radnor, Pennsylvania 19087, to obtain your vote to adopt the merger agreement and the transactions contemplated thereby. **Your vote is very important, regardless of the number of units you own. The merger cannot be completed unless the holders of at least a majority of the outstanding PVR common units and PVR Class B units, voting together as a single class, vote for the adoption**

**of the merger agreement and the transactions contemplated thereby at the special meeting.**

**The board of directors of PVR GP recommends that PVR unitholders vote FOR the adoption of the merger agreement and the transactions contemplated thereby, FOR the adjournment of the PVR special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the PVR special meeting and FOR the related compensation proposal.**

On behalf of the board of directors of PVR GP, I invite you to attend the special meeting. Whether or not you expect to attend the PVR special meeting in person, we urge you to submit your proxy as promptly as possible through one of the delivery methods described in the accompanying proxy statement/prospectus.

In addition, we urge you to read carefully the accompanying proxy statement/prospectus (and the documents incorporated by reference into the accompanying proxy statement/prospectus), which includes important information about the merger agreement, the proposed merger, PVR, Regency and the special meeting. **Please pay particular attention to the section titled Risk Factors beginning on page 32 of the accompanying proxy statement/prospectus.**

On behalf of PVR GP's board of directors, thank you for your continued support.

Sincerely,

William H. Shea, Jr.

*President and Chief Executive Officer of PVR GP, LLC, the  
general partner of PVR Partners, L.P.*

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

The accompanying proxy statement/prospectus is dated February 18, 2014 and is first being mailed to the unitholders of PVR on or about February 20, 2014.

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**Three Radnor Corporate Center, Suite 301**

**100 Matsonford Road**

**Radnor, Pennsylvania 19087**

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS**

To the Unitholders of PVR Partners, L.P.:

Notice is hereby given that a special meeting of unitholders of PVR Partners, L.P., which is referred to as PVR, a Delaware limited partnership, will be held on March 20, 2014, at 10:00 a.m., local time, at The Villanova University Conference Center, 601 County Line Road, Radnor, Pennsylvania 19087, solely for the following purposes:

***Proposal 1:*** to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of October 9, 2013 (as it may be amended from time to time), which is referred to as the merger agreement, by and among PVR, PVR GP, LLC, the general partner of PVR (or PVR GP), Regency Energy Partners LP (or Regency), Regency GP LP and the general partner of Regency (or Regency GP), a copy of which agreement and an amendment thereto are attached as Annexes A-1 and A-2 to the proxy statement/prospectus accompanying this notice, and the transactions contemplated thereby;

***Proposal 2:*** to consider and vote on a proposal to approve the adjournment of the PVR special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting; and

***Proposal 3:*** to consider and vote on a proposal to approve, on an advisory (non-binding) basis, the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger.

These items of business, including the merger agreement and the proposed merger, are described in detail in the accompanying proxy statement/prospectus. **PVR GP's board of directors has determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and in the best interests of PVR and its unitholders and recommends that PVR unitholders vote FOR the proposal to adopt the merger agreement and the transactions contemplated thereby, FOR the adjournment of the PVR special meeting if necessary to solicit additional proxies in favor of such adoption and FOR the related compensation proposal.**

Only unitholders of record as of the close of business on February 18, 2014 are entitled to notice of the PVR special meeting and to vote at the PVR special meeting or at any adjournment or postponement thereof. A list of unitholders entitled to vote at the special meeting will be available in our offices located at Three Radnor Corporate Center, Suite 301, 100 Matsonford Road, Radnor, Pennsylvania 19087, during regular business hours for a period of ten days before the special meeting, and at the place of the special meeting during the meeting.

Adoption of the merger agreement and the transactions contemplated thereby by the PVR unitholders is a condition to the consummation of the merger and requires the affirmative vote of holders of at least a majority of the outstanding PVR common units and PVR Class B units, voting together as a single class. Therefore, your vote is very important. **Your failure to vote your units will have the same effect as a vote AGAINST the adoption of the merger agreement and the transactions contemplated thereby.**

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By order of the board of directors,

Bruce D. Davis, Jr.

*Executive Vice President, General Counsel and*

*Secretary*

Radnor, Pennsylvania

February 18, 2014

**YOUR VOTE IS IMPORTANT!**

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

We urge you to read the accompanying proxy statement/prospectus, including all documents incorporated by reference into the accompanying proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the merger, the adjournment vote, the advisory (non-binding) vote on the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger, the special meeting or the accompanying proxy statement/prospectus, would like additional copies of the accompanying proxy statement/prospectus or need help voting your PVR units, please contact PVR's proxy solicitor:

Morrow & Co., LLC

470 West Avenue 3rd Floor

Stamford, Connecticut 06902

Unitholders, call toll-free: (800) 460-1014

Banks and brokers, call collect: (203) 658-9400



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**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates by reference important business and financial information about Regency and PVR from other documents filed with the Securities and Exchange Commission, referred to as the SEC, that are not included in or delivered with this proxy statement/prospectus. See [Where You Can Find More Information](#).

Documents incorporated by reference are available to you without charge upon written or oral request. You can obtain any of these documents by requesting them in writing or by telephone from the appropriate party at the following addresses and telephone numbers.

Regency Energy Partners LP	PVR Partners, L.P.
Investor Relations	Investor Relations
2001 Bryan Street, Suite 3700	Three Radnor Corporate Center
Dallas, Texas 75201	100 Matsonford Road, Suite 301
(214) 750-1771	Radnor, Pennsylvania 19087
	(610) 975-8200

**To receive timely delivery of the requested documents in advance of the PVR special meeting, you should make your request no later than March 11, 2014.**

**ABOUT THIS DOCUMENT**

This document, which forms part of a registration statement on Form S-4 filed with the SEC by Regency (File No. 333-192184), constitutes a prospectus of Regency under Section 5 of the Securities Act of 1933, as amended, which is referred to as the Securities Act, with respect to the Regency common units to be issued pursuant to the merger agreement. This document also constitutes a notice of meeting and a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, with respect to the special meeting of PVR unitholders, at which PVR unitholders will be asked to consider and vote on, among other matters, a proposal to adopt the merger agreement and the transactions contemplated thereby.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated February 18, 2014. The information contained in this proxy statement/prospectus is accurate only as of that date or, in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies. Neither the mailing of this proxy statement/prospectus to PVR unitholders nor the issuance by Regency of its common units pursuant to the merger agreement will create any implication to the contrary.

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

offer or solicitation in such jurisdiction.

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

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**QUESTIONS AND ANSWERS**

*Set forth below are questions that you, as a unitholder of PVR, may have regarding the merger, the adjournment proposal, the related compensation proposal and the PVR special meeting, and brief answers to those questions. You are urged to read carefully this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety, including the merger agreement and an amendment thereto, which are attached as Annexes A-1 and A-2 to this proxy statement/prospectus, and the documents incorporated by reference into this proxy statement/prospectus, because this section may not provide all of the information that is important to you with respect to the merger and the special meeting. You may obtain a list of the documents incorporated by reference into this proxy statement/prospectus in the section titled *Where You Can Find More Information*.*

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

A: Regency and PVR have agreed to a merger, pursuant to which PVR will merge with and into Regency. Regency will continue its existence as the surviving entity, the separate existence of PVR will cease, and PVR will cease to be a publicly held limited partnership. In order to complete the merger, PVR unitholders must vote to adopt the Agreement and Plan of Merger, dated as of October 9, 2013, among PVR, PVR GP, Regency and Regency GP, which agreement, as amended by an amendment thereto dated as of November 7, 2013 and as may be further amended from time to time, is referred to as the merger agreement, and the transactions contemplated thereby. PVR is holding a special meeting of unitholders to obtain such unitholder approval. PVR unitholders will also be asked to approve, on an advisory (non-binding) basis, the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger.

In the merger, Regency will issue Regency common units as the consideration to be paid to holders of PVR common units and Class B units. This document is being delivered to you as both a proxy statement of PVR and a prospectus of Regency in connection with the merger. It is the proxy statement by which the PVR GP board of directors is soliciting proxies from you to vote on the adoption of the merger agreement and the transactions contemplated thereby at the special meeting or at any adjournment or postponement of the special meeting. It is also the prospectus by which Regency will issue Regency common units to you in the merger.

**Q: What will happen in the merger?**

A: In the merger, PVR will merge with and into Regency. Regency will be the surviving limited partnership in the merger. The separate existence of PVR will cease following completion of the merger.

**Q: What will I receive in the merger?**

A: If the merger is completed, your PVR common units and Class B units will be cancelled and converted automatically into the right to receive (i) a number of Regency common units, which is referred to as the unit consideration, equal to 1.020 multiplied by the number of your PVR common units or Class B units and (ii) an



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amount of cash, which is referred to as the cash consideration and, together with the unit consideration, as the merger consideration, equal to the difference (if positive) between (x) PVR's annualized quarterly distribution immediately prior to the effective time of the merger and (y) 1.020 times Regency's annualized quarterly distribution prior to the effective time. This one-time cash payment is estimated to equal approximately \$36.7 million in the aggregate. PVR unitholders will receive cash for any fractional Regency common units that they would otherwise receive in the merger.

Based on the closing price for Regency common units on the New York Stock Exchange, which is referred to as the NYSE, on October 9, 2013, the last trading day before the public announcement of the merger

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agreement, and the last quarterly distributions declared by each of PVR and Regency prior to that date, the merger consideration represented approximately \$28.68 in value for each PVR unit. Based on the closing price of \$26.77 for Regency common units on the NYSE on February 18, 2014, the most recent practicable trading day prior to the date of this proxy statement/prospectus, and the last quarterly distributions declared by each of PVR and Regency prior to that date, the merger consideration represented approximately \$27.57

in value for each PVR common unit. The market price of Regency common units will fluctuate prior to the merger, and the market price of Regency common units when received by PVR unitholders after the merger is completed could be greater or less than the current market price of Regency common units. See **Risk Factors** beginning on page 32 of this proxy statement/prospectus.

**Q: What will happen to my PVR phantom units, restricted units and deferred common units in the merger?**

A: If the merger is completed, each outstanding PVR phantom unit, restricted unit and deferred common unit will be converted into the right to receive the merger consideration. PVR equity award holders will receive cash for any fractional Regency common units that they would otherwise receive in the merger. In the case of performance-based phantom units, except as otherwise expressly provided in the original grant terms of a particular award, performance will be deemed to be attained at target. See **The Merger Agreement Treatment of Equity Awards** beginning on page 105 of this proxy statement/prospectus.

**Q: What happens if the merger is not completed?**

A: If the merger agreement is not adopted by PVR unitholders or if the merger is not completed for any other reason, you will not receive any form of consideration for your PVR units in connection with the merger. Instead, PVR will remain an independent publicly traded limited partnership and its common units will continue to be listed and traded on the NYSE. If the merger agreement is terminated under specified circumstances, including if unitholder approval is not obtained, PVR will be required to pay all of the reasonably documented out-of-pocket expenses incurred by Regency and its affiliates in connection with the merger agreement and the transactions contemplated thereby, up to a maximum amount of \$20.0 million. In addition, if the merger agreement is terminated in specified circumstances, including due to an adverse recommendation change having occurred, PVR will be required to pay Regency a termination fee of \$134.5 million, less any expenses previously paid by PVR to Regency. Following payment of the termination fee, PVR will not be obligated to pay any additional expenses incurred by Regency or its affiliates. Please read **The Merger Agreement Expenses and Termination Fee** beginning on page 108 of this proxy statement/prospectus.

**Q: Will I continue to receive future distributions?**

A: Before completion of the merger, PVR expects to continue to pay its regular quarterly cash distribution on its common units, which currently is \$0.55 per PVR common unit. However, PVR and Regency will coordinate the timing of distribution declarations leading up to the merger so that, in any quarter, a holder of PVR common units

will either receive distributions in respect of its PVR common units and Class B units or distributions in respect of Regency common units that such holder will receive in the merger (but will not receive distributions in respect of both in any quarter). Receipt of the regular quarterly distribution will not reduce the merger consideration you receive. After completion of the merger, you will be entitled only to distributions on any Regency common units you receive in the merger and hold through the applicable distribution record date. While Regency provides no assurances as to the level or payment of any future distributions on its common units, and Regency determines the amount of its distributions each quarter, for the quarter ended December 31, 2013, Regency paid a cash distribution of \$0.475 per Regency common unit on February 14, 2014 to holders of record as of the close of business on February 7, 2014.

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**Q: What am I being asked to vote on?**

A: PVR's unitholders are being asked to vote on the following proposals:

***Proposal 1:*** to adopt the merger agreement and an amendment thereto, copies of which are attached as Annexes A-1 and A-2 to this proxy statement/prospectus, and the transactions contemplated thereby;

***Proposal 2:*** to approve the adjournment of the PVR special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting; and

***Proposal 3:*** to approve, on an advisory (non-binding) basis, the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger.

The approval of the proposal to adopt the merger agreement and the transactions contemplated thereby by PVR unitholders is a condition to the obligations of PVR and Regency to complete the merger. Neither the approval of the proposal to adjourn the PVR special meeting, if necessary, nor the approval of the related compensation proposal is a condition to the obligations of PVR or Regency to complete the merger.

**Q: Does the board of directors of PVR's general partner recommend that unitholders adopt the merger agreement and the transactions contemplated thereby?**

A: Yes. The board of directors of PVR GP, the general partner of PVR, has unanimously approved the merger agreement and the transactions contemplated thereby, including the merger, and determined that these transactions are advisable and in the best interests of the PVR unitholders. Therefore, the board of directors of PVR GP unanimously recommends that you vote **FOR** the proposal to adopt the merger agreement and the transactions contemplated thereby at the special meeting. See **Proposal 1: The Merger Recommendation of PVR GP's Board of Directors and Its Reasons for the Merger** beginning on page 70 of this proxy statement/prospectus. In considering the recommendation of the board of directors of PVR GP with respect to the merger agreement and the transactions contemplated thereby, including the merger, you should be aware that directors and executive officers of PVR are parties to agreements or participants in other arrangements that give them interests in the merger that may be different from, or in addition to, your interests as a unitholder of PVR. You should consider these interests in voting on this proposal. These different interests are described under **Proposal 1: The Merger Interests of Directors and Executive Officers of PVR in the Merger** beginning on page 89 of this proxy statement/prospectus.

**Q: Does PVR GP's board of directors recommend that unitholders approve the adjournment of the PVR special meeting, if necessary?**

A: Yes. PVR GP's board of directors unanimously recommends that you vote **FOR** the proposal to adjourn the PVR special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger

agreement at the time of the PVR special meeting. See Proposal 2: Adjournment of the PVR Special Meeting beginning on page 179 of this proxy statement/prospectus.

**Q: What are the related compensation payments and why am I being asked to vote on them?**

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

**Q: Does PVR GP's board of directors recommend that unitholders approve the related compensation proposal?**

A: Yes. The PVR GP board of directors unanimously recommends that you vote FOR the proposal to approve the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger. See Proposal 3: Advisory Vote on Related Compensation beginning on page 179 of this proxy statement/prospectus.

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**Q: What happens if the related compensation proposal is not approved?**

A: Approval of the related compensation proposal is not a condition to completion of the merger. The vote is an advisory vote and is not binding. If the merger is completed, PVR will pay the related compensation to its named executive officers in connection with the merger even if PVR unitholders fail to approve the related compensation proposal.

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

A: The following are the vote requirements for the proposals:

***Proposal 1: Adoption of the Merger Agreement.*** The affirmative vote of holders of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class. Accordingly, abstentions and unvoted units will have the same effect as votes AGAINST adoption.

***Proposal 2: Adjournment of the PVR Special Meeting (if necessary).*** If a quorum is present at the meeting, the affirmative vote of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class; *provided* that, if a quorum is not present at the meeting, the affirmative vote of holders of a majority of the outstanding PVR common units and Class B units entitled to vote at such meeting represented either in person or by proxy, voting together as a single class, will be required to approve the proposal. Accordingly, abstentions and unvoted units will have the same effect as votes AGAINST the proposal.

***Proposal 3: Approval of Related Compensation.*** The affirmative vote of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class. Accordingly, abstentions and unvoted units will have the same effect as votes AGAINST the proposal.

**Q: What constitutes a quorum for the special meeting?**

A: At least a majority of the outstanding PVR common units and Class B units, voting together as a single class, must be represented in person or by proxy at the meeting in order to constitute a quorum.

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

A: This proxy statement/prospectus and the proxy card are first being sent to PVR unitholders on or about February 20, 2014.

**Q: Who is entitled to vote at the special meeting?**

A: Holders of each of PVR's common units outstanding and Class B units outstanding (as each is defined in PVR's agreement of limited partnership) as of the close of business on February 18, 2014, the record date, are entitled to one vote per unit at the special meeting.

As of the record date, there were 112,274,703 common units outstanding and 24,811,083 Class B units outstanding, all of which are entitled to vote at the special meeting.

**Q: When and where is the special meeting?**

A: The special meeting will be held at The Villanova University Conference Center, 601 County Line Road, Radnor, Pennsylvania 19087, on March 20, 2014, at 10:00 a.m., local time.

**Q: How do I vote my units at the special meeting?**

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

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

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

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

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

Even if you plan to attend the special meeting in person, your plans may change, thus you are encouraged to submit your proxy as described above so that your vote will be counted if you later decide not to attend the special meeting.

If your units are held by a broker, bank or other nominee, also known as holding units in street name, you should receive instructions from the broker, bank or other nominee that you must follow in order to have your units voted. Please review such instructions to determine whether you will be able to vote via Internet or by telephone. The deadline for voting by telephone or electronically through the Internet is 11:59 p.m. Eastern Time, March 19, 2014 (the Telephone/Internet deadline ).

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

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

If you do not provide voting instructions to your broker, your units will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is referred to in this proxy statement/prospectus and in general as a broker non-vote. In these cases, the broker can register your units as being present at the special meeting for purposes of determining a quorum, but will not be able to vote on those matters for which specific authorization is required. Under the current rules of the NYSE, brokers do not have discretionary authority to vote on the proposal to adopt the merger agreement and the transactions contemplated thereby. A broker non-vote will have the same effect as a vote AGAINST adoption of the merger agreement and the transactions contemplated thereby, the adjournment proposal and the related compensation proposal.

**Q: How will my units be represented at the special meeting?**

A: If you submit your proxy by telephone, the Internet website or by signing and returning your proxy card, the officers named in your proxy card will vote your units in the manner you requested if you correctly submitted your proxy. If you sign your proxy card and return it without indicating how you would like to vote your units,



your proxy will be voted as PVR GP's board of directors recommends, which is:

***Proposal 1:*** FOR the adoption of the merger agreement and the transactions contemplated thereby;

***Proposal 2:*** FOR the approval of the adjournment of the PVR special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting; and

***Proposal 3:*** FOR the approval, on an advisory (non-binding) basis, of the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger.

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**Q: Who may attend the special meeting?**

A: PVR unitholders (or their authorized representatives) and PVR's invited guests may attend the special meeting. All attendees should be prepared to present government-issued photo identification (such as a driver's license or passport) for admittance.

**Q: Is my vote important?**

A: Yes, your vote is very important. If you do not submit a proxy or vote in person at the special meeting, it will be more difficult for PVR to obtain the necessary quorum to hold the special meeting. In addition, an abstention or your failure to submit a proxy or to vote in person will have the same effect as a vote **AGAINST** the adoption of the merger agreement and the transactions contemplated thereby. If you hold your units through a broker or other nominee, your broker or other nominee will not be able to cast a vote on such adoption without instructions from you. PVR GP's board of directors recommends that you vote **FOR** the adoption of the merger agreement and the transactions contemplated thereby.

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

A: Yes. If you are a unitholder of record, you may revoke or change your vote at any time before the Telephone/Internet deadline or before the polls close at the special meeting by:

    sending a written notice, no later than the Telephone/Internet deadline, to PVR at Three Radnor Corporate Center, Suite 301, 100 Matsonford Road, Radnor, Pennsylvania 19087, Attn: Corporate Secretary, that bears a date later than the date of the proxy and is received prior to the special meeting and states that you revoke your proxy;

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

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

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

**Q: What happens if I sell my units after the record date but before the special meeting?**

A:

The record date for the special meeting is earlier than the date of the special meeting and the date that the merger is expected to be completed. If you sell or otherwise transfer your PVR units after the record date but before the date of the special meeting, you will retain your right to vote at the special meeting. However, you will not have the right to receive the merger consideration to be received by PVR s unitholders in the merger. In order to receive the merger consideration, you must hold your units through completion of the merger.

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

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

**Q: Am I entitled to appraisal rights if I vote against the adoption of the merger agreement?**

A: No. Appraisal rights are not available in connection with the merger under the Delaware Revised Uniform Limited Partnership Act, which is referred to as the Delaware LP Act, or under the PVR partnership agreement.

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**Q: Is completion of the merger subject to any conditions?**

A: Yes. In addition to the adoption of the merger agreement by PVR unitholders, completion of the merger requires the receipt of the necessary governmental clearances and the satisfaction or, to the extent permitted by applicable law, waiver of the other conditions specified in the merger agreement.

**Q: When do you expect to complete the merger?**

A: PVR and Regency are working towards completing the merger promptly. PVR and Regency currently expect to complete the merger in the first quarter of 2014, subject to receipt of PVR's unitholder approval, regulatory approvals and clearances and other usual and customary closing conditions. However, no assurance can be given as to when, or if, the merger will occur.

**Q: What are the expected U.S. federal income tax consequences to a PVR unitholder as a result of the transactions contemplated by the merger agreement?**

A: It is anticipated that no gain or loss will be recognized by a PVR unitholder solely as a result of the merger, other than (i) such unitholder's distributive share of any gain recognized by PVR as a result of the merger (which, as described below, is expected to be zero) or (ii) to the extent the aggregate amount of cash consideration and cash in lieu of fractional Regency common units received by such PVR unitholder, plus any net decrease in such PVR unitholder's share of partnership liabilities pursuant to Section 752 of the Internal Revenue Code of 1986, as amended (the Code), exceeds such PVR unitholder's adjusted tax basis in its PVR units at the closing of the merger.

Please read Risk Factors Risk Factors Relating to the Merger and Material U.S. Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to PVR Unitholders.

**Q: Under what circumstances could the merger result in a PVR unitholder recognizing taxable income or gain?**

A: For U.S. federal income tax purposes, PVR will be deemed to contribute all of its assets to Regency in exchange for Regency common units, cash, and the assumption of PVR's liabilities, followed by a liquidation of PVR in which Regency common units and cash are distributed to PVR unitholders. The deemed receipt of cash by PVR in the merger could trigger gain to PVR either because it would be treated as part of a sale or because it exceeds PVR's adjusted tax basis in its assets at the closing of the merger, and any such gain would be allocated to the PVR unitholders pursuant to the PVR partnership agreement. The deemed receipt of cash by PVR will qualify for one or more exceptions to sale treatment and PVR does not currently expect that it will recognize gain as a result of the deemed receipt of cash in the merger exceeding its adjusted tax basis in its assets. In addition, as a result of the merger, PVR unitholders who receive Regency common units will become limited partners of Regency for U.S. federal income tax purposes and will be allocated a share of Regency's nonrecourse liabilities. Each PVR unitholder will be treated as receiving a deemed cash distribution equal to the excess, if any, of such PVR

unitholder's share of nonrecourse liabilities of PVR immediately before the merger over such common unitholder's share of nonrecourse liabilities of Regency immediately following the merger. If the amount of cash actually received plus any deemed cash distribution received by a PVR unitholder exceeds the common unitholder's basis in his PVR units, such common unitholder will recognize gain in an amount equal to such excess. While there can be no assurance, Regency and PVR expect that most PVR unitholders will not recognize gain in this manner. The amount and effect of any gain that may be recognized by PVR unitholders will depend on the PVR unitholder's particular situation, including the ability of the PVR unitholder to utilize any suspended passive losses. For additional information, please read "Material U.S. Federal Income Tax Consequences of the Merger" Tax Consequences of the Merger to PVR, "Material U.S. Federal Income Tax Consequences of the Merger" Tax Consequences of the Merger to PVR Unitholders and "Risk Factors Relating to the Merger."

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**Q: What are the expected U.S. federal income tax consequences for a PVR unitholder of the ownership of Regency common units after the merger is completed?**

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

**Q: Assuming the merger closes before December 31, 2014, how many Schedule K-1s will I receive if I am a PVR unitholder?**

A: You will receive two Schedule K-1s, one from PVR, which will describe your share of PVR's income, gain, loss and deduction for the portion of the tax year that you held PVR units prior to the effective time of the merger, and one from Regency, which will describe your share of Regency's income, gain, loss and deduction for the portion of the tax year you held Regency common units following the effective time of the merger.

**Q: What do I need to do now?**

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

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

**Q: Should I send in my unit certificates now?**

A: No. PVR unitholders should not send in their unit certificates at this time. After completion of the merger, Regency's exchange agent will send you a letter of transmittal and instructions for exchanging your PVR common units for the merger consideration. Unless you specifically request to receive Regency unit certificates, the Regency common units you receive in the merger will be issued in book-entry form.

**Q: Whom should I call with questions?**

A: PVR unitholders should call Morrow & Co., LLC, PVR's proxy solicitor, toll-free at (800) 460-1014 (banks and brokers call collect at (203) 658-9400) with any questions about the merger or the special meeting, or to obtain

additional copies of this proxy statement/prospectus, proxy cards or voting instruction forms.

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**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus. You are urged to read carefully the entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger agreement, the merger and the other matters being considered at the PVR special meeting. See Where You Can Find More Information. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.*

**The Parties (See page 50)**

Regency Energy Partners LP, which is referred to as Regency, is a Delaware limited partnership with common units traded on the NYSE under the symbol RGP. Regency is a growth-oriented limited partnership engaged in the gathering and processing, compression, treating and transportation of natural gas and the transportation, fractionation and storage of natural gas liquids, which are referred to as NGLs. Regency GP LP, a Delaware limited partnership, which is referred to as Regency GP, is Regency's general partner.

PVR Partners, L.P., which is referred to as PVR, is a Delaware limited partnership with common units traded on the NYSE under the symbol PVR. PVR is principally engaged in the gathering and processing of natural gas and the management of coal and natural resource properties in the United States. PVR's assets are primarily located in Pennsylvania, Texas, Oklahoma and West Virginia. PVR GP, LLC, a Delaware limited liability company, which is referred to as PVR GP, is PVR's general partner.

**The Merger (See page 57)**

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, the merger agreement provides for the merger of PVR with and into Regency. Regency will survive the merger, and the separate limited partnership existence of PVR will cease.

**Merger Consideration (See page 104)**

The merger agreement provides that, at the effective time of the merger, which is referred to as the effective time, each PVR common unit and Class B unit issued and outstanding or deemed issued and outstanding as of immediately prior to the effective time will be converted into the right to receive (i) 1.020 Regency common units and (ii) an amount of cash equal to the difference (if positive) between (x) the PVR annualized distribution and (y) the Regency adjusted annualized distribution. The PVR annualized distribution is the product of four times the amount of the quarterly cash distribution most recently declared by PVR prior to the closing of the merger. The Regency adjusted annualized distribution is the product of four times the amount of the quarterly cash distribution most recently declared by Regency prior to the closing of the merger, multiplied by the exchange ratio of 1.020. This one-time cash payment is estimated to equal approximately \$36.7 million in the aggregate. Any PVR securities that are owned by PVR or Regency or any of their respective subsidiaries immediately prior to the effective time will be cancelled without any conversion or payment of consideration in respect thereof.

**Treatment of Equity Awards (See page 105)**

**Phantom Units.** Except as otherwise expressly provided in the original grant terms of a particular award, each phantom PVR common unit that was granted under a PVR equity incentive plan and that is outstanding immediately prior to the effective time, automatically and without any action on the part of the holder of such phantom PVR



common unit, will at the effective time vest in full (in the case of performance-based phantom PVR common units, based on achievement of target level of performance), the restrictions with respect thereto

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will lapse, and each PVR common unit deemed to be issued in settlement thereof will be deemed issued and outstanding as of immediately prior to the effective time and at the effective time will be converted into the right to receive the merger consideration in accordance with the terms of the merger agreement. In addition, any then-accumulated distribution equivalents payable pursuant to distribution equivalent rights with respect to each phantom PVR common unit that vests in accordance with the merger agreement will at the effective time and without any action on the part of any holder thereof vest in full and become immediately payable in cash.

***Restricted Units.*** Each restricted PVR common unit that was granted under a PVR equity incentive plan and that is outstanding immediately prior to the effective time, automatically and without any action on the part of the holder of such restricted PVR common unit, will at the effective time vest in full and the restrictions with respect thereto will lapse, and each restricted PVR common unit will be treated as an issued and outstanding PVR common unit as of immediately prior to the effective time and at the effective time will be converted into the right to receive the merger consideration in accordance with the terms of the merger agreement.

***Deferred Common Units.*** Restrictions with respect to each deferred PVR common unit that is outstanding immediately prior to the effective time, automatically and without any action on the part of the holder of such deferred PVR common unit, will at the effective time lapse, and each deferred PVR common unit will be treated as an issued and outstanding PVR common unit as of immediately prior to the effective time and at the effective time will be converted into the right to receive the merger consideration in accordance with the terms of the merger agreement.

**PVR Special Unitholder Meeting; Unitholders Entitled to Vote; Vote Required (See page 52)**

***Meeting.*** The special meeting will be held on March 20, 2014, at 10:00 a.m., local time, at The Villanova University Conference Center, 601 County Line Road, Radnor, Pennsylvania 19087. At the special meeting, PVR unitholders will be asked to vote on the following proposals:

***Proposal 1:*** to adopt the merger agreement and the transactions contemplated thereby;

***Proposal 2:*** to approve the adjournment of the special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting; and

***Proposal 3:*** to approve, on an advisory (non-binding) basis, the related compensation payments that will or may be paid by PVR to William H. Shea, Jr., President and Chief Executive Officer of PVR GP, Robert B. Wallace, Executive Vice President and Chief Financial Officer of PVR GP, Keith D. Horton, Executive Vice President and Chief Operating Officer Coal of PVR GP, Ronald K. Page, Former Executive Vice President and Chief Operating Officer Midstream, Midcontinent of PVR GP, and Bruce D. Davis, Jr., Executive Vice President and General Counsel of PVR GP (together referred to as PVR's named executive officers), in connection with the merger.

***Record Date.*** Only PVR unitholders of record at the close of business on February 18, 2014 will be entitled to receive notice of and to vote at the special meeting. As of the close of business on the record date of February 18, 2014, there were 112,274,703 PVR common units and 24,811,083 Class B units outstanding and entitled to vote at the meeting. Each holder of PVR common units and Class B units is entitled to one vote for each unit owned as of the record date.

**Required Vote.** To adopt the merger agreement and the transactions contemplated thereby, holders of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, must vote in favor of such adoption. **PVR cannot complete the merger unless its unitholders adopt the merger agreement and the transactions contemplated thereby.** Because approval is based on the affirmative vote of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, **a PVR unitholder's failure to vote, an abstention from voting or the failure of a PVR unitholder who holds his or her units in street name through a broker or other nominee to give voting instructions to such broker or other nominee will have the same effect as a vote AGAINST adoption of the merger agreement.**

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To approve the adjournment of the PVR special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting and if a quorum is present at the meeting, holders of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, must vote in favor of the proposal; provided that, if a quorum is not present at the meeting, the affirmative vote of holders of a majority of the outstanding PVR common units and Class B units entitled to vote at such meeting represented either in person or by proxy, voting together as a single class, is required to approve the proposal. Because approval of this proposal is based on the affirmative vote of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, a PVR unitholder's failure to vote, an abstention from voting or the failure of a PVR unitholder who holds his or her units in street name through a broker or other nominee to give voting instructions to such broker or other nominee will have the same effect as a vote AGAINST approval of this proposal.

To approve, on an advisory (non-binding) basis, the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger, holders of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, must vote in favor of the proposal. Because approval of this proposal is based on the affirmative vote of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, a PVR unitholder's failure to vote, an abstention from voting or the failure of a PVR unitholder who holds his or her units in street name through a broker or other nominee to give voting instructions to such broker or other nominee will have the same effect as a vote AGAINST approval of this proposal.

***Unit Ownership of and Voting by PVR's Directors and Executive Officers.*** At the close of business on the record date for the special meeting, PVR's directors and executive officers and their affiliates beneficially owned and had the right to vote 363,037 PVR common units at the special meeting, which represents less than 1% of the PVR units entitled to vote at the special meeting. It is expected that PVR's directors and executive officers will vote their units FOR the adoption of the merger agreement and the transactions contemplated thereby, although none of them has entered into any agreement requiring them to do so.

**Recommendation of PVR GP's Board of Directors and Its Reasons for the Merger (See page 70)**

The board of directors of PVR GP recommends that PVR unitholders vote **FOR** adoption of the merger agreement and the transactions contemplated thereby.

In the course of reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement, PVR GP's board of directors considered a number of factors in its deliberations. For a more complete discussion of these factors, see Proposal 1: The Merger Recommendation of PVR GP's Board of Directors and Its Reasons for the Merger.

**Opinion of the Financial Advisor to the Board of Directors of PVR GP (See page 72)**

On October 9, 2013, Evercore Group L.L.C. delivered its oral opinion to the board of directors of PVR GP, which opinion was subsequently confirmed by delivery of a written opinion dated October 9, 2013, to the effect that, as of such date and based upon and subject to assumptions made, matters considered and limitations on the scope of review undertaken by Evercore as set forth in its opinion, the merger consideration of (i) an amount of cash equal to the difference (if positive) between (x) PVR's annualized quarterly distribution prior to the effective time and (y) 1.020 times Regency's annualized quarterly distribution prior to the effective time, and (ii) 1.020 Regency common units to be transferred as consideration in respect of each PVR common unit was fair, from a financial point of view, to the holders of the PVR common units (other than affiliates of PVR).

Evercore's opinion was addressed to, and provided for the information and benefit of, the board of directors of PVR GP (in its capacity as such), in connection with its evaluation of the merger and addresses only

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the fairness, from a financial point of view, of the merger consideration to the holders of the outstanding PVR common units (other than affiliates of PVR). Evercore's opinion should not be construed as creating any fiduciary duty on Evercore's part to any party, did not address any other aspect of the merger and was not intended to be, and did not constitute a recommendation to the board of directors of PVR GP or to any other persons in respect of the merger, including as to how any holder of PVR common units or Class B units should vote or act in respect of the merger. Evercore's opinion did not address the relative merits of the merger as compared to other business or financial strategies that might be available to PVR, nor does it address the underlying business decision of PVR to engage in the merger. The summary of the Evercore opinion set forth herein is qualified in its entirety by reference to the full text of the opinion included as Annex B.

### **Regency Unitholder Approval is Not Required (See page 96)**

Regency unitholders are not required to adopt the merger agreement or approve the merger or the issuance of Regency common units in connection with the merger.

### **Directors and Executive Officers of Regency After the Merger (See page 96)**

Regency GP has direct responsibility for conducting Regency's business and for managing its operations. Because Regency GP is a limited partnership, its general partner, Regency GP LLC, is ultimately responsible for the business and operations of Regency GP and conducts its business and operations. Thus, the board of directors and officers of Regency GP LLC make decisions on Regency's behalf. The directors and executive officers of Regency GP LLC immediately prior to the merger will continue as the directors and executive officers of Regency GP LLC after the merger. In this proxy statement/prospectus, each of Regency GP LP and Regency GP LLC are sometimes referred to as Regency GP.

### **Ownership of Regency After the Merger (See page 96)**

Regency will issue approximately 140 million Regency common units to former PVR unitholders pursuant to the merger. Based on the number of Regency units outstanding as of the date of this proxy statement/prospectus, immediately following the completion of the merger, Regency expects to have approximately 355 million common units outstanding. PVR unitholders are therefore expected to hold approximately 40% of the aggregate number of Regency common units outstanding immediately after the merger and approximately 39% of Regency's total units of all classes. Holders of Regency common units are not entitled to elect the directors of Regency GP LLC (unlike holders of PVR units) and have only limited voting rights on matters affecting Regency's business. Consequently, PVR unitholders, as a general matter, will have less influence over the management and policies of Regency than they currently exercise over the management and policies of PVR.

### **Interests of Directors and Executive Officers of PVR in the Merger (See page 89)**

PVR's directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of PVR unitholders generally. The members of the PVR board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to PVR's unitholders that the merger agreement be adopted.

These interests include:

PVR's directors and executive officers are participants in the PVR GP Sixth Amended and Restated Long-Term Incentive Plan (the PVR LTIP). Each phantom PVR common unit that was granted under the PVR LTIP and is outstanding immediately prior to the closing of the merger will vest in full (in the case of performance-based phantom PVR common units, based on achievement of target level of performance) and the restrictions with respect to such phantom PVR common units will lapse, and each PVR common unit deemed to be issued in settlement thereof will be deemed issued and outstanding as of immediately prior to the effective time and at the effective time will be converted into the right to

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receive the merger consideration. In addition, any then-accumulated distribution equivalent payable pursuant to distribution equivalent rights with respect to each phantom PVR common unit that vests in connection with the merger will vest in full and become immediately payable in cash. Similarly, each award of restricted PVR common units and deferred PVR common units that is outstanding immediately prior to the effective time will vest in full in the case of restricted PVR common units and the restrictions with respect to each type of award will lapse, and each restricted PVR common unit or deferred PVR common unit will be treated as an issued and outstanding common unit and will be converted into the right to receive the merger consideration.

Pursuant to separate employment agreements with PVR GP, PVR's named executive officers are entitled to severance payments and benefits in the event of certain qualifying terminations of employment in connection with or following the merger.

Under the merger agreement, in the event that the merger closes in 2013, each participant (including each of the executive officers) in PVR GP's Annual Incentive Plan (or the Annual Incentive Plan) will be entitled to a prorated 2013 annual incentive payment based on the previously established target bonus set for the individual for the 2013 year and the number of days that have elapsed during the 2013 year, which amount is payable upon the earlier to occur of March 1, 2014 and the date which is 30 days after the closing of the merger.

PVR's directors and executive officers are entitled to continued indemnification and insurance coverage under the merger agreement.

Riverstone Holdings LLC, which is referred to as Riverstone, has two designees to the PVR board of directors, Andrew W. Ward, a Partner and Managing Director, and E. Bartow Jones, a Managing Director of Riverstone. In connection with the merger, immediately prior to the effective time of the merger (i) 24,811,083 PVR Class B units held by Riverstone and outstanding as of the date of the merger and (ii) any PVR Class B units issued as part of a distribution in kind after the date of the merger agreement and held by Riverstone as of the effective time will be converted into PVR common units on a one-for-one basis and thereby become entitled to receive the merger consideration per PVR common unit.

Prior to the effective time, Regency and its affiliates may initiate negotiations of agreements, arrangements and understandings with certain of PVR's executive officers regarding compensation and benefits and may enter into definitive agreements regarding employment with, or the right to participate in the equity of, Regency or its affiliates, in each case on a going-forward basis following completion of the merger.

**Risks Relating to the Merger and Ownership of Regency Common Units (See page 32)**

PVR unitholders should consider carefully all the risk factors together with all of the other information included or incorporated by reference in this proxy statement/prospectus before deciding how to vote. Risks relating to the merger and ownership of Regency common units are described in the section titled "Risk Factors." Some of these risks include, but are not limited to, those described below:



Because the exchange ratio is fixed and because the market price of Regency common units will fluctuate prior to the consummation of the merger, PVR unitholders cannot be sure of the market value of the Regency common units they will receive as merger consideration relative to the value of the PVR common units they exchange.

Regency and PVR may be unable to obtain the regulatory clearances required to complete the merger or, in order to do so, Regency and PVR may be required to comply with restrictions or satisfy conditions.

The merger agreement contains provisions that limit PVR's ability to pursue alternatives to the merger, could discourage a potential competing acquirer of PVR from making a favorable alternative

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transaction proposal and, in specified circumstances, including if unitholder approval is not obtained or if the merger agreement is terminated due to an adverse recommendation change having occurred, could require PVR to reimburse up to \$20.0 million of Regency's out-of-pocket expenses and pay a termination fee to Regency of \$134.5 million, less any previous expense reimbursements by PVR. Following payment of the termination fee, PVR will not be obligated to pay any additional expenses incurred by Regency or its affiliates.

Directors and executive officers of PVR have certain interests that are different from those of PVR unitholders generally.

PVR unitholders will have a reduced ownership and voting interest in the combined organization after the merger and will exercise less influence over management.

Regency common units to be received by PVR unitholders as a result of the merger have different rights from PVR common units.

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

The intended U.S. federal income tax consequences of the merger are dependent upon Regency and PVR being treated as partnerships for U.S. federal income tax purposes.

PVR common unitholders could recognize taxable income or gain for U.S. federal income tax purposes as a result of the merger.

Regency GP is owned by Energy Transfer Equity, L.P., which also owns Southern Union Company and the general partner of Energy Transfer Partners, L.P. and Sunoco Logistics Partners L.P. This may result in conflicts of interest.

Regency common unitholders have limited voting rights and are not entitled to elect Regency GP or the directors of its general partner.

Regency's tax treatment depends on its status as a partnership for federal income tax purposes, as well as its not being subject to a material amount of entity-level taxation by individual states or local entities. If the IRS treats Regency as a corporation or Regency becomes subject to a material amount of entity-level taxation for state or local tax purposes, it would substantially reduce the amount of cash available for payment for distributions on Regency's common units.

**Material U.S. Federal Income Tax Consequences of the Merger (See page 124)**

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

In connection with the merger, PVR expects to receive an opinion from Vinson & Elkins L.L.P. to the effect that (i) PVR will recognize gain as a result of the merger only to the extent, if any, that the sum of the aggregate amount of cash consideration, the aggregate amount of cash received in lieu of fractional Regency common units, and any net reduction in PVR's share of liabilities for purposes of Section 752 of the Code, exceeds the adjusted tax basis of PVR's assets at the closing of the merger; (ii) a holder of PVR units will not recognize gain as a result of the merger except (a) for its distributive share of any gain recognized by PVR as a result of the merger, if any, and (b) to the extent the aggregate amount of cash consideration and cash in lieu of fractional Regency

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common units received by such PVR unitholder, plus any net reduction in such PVR unitholder's share of liabilities for purposes of Section 752 of the Code, exceeds such PVR unitholder's adjusted tax basis in its PVR units immediately prior to the closing of the merger; provided that such opinion shall not extend to any holder who acquired PVR units from PVR in exchange for property other than cash; and (iii) at least 90% of the gross income of PVR for the most recent four complete calendar quarters ending before the closing date of the merger for which the necessary financial information is available is from sources treated as "qualifying income" within the meaning of Section 7704(d) of the Code.

In connection with the merger, Regency expects to receive an opinion from Baker Botts L.L.P. to the effect that (i) Regency will not recognize any income or gain as a result of the merger (other than any gain resulting from any decrease in partnership liabilities pursuant to Section 752 of the Code), (ii) no gain or loss will be recognized by holders of Regency common units as a result of the merger (other than any gain resulting from any decrease in partnership liabilities pursuant to Section 752 of the Code), and (iii) at least 90% of the combined gross income of each of Regency and PVR for the most recent four complete calendar quarters ending before the closing date of the merger for which the necessary financial information is available is from sources treated as "qualifying income" within the meaning of Section 7704(d) of the Code.

Opinions of counsel, however, are subject to certain limitations and are not binding on the Internal Revenue Service ( "IRS" ) and no assurance can be given that the IRS would not successfully assert a contrary position regarding the merger and the opinions of counsel. In addition, such opinions will be based upon certain factual assumptions and representations made by the officers of Regency, Regency GP and PVR and any of their respective affiliates. Please read "Material U.S. Federal Income Tax Consequences of the Merger" for a more complete discussion of the U.S. federal income tax consequences of the merger.

### **Accounting Treatment of the Merger (See page 95)**

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

### **Listing of Regency Common Units; Delisting and Deregistration of PVR Common Units (See page 96)**

Regency common units are currently listed on the NYSE under the ticker symbol "RGP". It is a condition to closing that the common units to be issued in the merger to PVR unitholders be approved for listing on the NYSE, subject to official notice of issuance.

PVR common units are currently listed on the NYSE under the ticker symbol "PVR". If the merger is completed, PVR common units will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

### **No Appraisal Rights (See page 95)**

Appraisal rights are not available in connection with the merger under the Delaware LP Act or under the PVR partnership agreement.

### **Conditions to Completion of the Merger (See page 99)**

Regency and PVR currently expect to complete the merger in the first quarter of 2014, subject to receipt of required PVR unitholder and regulatory approvals and clearances and to the satisfaction or waiver of the other conditions to the

transactions contemplated by the merger agreement described below.

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

the merger agreement and the transactions contemplated thereby must have been approved by the affirmative vote or consent of the holders of at least a majority of the outstanding PVR common units and Class B units as of the record date, voting together as a single class;

the waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the HSR Act, must have been terminated or expired;

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

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

the Regency common units to be issued in the merger must have been approved for listing on the NYSE, subject to official notice of issuance.

The obligations of Regency to effect the merger are subject to the satisfaction or waiver of the following additional conditions:

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

PVR and PVR GP having performed, in all material respects, all obligations required to be performed by them under the merger agreement;

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

Regency must have received from Baker Botts L.L.P., tax counsel to Regency, a written opinion regarding certain U.S. federal income tax matters, as described under The Merger Agreement Conditions to Consummation of the Merger; and

the conversion of the 10,346,257 special units of PVR outstanding as of the date of the merger agreement into an aggregate of 10,346,257 PVR common units prior to the effective time, which conversion occurred on November 7, 2013.

The obligation of PVR to effect the merger is subject to the satisfaction or waiver of the following additional conditions:

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

Regency and Regency GP having performed, in all material respects, all obligations required to be performed by them under the merger agreement;

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

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PVR must have received from Vinson & Elkins L.L.P., tax counsel to PVR, a written opinion regarding certain U.S. federal income tax matters, as described under The Merger Agreement Conditions to Consummation of the Merger.

**Regulatory Approvals and Clearances Required for the Merger (See page 95)**

Consummation of the merger is subject to the expiration or termination of any applicable waiting period under the HSR Act. On October 30, 2013, Regency and PVR filed Notification and Report Forms with the Antitrust Division of the Department of Justice, which is referred to as the Antitrust Division, and the Federal Trade Commission, which is referred to as the FTC. On November 8, 2013 the FTC granted early termination of the waiting period. See Proposal 1: The Merger Regulatory Approvals and Clearances Required for the Merger.

**No Solicitation by PVR of Alternative Proposals (See page 102)**

Under the merger agreement, PVR has agreed that it will not, and will cause its subsidiaries and use reasonable best efforts to cause its and its subsidiaries directors, officers, employees, investment bankers, financial advisors, attorneys, accountants, agents and other representatives not to, directly or indirectly:

solicit, initiate, knowingly facilitate, knowingly encourage (including by way of furnishing confidential information) or knowingly induce or take any other action intended to lead to any inquiries or any proposals that constitute the submission of an alternative proposal (as defined under The Merger Agreement PVR Unitholder Approval );

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

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

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

Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances at any time prior to PVR unitholders voting in favor of adopting the merger agreement, PVR may furnish information, including confidential information, with respect to it and its subsidiaries to, and participate in discussions or negotiations with, any third party that makes a written alternative proposal that PVR GP's board of directors believes is *bona fide*, and (after consultation with its financial advisors and outside legal counsel) PVR GP's board of directors determines in good faith constitutes or could reasonably be expected to lead to or result in a superior proposal and such alternative proposal did not result from a material breach of the no solicitation provisions in the merger agreement. In addition, if PVR desires to waive any of the standstill provisions of any confidentiality agreement entered into with another



person as permitted by the merger agreement, PVR is required to give written notice of the specific aspect of the standstill provision desired to be waived and will thereafter be permitted to waive such provisions, which waiver will constitute a waiver of the standstill provisions of Regency's confidentiality agreement with PVR in the same manner and to the same extent as such provisions are waived with respect to such person.

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PVR has also agreed in the merger agreement that it (i) will promptly, and in any event within 24 hours after receipt, notify Regency of any alternative proposal or any request for information or inquiry with regard to any alternative proposal and the identity of the person making any such alternative proposal, request or inquiry (including providing Regency with copies of any written materials received from or on behalf of such person relating to such proposal, offer, request or inquiry) and (ii) will provide Regency the terms, conditions and nature of any such alternative proposal, request or inquiry. In addition, PVR will keep Regency reasonably informed of all material developments affecting the status and terms of any such alternative proposals, offers, inquiries or requests (and promptly provide Regency with copies of any written materials received by PVR or that PVR has delivered to any third party making an alternative proposal that relate to such proposals, offers, requests or inquiries) and of the status of any such discussions or negotiations.

### **Change in PVR GP Board Recommendation (See page 103)**

The merger agreement provides that PVR will not, and will cause its subsidiaries and use reasonable best efforts to cause its representatives not to, directly or indirectly, withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in a manner adverse to Regency, the recommendation of PVR GP's board of directors that PVR's unitholders adopt the merger agreement or publicly recommend the approval or adoption of, or publicly approve or adopt, or propose to publicly recommend, approve or adopt, any alternative proposal. In addition, subject to certain limitations, within five business days of receipt of a written request from Regency following receipt by PVR of an alternative proposal, PVR will publicly reconfirm the recommendation of PVR GP's board of directors that PVR's unitholders adopt the merger agreement and PVR may not unreasonably withhold, delay (beyond the five business day period) or condition such public reconfirmation.

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

Subject to the satisfaction of specified conditions in the merger agreement described under The Merger Agreement Change in PVR GP Board Recommendation, PVR GP's board of directors may, at any time prior to the adoption of the merger agreement by the unitholders of PVR, effect an adverse recommendation change in response to either (i) any alternative proposal constituting a superior proposal or (ii) a changed circumstance that was not known to or reasonably foreseeable by the PVR GP board of directors prior to the date of the merger agreement, in each case if PVR GP's board of directors, after consultation with its outside legal counsel and financial advisors, determines in good faith that the failure to take such action would be inconsistent with its duties under the PVR partnership agreement or applicable law.

### **Termination of the Merger Agreement (See page 107)**

Regency or PVR may terminate the merger agreement at any time prior to the effective time, whether before or after PVR unitholders have approved the merger agreement:

by mutual written consent;

by either Regency or PVR:

if the merger has not occurred on or before May 31, 2014, which is referred to as the outside date; *provided*, that if on such date the conditions to closing requiring the termination or expiration of the HSR waiting period and the absence of any injunctions or restraints attributable to antitrust laws have not been satisfied but all other conditions to closing have been satisfied or shall be capable of being satisfied, then such date may be extended on one or more occasions at the option of either PVR or Regency, by notice to the other, to a date not later than August 31, 2014;

if any governmental authority has issued a final and nonappealable law, injunction, judgment or ruling that enjoins or otherwise prohibits the consummation of the transactions contemplated by the merger agreement or makes the transactions contemplated by the merger agreement illegal; or

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if unitholders of PVR do not adopt the merger agreement at a special meeting of PVR unitholders or any adjournment or postponement of such meeting;

by Regency:

if an adverse recommendation change shall have occurred;

if prior to the adoption of the merger agreement by the unitholders of PVR, PVR is in willful breach of its obligations to (i) duly call, give notice of and hold a special meeting of PVR unitholders for the purpose of obtaining unitholder approval of the merger agreement, use its reasonable best efforts to solicit proxies from unitholder in favor of such adoption and, through PVR GP's board of directors, recommend the adoption of the merger agreement to PVR's unitholders or (ii) comply with the requirements described under The Merger Agreement No Solicitation by PVR of Alternative Proposals, in each case, subject to certain exceptions discussed in The Merger Agreement Termination of the Merger Agreement; or

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

by PVR:

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

if prior to the adoption of the merger agreement by the unitholders of PVR, in order to enter into (concurrently with such termination) any agreement, understanding or arrangement providing for a superior proposal, subject to payment of the termination fee and certain exceptions discussed in The Merger Agreement Termination of the Merger Agreement.

**Expenses (See page 109)**

Generally, all fees and expenses incurred in connection with the transactions contemplated by the merger agreement will be the obligation of the respective party incurring such fees and expenses, except that Regency and PVR will each pay one-half of the expenses incurred in connection with the filing, printing and mailing of this proxy statement/prospectus.

In addition, following a termination of the merger agreement in specified circumstances, including if unitholder approval is not obtained, PVR will be required to pay all of the reasonably documented out-of-pocket expenses incurred by Regency and its affiliates in connection with the merger agreement and the transactions contemplated thereby, up to a maximum amount of \$20.0 million. Following payment of the termination fee, PVR will not be obligated to pay any additional expenses incurred by Regency or its affiliates.

**Termination Fee (See page 108)**

Following termination of the merger agreement under specified circumstances, including due to an adverse recommendation change having occurred, PVR will be required to pay Regency a termination fee of \$134.5 million, less any expenses previously reimbursed by PVR to Regency pursuant to the merger agreement. Following payment of the termination fee, PVR will not be obligated to pay any additional expenses incurred by Regency or its affiliates.

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**Comparison of Rights of Regency Unitholders and PVR Unitholders (See page 151)**

PVR unitholders will own Regency common units following the completion of the merger, and their rights associated with those Regency common units will be governed by the Regency partnership agreement, which differs in a number of respects from the PVR partnership agreement, and the Delaware LP Act.

**Litigation Relating to the Merger (See page 97)**

In connection with the merger, purported unitholders of PVR have filed putative unitholder class action and/or derivative action lawsuits against PVR and the current directors of PVR GP, among other defendants. Among other remedies, the plaintiffs seek to enjoin the transactions contemplated by the merger agreement. There is an agreement in principle to settle certain of these lawsuits, but the settlement is subject to customary conditions, including consummation of the merger, completion of certain confirmatory discovery, class certification, and final approval by the Court of Common Pleas for Delaware County, Pennsylvania.

**Organizational Chart**

The following diagram shows the simplified organizational structure of PVR and Regency as of the date of this proxy statement/prospectus and of Regency immediately after the merger.

**Current Structure**

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**Post-Merger Structure**

**Recent Developments**

In December 2013, Regency entered into definitive agreements for two separate acquisition transactions described below. The merger is not conditioned upon completion of either of these transactions, and neither of these transactions is conditioned upon completion of the merger or the other transaction.

*Eagle Rock Transaction*

On December 23, 2013, Regency and a wholly owned subsidiary of Regency entered into a contribution agreement with Eagle Rock Energy Partners, L.P., which is referred to as Eagle Rock. Pursuant to the contribution agreement, Eagle Rock has agreed to contribute to Regency's subsidiary all of the issued and outstanding equity interests in certain subsidiaries that collectively comprise Eagle Rock's midstream business. The midstream business is located in the Texas Panhandle, East Texas/Louisiana, South Texas and the Gulf of Mexico, and its operations include gathering, compressing, treating, processing and transporting natural gas;

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fractionating, transporting and marketing natural gas liquids; crude oil and condensate logistics and marketing; and natural gas marketing and trading. The following is a map of Eagle Rock's midstream business:

(1) Volumes based on quarter ended September 30, 2013.

The transaction is expected to complement Regency's core gathering and processing business, and, when combined with the merger with PVR, further diversify Regency's basin exposure in the Texas Panhandle, East Texas and South Texas.

The consideration to be paid by Regency in exchange for Eagle Rock's contribution of its midstream business is valued at approximately \$1.3 billion and consists of (a) the issuance of 8,245,859 Regency common units to Eagle Rock, (b) the assumption of up to \$550 million of outstanding 8 3/8% senior unsecured notes due 2019 of Eagle Rock, which we refer to as the Eagle Rock senior notes, and resulting exchange offer for up to \$550 million of outstanding senior unsecured notes of Regency, which we refer to as the Regency senior notes, and (c) a cash payment to Eagle Rock equal to the remainder of the purchase price. If less than \$550 million of the Eagle Rock senior notes are tendered for exchange, then Regency has agreed to pay Eagle Rock an amount equal to 1.1 times the principal amount of the Eagle Rock senior notes not tendered and accepted for exchange. Any Eagle Rock senior notes not tendered and accepted for exchange for Regency senior notes will remain as an obligation of Eagle Rock upon consummation of the transaction. Regency intends to finance the cash portion of the purchase price through an issuance of Regency common units having an aggregate value of approximately \$400 million to Energy Transfer Equity, L.P. and borrowings under Regency's revolving credit facility. The consideration is subject to customary post-closing adjustments.

In light of the expected cash flow accretion from the Eagle Rock transaction, Regency management expects to recommend to the Regency board of directors quarterly distribution increases that would represent a growth



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rate of between 6% and 8% for full year 2014. The recommended increases are subject to board approval based on Regency's future operating results, including the performance of the acquired businesses.

Completion of the transactions contemplated by the contribution agreement is subject to customary closing conditions, including the expiration or termination of the waiting period under the HSR Act, the approval of Eagle Rock's unitholders and the satisfaction of the conditions to the consummation of the exchange offer for the Eagle Rock senior notes. The contribution agreement contains certain termination rights for both Regency and Eagle Rock.

*Hoover Transaction*

On December 22, 2013, Regency and a wholly owned subsidiary of Regency entered into a contribution agreement with Hoover Energy Partners L.P., which is referred to as Hoover. Pursuant to the contribution agreement, Hoover agreed to contribute to Regency's subsidiary all of the issued and outstanding membership interests in certain subsidiaries of Hoover that collectively comprise substantially all of Hoover's business. Hoover's operations include crude oil gathering, transportation and terminaling, condensate handling, natural gas gathering, treating and processing, and water gathering and disposal services in the Southern Delaware Basin in West Texas. Hoover's Perry Ranch Station is a major destination for crude gathered by a customer in the region and is backed by a 20-year dedication. In addition, Hoover's Delaware Water System is the only open-access water gathering and disposal system in the Delaware Basin. These assets are expected to complement Regency's existing footprint in the southern portion of the Delaware Basin and expand its services offered to producers to include crude and water gathering.

On February 3, 2014, Regency completed the transaction. The consideration paid by Regency in exchange for Hoover's contribution consisted of (a) the issuance of 4,040,471 Regency common units to Hoover and (b) a \$183.6 million cash payment to Hoover. A portion of the contribution consideration will be held in escrow as security for certain indemnification claims. Regency funded the cash portion of the purchase price through borrowings under its revolving credit facility.

**Table of Contents****Selected Historical Consolidated Financial Data of Regency**

The following summary historical consolidated balance sheet data as of December 31, 2012, 2011, 2010, 2009 and 2008 and the summary historical consolidated statement of operations for the years ended December 31, 2012, 2011, 2009 and 2008 and for the period from January 1, 2010 to May 25, 2010 and the period from May 26, 2010 to December 31, 2010, are derived from Regency's audited historical consolidated financial statements. The following selected historical consolidated financial data as of and for the nine months ended September 30, 2013 and 2012 are derived from Regency's unaudited condensed consolidated financial statements. On April 30, 2013, Regency acquired Southern Union Gathering Company, LLC, which is referred to as SUGS. Regency accounted for the 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, Regency reflected historical balance sheet data for Regency and SUGS instead of reflecting the fair market value of SUGS assets and liabilities from the date of acquisition forward. Regency retrospectively adjusted its financial statements to include the balances and operations of SUGS from March 26, 2012 (the date upon which common control began). The SUGS acquisition does not impact historical earnings per unit as pre-acquisition earnings were allocated to predecessor equity.

You should read the following historical consolidated financial data in conjunction with Regency's Annual Report on Form 10-K for the year ended December 31, 2012, its Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 and its Current Report on Form 8-K filed with the SEC on August 9, 2013, as well as Regency's historical financial statements and notes thereto, which are incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#).

	Successor				Predecessor			
	Nine Months Ended		Nine Months Ended		Period from Acquisition to		Period from	
	September 30, 2013	September 30, 2012	December 31, 2012	December 31, 2011	December 31, 2010	January 1, 2010 to May 25, 2010	December 31, 2009	December 31, 2008
	(Unaudited)		(Unaudited)					
<b>Statement of Operations Data:</b>								
Total revenues	\$ 1,844	\$ 1,413	\$ 2,000	\$ 1,434	\$ 716	\$ 505	\$ 1,043	\$ 1,785
Total operating costs and expenses	1,801	1,391	1,970	1,394	702	485	816	1,635
Operating income	43	22	30	40	14	20	227	150
Other income and deductions:								
Income from unconsolidated affiliates	103	87	105	120	54	16	8	
Interest expense, net	(119)	(86)	(122)	(103)	(48)	(35)	(78)	(63)
	(7)	(8)	(8)		(16)	(2)		

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Loss on debt refinancing, net									
Other income and deductions, net	3	26	29	17	(8)	(4)	(15)		
Income (loss) from continuing operations before income taxes	23	41	34	74	(4)	(5)	142	87	
Income tax expense (benefit)	(1)	(1)			1		(1)		
Income (loss) from continuing operations	24	42	34	74	(5)	(5)	143	87	
Discontinued operations:									
Net income (loss) from operations of east Texas assets					(1)		(3)	14	
Net income (loss)	24	42	34	74	(6)	(5)	140	101	
Net income (loss) attributable to noncontrolling interest	(4)	(2)	(2)	(2)					
Net income (loss) attributable to Regency Energy Partners LP	\$ 20	\$ 40	\$ 32	\$ 72	\$ (6)	\$ (5)	\$ 140	\$ 101	

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	Successor				Predecessor			
	Period from Acquisition		Period from		Period from		Predecessor	
	from January 1, 2010 to May 26, 2010		from January 1, 2010 to December 31, 2011		from January 1, 2009 to December 31, 2009		from January 1, 2008 to December 31, 2008	
	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
	(Unaudited)	(Unaudited)						
<b>Basic and diluted income (loss) from continuing operations per common and subordinated unit:</b>								
Basic income (loss) from continuing operations per common and subordinated unit	\$ 0.21	\$ 0.25	\$ 0.16	\$ 0.39	\$ (0.09)	\$ (0.10)	\$ 1.63	\$ 1.14
Diluted income (loss) from continuing operations per common and subordinated units	\$ 0.21	\$ 0.22	0.13	0.32	(0.09)	(0.10)	1.63	1.10
Distributions per common and subordinated unit	1.395	1.38	1.84	1.81	0.89	0.89	1.78	1.71
Basic and diluted income (loss) from discontinued operations	\$	\$	\$	\$	\$ (0.01)	\$	\$ (0.03)	\$ 0.21
<b>Basic and diluted net income (loss) per unit:</b>								
Basic net income (loss) per common and subordinated unit	\$ 0.21	\$ 0.25	\$ 0.16	\$ 0.39	\$ (0.10)	\$ (0.10)	\$ 1.61	\$ 1.34
Diluted net income (loss) per common and subordinated unit	0.21	0.22	0.13	0.32	(0.10)	(0.10)	1.60	1.28
Income per Class D common unit due to beneficial conversion feature	\$	\$	\$	\$	\$	\$	\$ 0.11	\$ 0.99

	<b>Successor</b>				
	<b>September 30,</b>	<b>September 30,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2013</b>	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<i>(Dollars in millions)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>			
<b>Balance Sheet Data (at period end):</b>					
Property, plant and equipment, net	\$ 4,242	\$ 4,167	\$ 3,686	\$ 1,886	\$ 1,660
Total assets	8,566	8,779	8,123	5,568	4,770
Long-term debt (long-term portion only)	2,976	1,960	2,157	1,687	1,141
Series A Preferred Units	32	73	73	71	71
Partners capital	4,918	3,628	5,340	3,531	3,294

**Table of Contents****Selected Historical Consolidated Financial Data of PVR**

The following historical consolidated financial data as of and for each of the years ended December 31, 2012, 2011, 2010, 2009 and 2008 are derived from PVR's audited consolidated financial statements. The following selected historical condensed consolidated financial data as of and for the nine months ended September 30, 2013 and 2012 are derived from PVR's unaudited consolidated financial statements. You should read the following data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto for the year ended December 31, 2012 included in the Annual Report on Form 10-K of PVR, dated February 27, 2013 and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information.

	Nine Months Ended		Year Ended December 31,				
	September 30, 2013 (unaudited)	2012	2012	2011	2010	2009	2008
(in millions, except per unit data)							
<b>Statement of Income Data:</b>							
Revenues (1)	\$ 826	\$ 738	\$ 1,008	\$ 1,160	\$ 864	\$ 657	\$ 882
Expenses (1)	\$ 718	\$ 759	\$ 1,012	\$ 1,006	\$ 743	\$ 551	\$ 768
Operating income (loss)	\$ 108	\$ (21)	\$ (5)	\$ 154	\$ 122	\$ 106	\$ 113
Net income (loss)	\$ 31	\$ (64)	\$ (71)	\$ 96	\$ 64	\$ 63	\$ 103
Net income (loss) attributable to PVR Partners, L.P.	\$ 31	\$ (64)	\$ (71)	\$ 97	\$ 37	\$ 38	\$ 53
<b>Common Unit Data:</b>							
Net income (loss) per limited partner unit, basic and diluted (2)	\$ (0.47)	\$ (1.14)	\$ (1.43)	\$ 1.45	\$ 0.97	\$ 0.99	\$ 1.38
Distributions paid (3)	\$ 158	\$ 129	\$ 176	\$ 135	\$ 122	\$ 120	\$ 108
Distributions paid per unit (3)	\$ 1.65	\$ 1.56	\$ 2.10	\$ 1.94	\$ 1.88	\$ 1.88	\$ 1.82
<b>Balance Sheet and Other Financial Data:</b>							
Property, plant and equipment, net	\$ 2,166		\$ 1,989	\$ 1,282	\$ 971	\$ 901	\$ 895
Total assets (4)	\$ 3,100		\$ 2,999	\$ 1,594	\$ 1,304	\$ 1,219	\$ 1,228
Long-term debt	\$ 1,633		\$ 1,490	\$ 841	\$ 708	\$ 620	\$ 568
Cash flows provided by operating activities	\$ 179	\$ 135	\$ 145	\$ 190	\$ 178	\$ 158	\$ 137
Additions to property, plant and equipment	\$ 346	\$ 1,199	\$ 1,363	\$ 377	\$ 124	\$ 81	\$ 332

(1) In 2012, PVR incurred two impairment charges, \$124.8 million related to its North Texas Gathering System and \$8.7 million related to PVR's equity investment in Thunder Creek. PVR also sold the Crossroads Gathering System for a gain of \$31.3 million. Both of the impairments and the sale of Crossroads were incurred in PVR's Midcontinent Midstream segment. In 2010, 2009 and 2008, PVR recorded \$27.8 million, \$72.5 million and \$127.9 million of natural gas midstream revenue and \$27.8 million, \$72.5 million and \$127.9 million for the cost of midstream gas purchased related to the purchase of natural gas from PVOG LP, a subsidiary of Penn Virginia Corporation and considered a related party company up to June 7, 2010, and the subsequent sale of that gas to third

parties. PVR took title to the gas prior to transporting it to third parties. These transactions do not impact the gross margin, nor do they impact operating income.

- (2) In 2011, PVR consummated a transaction pursuant to a plan and agreement of merger with PVR GP, Penn Virginia GP Holdings, L.P. ( PVG ), PVG GP LLC ( PVG GP ) and PVR Radnor, LLC ( PVR Radnor ), PVR's wholly-owned subsidiary. Pursuant to the Merger Agreement PVR GP, PVG and PVG GP were merged into PVR Radnor. Subsequently, PVR Radnor was merged into PVR GP, with PVR GP being the surviving entity as a subsidiary of PVR. In the transaction, PVG unitholders received consideration of 0.98 PVR common units for each PVG common unit, representing aggregate consideration of approximately 38.3 million PVR common units. The incentive distribution rights held by PVR GP were extinguished, the 2% general partner interest in PVR held by PVR GP was converted to a noneconomic management interest and approximately 19.6 million PVR common units owned by PVG were cancelled. The merger closed on March 10, 2011. After the effective date of that merger and related transactions, the separate existence of each of PVG, and PVG GP and PVR Radnor ceased, and PVR GP survives as a wholly owned subsidiary of PVR. As a result of the transaction, PVR's common units outstanding increased from 52.3 million to 71.0 million. However, for historical reporting purposes, the impact of this change was accounted for as a reverse unit split of 0.98 to

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1.0. Therefore, since PVG was the surviving entity for accounting purposes, the weighted average common units outstanding used for basic and diluted earnings per unit calculations are PVG's historical weighted average common units outstanding adjusted for the retrospective application of the reverse unit split. Amounts reflecting historical PVG common unit and per common unit amounts included in this report have been restated for the reverse unit split.

- (3) Distributions paid and distributions paid per unit have been retroactively restated to only include the amounts paid to public unitholders of PVR and PVG's common units. The distributions paid are consistent with the distributions to partners noted in the consolidated statements of cash flows. The distributions paid per unit represent the distributions declared and paid by PVR for the noted time periods.
- (4) Total assets for the year ended December 31, 2012 include PVR's Chief acquisition, which expanded PVR's coverage and operations in the Marcellus Shale region. The 2011 amounts include PVR's Middle Fork acquisition, which expanded PVR's geographic scope in the Central Appalachian coal region. During 2012, 2011 and 2010, PVR increased internal growth project spending in its Marcellus and Panhandle Systems to expand its natural gas gathering and operational footprint in these areas.



**Table of Contents****Selected Unaudited Pro Forma Combined Financial Information**

The following selected unaudited pro forma condensed combined balance sheet as of September 30, 2013 reflects the merger and the acquisition transactions described under *Recent Developments* as if they occurred on September 30, 2013. The unaudited pro forma combined statements of operations for the year ended December 31, 2012 and the nine months ended September 30, 2013 reflect the merger and such transactions as if they occurred on January 1, 2012.

The following selected unaudited pro forma combined financial information 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 the merger and such transactions been completed as of the dates indicated. In addition, the unaudited pro forma combined financial information does not purport to project the future financial position or operating results of the combined organization. Future results may vary significantly from the results reflected because of various factors. The following selected unaudited pro forma combined financial information should be read in conjunction with the section entitled *Unaudited Pro Forma Combined Financial Information* and related notes included in this proxy statement/prospectus.

**Unaudited Pro Forma Condensed Combined Balance Sheet Data as of September 30, 2013**

<i>(in millions)</i>	Historical				Pro	Regency
	Regency	PVR	EROC	HEP	Forma Adjustments	Pro Forma
Total assets	\$ 8,566	\$ 3,100	\$ 1,256	\$ 106	\$ 3,019	\$ 16,047
Long-term debt, less current portion	2,976	1,633	890	26	(48)	5,477
Total liabilities	3,552	1,829	1,065	32		6,430
Total partners' capital and noncontrolling interest	5,014	1,271	191	74	3,067	9,617
Total liabilities and partners' capital and noncontrolling interest	\$ 8,566	\$ 3,100	\$ 1,256	\$ 106	\$ 3,019	\$ 16,047

**Unaudited Pro Forma Combined Statement of Operations Data for the Year Ended December 31, 2012**

<i>(in millions except per unit data)</i>	Regency	PVR	EROC	HEP	Combined Historical	Pro Forma Combined
Revenues	\$ 2,000	\$ 981	\$ 796	\$ 36	\$ 3,813	\$ 3,813
Net income (loss)	\$ 34	\$ (71)	\$ (153)	\$	\$ (190)	\$ (187)
Limited partners' interest in net income (loss)	\$ 27					\$ (198)

**Basic and diluted net income (loss) per common unit**

Basic income (loss) per common unit	\$ 0.16					\$ (0.59)
Diluted income (loss) per common unit	\$ 0.13					\$ (0.59)



**Table of Contents****Unaudited Pro Forma Combined Statement of Operations Data for the Nine Months Ended September 30, 2013**

<i>(in millions except per unit data)</i>	<b>Regency</b>	<b>PVR</b>	<b>EROC</b>	<b>HEP</b>	<b>Combined Historical</b>	<b>Pro Forma Combined</b>
Revenues	\$ 1,844	\$ 810	\$ 760	\$ 28	\$ 3,442	\$ 3,442
Net income	\$ 24	\$ 31	\$ (64)	\$ (2)	\$ (11)	\$ (9)
Limited partners interest in net income	\$ 40					\$

**Basic and diluted net income (loss) per common unit**

Basic income (loss) per common unit	\$ 0.21					\$
Diluted income (loss) per common unit	\$ 0.21					\$

**Unaudited Comparative Per Unit Information**

The table below sets forth historical and unaudited pro forma combined per unit information of Regency and PVR.

**Historical Per Unit Information of Regency and PVR**

The historical per unit information of Regency and PVR set forth in the table below is derived from the audited consolidated financial statements as of and for the year ended December 31, 2012 and the unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2013 for each of Regency and PVR.

**Pro Forma Combined Per Unit Information of Regency**

The unaudited pro forma combined per unit information of Regency set forth in the table below gives effect to the merger under the purchase method of accounting, as if the merger had been effective on January 1, 2012, in the case of income from continuing operations per unit and cash distributions data, and September 30, 2013, in the case of book value per unit data, and, in each case, assuming that 1.020 Regency common units have been issued in exchange for each outstanding PVR unit, after giving effect to the settlement of outstanding PVR phantom units, restricted units deferred common units in accordance with the merger agreement. The unaudited pro forma combined per unit information of Regency is derived from the audited consolidated financial statements as of and for the year ended December 31, 2012 and the unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2013 for each of Regency and PVR.

**Equivalent Pro Forma Combined Per Unit Information of PVR**

The unaudited PVR equivalent pro forma per unit amounts set forth in the table below are calculated by multiplying the unaudited pro forma combined per unit amounts of Regency by the exchange ratio of 1.020.

**General**

You should read the information set forth below in conjunction with the selected historical financial information of Regency and PVR included elsewhere in this proxy statement/prospectus and the historical financial statements and related notes of Regency and PVR that are incorporated into this proxy statement/prospectus by reference. See

Selected Historical Consolidated Financial Data of Regency, Selected Historical Consolidated Financial Data of PVR  
and Where You Can Find More Information.

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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 acquired and liabilities assumed be recognized at their fair values as of the date the merger is completed. The allocation of the purchase price is dependent upon certain valuations of PVR's 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 of PVR at their preliminary estimated fair values. Differences between these preliminary estimates 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 in the following table.

The unaudited pro forma per unit information of Regency does not purport to represent the actual results of operations that Regency would have achieved or distributions that would have been declared had the companies been combined during these periods or to project the future results of operations that Regency may achieve or the distributions it may pay after the merger.

	<b>As of and for the Nine Months Ended September 30, 2013</b>	<b>As of and for the Year Ended December 31, 2012</b>
	(in millions, except per unit data)	
<b>Historical Regency</b>		
Income (loss) from continuing operations	\$ 24	\$ 34
Distribution per common unit declared for the period	\$ 1.395	\$ 1.84
Book value per limited partner unit	\$ 40.65	\$ 47.52
	<b>As of and for the Nine Months Ended September 30, 2013</b>	<b>As of and for the Year Ended December 31, 2012</b>
	(in millions, except per unit data)	
<b>Historical PVR</b>		
Income (loss) from continuing operations	\$ 31	\$ (71)
Distribution per common unit declared for the period	\$ 1.65	\$ 2.10
Book value per limited partner unit	\$ 30.62	\$ 31.36
	<b>As of and for the Nine Months Ended</b>	<b>As of and for the Year Ended December 31, 2012</b>

**September  
30,  
2013**

(in millions, except per unit data)

<b>Pro Forma Combined</b>			
Income (loss) from continuing operations	\$ 55	\$	(37)
Distribution per common unit declared for the period	\$ 1.47	\$	1.63
Book value per limited partner unit	\$40.77	\$	44.24

**Table of Contents****Comparative Unit Prices and Distributions**

Regency common units are currently listed on the NYSE under the ticker symbol RGP. PVR common units are currently listed on the NYSE under the ticker symbol PVR. The table below sets forth, for the calendar quarters indicated, the high and low sale prices per Regency common unit on the NYSE and per PVR common unit on the NYSE. The table also shows the amount of cash distributions declared on Regency common units and PVR common units, respectively, for the calendar quarters indicated.

	Regency Common Units			PVR Common Units		
	High	Low	Cash Distributions	High	Low	Cash Distributions
<b>2014</b>						
First quarter (through February 18, 2014)	\$ 27.60	\$ 25.28	\$ 0.475	\$ 28.25	\$ 25.82	\$ 0.550
<b>2013</b>						
Fourth quarter	29.52	23.86	0.470	27.71	22.76	0.550
Third quarter	29.35	25.57	0.465	29.26	22.40	0.550
Second quarter	27.15	23.70	0.460	27.43	23.21	0.550
First quarter	25.66	22.03	0.460	27.49	21.87	0.550
<b>2012</b>						
Fourth quarter	24.35	20.58	0.460	26.28	22.27	0.540
Third quarter	24.46	21.93	0.460	26.00	23.61	0.530
Second quarter	25.29	20.61	0.460	26.33	21.84	0.520
First quarter	27.40	23.59	0.460	27.50	21.34	0.510

In light of the expected cash flow accretion from the Eagle Rock transaction, Regency management expects to recommend to the Regency board of directors quarterly distribution increases that would represent a growth rate of between 6% and 8% for full year 2014. The recommended increases are subject to the Regency board's approval based on Regency's future operating results, including the performance of the acquired businesses. Please read Summary Recent Developments Eagle Rock Transaction for additional information.

The following table presents per unit closing prices for Regency common units and PVR common units on October 9, 2013, the last trading day before the public announcement of the merger agreement, and on February 18, 2014, the last practicable trading day before the date of this proxy statement/prospectus. This table also presents the equivalent market value per PVR common unit on such dates. The equivalent market value per PVR common unit has been determined by multiplying the closing prices of Regency common units on those dates by the exchange ratio of 1.020 of a Regency common unit and adding the cash consideration (based on the last quarterly distributions declared by each of PVR and Regency prior to each such date).

	Regency Common Units	PVR Common Units	Equivalent Market Value per PVR Common Unit
October 9, 2013	\$ 27.83	\$ 22.81	\$ 28.68
February 18, 2014	\$ 26.77	\$ 27.23	\$ 27.57

Although the exchange ratio is fixed, the market prices of Regency common units and PVR common units will fluctuate prior to the consummation of the merger and the market value of the merger consideration ultimately received by PVR unitholders will depend on the closing price of Regency common units on the day the merger is consummated. Thus, PVR unitholders will not know the exact market value of the merger consideration they will receive until the closing of the merger.



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**RISK FACTORS**

*In addition to the other information included and incorporated by reference into this proxy statement/prospectus, including the matters addressed in the section titled **Cautionary Statement Regarding Forward-Looking Statements**, you should carefully consider the following risks before deciding whether to vote for the adoption of the merger agreement. In addition, you should read and carefully consider the risks associated with each of Regency and PVR and their respective businesses. These risks can be found in Regency's and PVR's respective Annual Reports on Form 10-K for the year ended December 31, 2012, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. For further information regarding the documents incorporated into this proxy statement/prospectus by reference, please see the section titled **Where You Can Find More Information**. Realization of any of the risks described below, any of the events described under **Cautionary Statement Regarding Forward-Looking Statements** or any of the risks or events described in the documents incorporated by reference could have a material adverse effect on Regency's, PVR's or the combined organization's respective businesses, financial condition, cash flows and results of operations and could result in a decline in the trading prices of their respective common units.*

**Risk Factors Relating to the Merger**

***Because the exchange ratio is fixed and because the market price of Regency common units will fluctuate prior to the consummation of the merger, PVR unitholders cannot be sure of the market value of the Regency common units they will receive as merger consideration relative to the value of PVR common units they exchange.***

The market value of the consideration that PVR unitholders will receive in the merger will depend on the trading price of Regency's common units at the closing of the merger. The exchange ratio that determines the number of Regency common units that PVR unitholders will receive in the merger is fixed. This means that there is no mechanism contained in the merger agreement that would adjust the number of Regency common units that PVR unitholders will receive based on any decreases in the trading price of Regency common units. Unit price changes may result from a variety of factors (many of which are beyond Regency's or PVR's control), including:

changes in Regency's business, operations and prospects;

changes in market assessments of Regency's business, operations and prospects;

interest rates, general market, industry and economic conditions and other factors generally affecting the price of Regency common units; and

federal, state and local legislation, governmental regulation and legal developments in the businesses in which Regency operates.

If Regency's common unit price at the closing of the merger is less than Regency's common unit price on the date that the merger agreement was signed, then the market value of the consideration received by PVR unitholders will be less than contemplated at the time the merger agreement was signed.

***Regency and PVR may be unable to obtain the regulatory clearances required to complete the merger or, in order to do so, Regency and PVR may be required to comply with material restrictions or satisfy material conditions.***

The merger is subject to review by the Antitrust Division and the FTC under the HSR Act, and potentially by state regulatory authorities. The closing of the merger is subject to the condition that there is no law, injunction, judgment or ruling by a governmental authority in effect enjoining, restraining, preventing or prohibiting the merger contemplated by the merger agreement. Regency and PVR can provide no assurance that all required regulatory clearances will be obtained. If a governmental authority asserts objections to the merger, Regency may be required to divest some assets in order to obtain antitrust clearance. There can be no assurance

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as to the cost, scope or impact of the actions that may be required to obtain antitrust or other regulatory approval. In addition, the merger agreement provides that Regency is not required to commit to dispositions of assets in order to obtain regulatory clearance unless such dispositions are, individually and in the aggregate, immaterial to PVR, Regency or the expected benefits of the merger. If Regency must take such actions, it could be detrimental to it or to the combined organization following the consummation of the merger. Furthermore, these actions could have the effect of delaying or preventing completion of the proposed merger or imposing additional costs on or limiting the revenues or cash available for distribution of the combined organization following the consummation of the merger. See The Merger Agreement Regulatory Matters.

Even though the parties received early termination of the statutory waiting period under the HSR Act, the Antitrust Division or the FTC could take action under the antitrust laws to prevent or rescind the merger, require the divestiture of assets or seek other remedies. Additionally, state attorneys general could seek to block or challenge the merger as they deem necessary or desirable in the public interest at any time, including after completion of the transaction. In addition, in some circumstances, a third party could initiate a private action under antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. Regency may not prevail and may incur significant costs in defending or settling any action under the antitrust laws.

***The fairness opinion rendered to the board of directors of PVR GP by Evercore was based on the financial analysis performed by Evercore, which considered factors such as market and other conditions then in effect, and financial forecasts and other information made available to Evercore, as of the date of the opinion. As a result, this opinion does not reflect changes in events or circumstances after the date of such opinion. PVR has not obtained, and does not expect to obtain, an updated fairness opinion from Evercore reflecting changes in circumstances that may have occurred since the signing of the merger agreement.***

The fairness opinion rendered to the board of directors of PVR GP by Evercore Group, L.L.C., referred to as Evercore, was provided in connection with, and at the time of, the board's evaluation of the merger and the merger agreement. This opinion was based on the financial analyses performed, which considered market and other conditions then in effect, and financial forecasts and other information made available to Evercore, as of the date of the opinion, which may have changed, or may change, after the date of the opinion. PVR has not obtained an updated opinion as of the date of this proxy statement/prospectus from Evercore, and it does not expect to obtain an updated opinion prior to completion of the merger. Changes in the operations and prospects of Regency or PVR, general market and economic conditions and other factors which may be beyond the control of Regency and PVR, and on which the fairness opinion was based, may have altered the value of Regency or PVR or the prices of Regency common units or PVR common units since the date of such opinion, or may alter such values and prices by the time the merger is completed. The opinion does not speak as of any date other than the date of the opinion. For a description of the opinion that PVR received from Evercore, please refer to Proposal 1: The Merger Opinion of the Financial Advisor to the Board of Directors of PVR GP.

***PVR is subject to provisions that limit its ability to pursue alternatives to the merger, could discourage a potential competing acquirer of PVR from making a favorable alternative transaction proposal and, in specified circumstances under the merger agreement, would require PVR to reimburse up to \$20.0 million of Regency's out-of-pocket expenses and pay a termination fee to Regency of \$134.5 million less any previous expense reimbursements by PVR.***

Under the merger agreement, PVR is restricted from entering into alternative transactions. Unless and until the merger agreement is terminated, subject to specified exceptions (which are discussed in more detail in The Merger Agreement No Solicitation by PVR of Alternative Proposals ), PVR is restricted from soliciting, initiating, knowingly facilitating, knowingly encouraging or knowingly inducing or negotiating, any inquiry, proposal or offer for a

competing acquisition proposal with any person. In addition, PVR may not grant approval to any person to acquire 20% or more of any class of outstanding PVR units without such person losing the ability to vote on any matter under the PVR partnership agreement. Under the merger agreement, in the event of

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a potential change by the board of directors of PVR GP of its recommendation with respect to the proposed merger in light of a superior proposal, PVR must provide Regency with five days' notice to allow Regency to propose an adjustment to the terms and conditions of the merger agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of PVR from considering or proposing that acquisition, even if such third party were prepared to pay consideration with a higher per unit market value than the merger consideration, or might result in a potential competing acquirer of PVR proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in specified circumstances.

If the merger agreement is terminated under specified circumstances, including if unitholder approval is not obtained, PVR will be required to pay all of the reasonably documented out-of-pocket expenses incurred by Regency and its affiliates in connection with the merger agreement and the transactions contemplated thereby, up to a maximum amount of \$20.0 million. In addition, if the merger agreement is terminated in specified circumstances, including due to an adverse recommendation change having occurred, PVR will be required to pay Regency a termination fee of \$134.5 million, less any expenses previously paid by PVR to Regency. Following payment of the termination fee, PVR will not be obligated to pay any additional expenses incurred by Regency or its affiliates. Please read "The Merger Agreement Expenses and Termination Fee". If such a termination fee is payable, the payment of this fee could have material and adverse consequences to the financial condition and operations of PVR. For a discussion of the restrictions on PVR soliciting or entering into a takeover proposal or alternative transaction and PVR GP's board of directors' ability to change its recommendation, see "The Merger Agreement No Solicitation by PVR of Alternative Proposals," and "Change in PVR GP Board Recommendation."

***Directors and executive officers of PVR GP have certain interests that are different from those of PVR unitholders generally.***

Directors and executive officers of PVR GP are parties to agreements or participants in other arrangements that give them interests in the merger that may be different from, or be in addition to, your interests as a unitholder of PVR. You should consider these interests in voting on the merger. These different interests are described under "Proposal 1: The Merger Interests of Directors and Executive Officers of PVR in the Merger."

***PVR may have difficulty attracting, motivating and retaining executives and other employees in light of the merger.***

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

***Regency and PVR are subject to business uncertainties and contractual restrictions while the proposed merger is pending, which could adversely affect each party's business and operations.***

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



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Under the terms of the merger agreement, each of Regency and PVR is subject to certain restrictions on the conduct of its business prior to completing the merger, which may adversely affect its ability to execute certain of its business strategies. Such limitations could negatively affect each party's businesses and operations prior to the completion of the merger. Furthermore, the process of planning to integrate two businesses and organizations for the post-merger period can divert management attention and resources and could ultimately have an adverse effect on each party. For a discussion of these restrictions, see *The Merger Agreement Conduct of Business Pending the Consummation of the Merger*.

### ***Regency and PVR will incur substantial transaction-related costs in connection with the merger.***

Regency and PVR expect to incur a number of non-recurring transaction-related costs associated with completing the merger, combining the operations of the two organizations and achieving desired synergies. These fees and costs will be substantial. Non-recurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, filing fees and printing costs. Additional unanticipated costs may be incurred in the integration of the businesses of Regency and PVR. There can be no assurance that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction-related costs over time. Thus, any net benefit may not be achieved in the near term, the long term or at all.

### ***Failure to successfully combine the businesses of PVR and Regency in the expected time frame may adversely affect the future results of the combined organization, and, consequently, the value of the Regency common units that PVR unitholders receive as part of the merger consideration.***

The success of the proposed merger will depend, in part, on the ability of Regency to realize the anticipated benefits and synergies from combining the businesses of Regency and PVR. To realize these anticipated benefits, the businesses must be successfully combined. If the combined organization is not able to achieve these objectives, or is not able to achieve these objectives on a timely basis, the anticipated benefits of the merger may not be realized fully or at all. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the merger. These integration difficulties could result in declines in the market value of Regency's common units and, consequently, result in declines in the market value of the Regency common units that PVR unitholders receive as part of the merger consideration.

### ***The merger is subject to conditions, including certain conditions that may not be satisfied on a timely basis, if at all. Failure to complete the merger, or significant delays in completing the merger, could negatively affect the trading prices of Regency common units and PVR common units and the future business and financial results of Regency and PVR.***

The completion of the merger is subject to a number of conditions. The completion of the merger is not assured and is subject to risks, including the risk that approval of the merger by the PVR unitholders or by governmental agencies is not obtained or that other closing conditions are not satisfied. If the merger is not completed, or if there are significant delays in completing the merger, the trading prices of Regency common units and PVR common units and the respective future business and financial results of Regency and PVR could be negatively affected, and each of them will be subject to several risks, including the following:

the parties may be liable for damages to one another under the terms and conditions of the merger agreement;

negative reactions from the financial markets, including declines in the price of Regency common units or PVR common units due to the fact that current prices may reflect a market assumption that the merger will be completed;

having to pay certain significant costs relating to the merger, including, in the case of PVR in certain circumstances, the reimbursement of up to \$20.0 million of Regency's expenses and a termination fee of \$134.5 million less any previous expense reimbursements by PVR, as described in The Merger Agreement Expenses and Termination Fee ; and



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the attention of management of Regency and PVR will have been diverted to the merger rather than each organization's own operations and pursuit of other opportunities that could have been beneficial to that organization.

***Purported class action and/or derivative action complaints have been filed against PVR, PVR GP, the current directors of PVR GP, Regency and Regency GP, among other defendants, challenging the merger, and an unfavorable judgment or ruling in these lawsuits could prevent or delay the consummation of the proposed merger and result in substantial costs.***

In connection with the merger, purported unitholders of PVR have filed putative unitholder class action and/or derivative action lawsuits against PVR and the current directors of PVR GP, among other defendants. Among other remedies, the plaintiffs seek to enjoin the transactions contemplated by the merger agreement. There is an agreement in principle to settle certain of these lawsuits, but the settlement is subject to customary conditions, including consummation of the merger, completion of certain confirmatory discovery, class certification, and final approval by the Court of Common Pleas for Delaware County, Pennsylvania. If the settlement does not receive final approval from the court, these lawsuits could prevent or delay completion of the merger and result in substantial costs to PVR, including any costs associated with indemnification. Additional lawsuits may be filed against PVR, PVR GP, or its officers or directors in connection with the merger. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is consummated may adversely affect the combined partnership's business, financial condition, results of operations and cash flows. See Proposal 1: The Merger Litigation Relating to the Merger for more information about the lawsuits that have been filed related to the merger.

***If the merger is approved by PVR unitholders, the date that those unitholders will receive the merger consideration is uncertain.***

As described in this proxy statement/prospectus, completing the proposed merger is subject to several conditions, not all of which are controllable or waiveable by Regency or PVR. Accordingly, if the proposed merger is approved by PVR unitholders, the date that those unitholders will receive the merger consideration depends on the completion date of the merger, which is uncertain.

***PVR's financial estimates are based on various assumptions that may not prove to be correct.***

The financial estimates set forth in the forecast included under Proposal 1: The Merger Unaudited Financial Projections of PVR are based on assumptions of, and information available to, PVR at the time they were prepared and provided to the board of directors of PVR GP and PVR's financial advisors. PVR and Regency do not know whether such assumptions will prove correct. Any or all of such estimates may turn out to be wrong. Such estimates can be adversely affected by inaccurate assumptions or by known or unknown risks and uncertainties, many of which are beyond PVR's and Regency's control. Many factors mentioned in this proxy statement/prospectus, including the risks outlined in this Risk Factors section and the events or circumstances described under Cautionary Statement Regarding Forward-Looking Statements, will be important in determining Regency's and/or PVR's future results. As a result of these contingencies, actual future results may vary materially from PVR's estimates. In view of these uncertainties, the inclusion of PVR's financial estimates in this proxy statement/prospectus is not and should not be viewed as a representation that the forecasted results will be achieved.

PVR's financial estimates were not prepared with a view toward public disclosure, and PVR's financial estimates were not prepared with a view toward compliance with published guidelines of any regulatory or professional body. Further, any forward-looking statement speaks only as of the date on which it is made, and PVR undertakes no obligation, other than as required by applicable law, to update its financial estimates herein to reflect events or circumstances after the date those financial estimates were prepared or to reflect the occurrence of anticipated or

unanticipated events or circumstances.

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The financial estimates included in this proxy statement/prospectus have been prepared by, and are the responsibility of, PVR. Moreover, neither PVR's independent accountants, KPMG LLP, Regency's independent accountants, Grant Thornton LLP, nor any other independent accountants have compiled, examined or performed any procedures with respect to PVR's prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and, accordingly, each of KPMG LLP and Grant Thornton LLP assumes no responsibility for, and disclaims any association with, PVR's prospective financial information. The reports of KPMG LLP, Grant Thornton LLP, PricewaterhouseCoopers LLP and Ernst & Young LLP incorporated by reference herein relate exclusively to the historical financial information of the entities named in those reports and do not cover any other information in this proxy statement/prospectus and should not be read to do so. See Proposal 1: The Merger Unaudited Financial Projections of PVR for more information.

***The number of outstanding Regency common units will increase as a result of the merger, which could make it more difficult to pay the current level of quarterly distributions.***

As of February 14, 2014, there were approximately 214.9 million Regency common units outstanding. Regency will issue approximately 140 million common units in connection with the merger. Accordingly, the aggregate dollar amount required to pay the current per unit quarterly distribution on all Regency common units will increase, which could increase the likelihood that Regency will not have sufficient funds to pay the current level of quarterly distributions to all Regency unitholders. Using a \$0.475 per Regency common unit distribution (the amount Regency paid on February 14, 2014 to holders of record as of February 7, 2014), the aggregate cash distribution paid to Regency unitholders totaled approximately \$106.5 million, including a distribution of \$4.5 million to Regency GP in respect of its ownership of Regency incentive distribution rights. The combined pro forma Regency distribution with respect to the fourth fiscal quarter of 2013, had the merger been completed prior to such distribution, would have resulted in \$0.475 per unit being distributed on approximately 355 million Regency common units, or a total of approximately \$175.4 million including distributions in respect of incentive distribution rights. As a result, Regency would be required to distribute an additional \$68.9 million per quarter in order to maintain the distribution level of \$0.475 per Regency common unit payable with respect to the fourth fiscal quarter of 2013.

***PVR unitholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.***

PVR unitholders currently have the right to vote in the election of the board of directors of PVR's general partner and certain other matters affecting PVR. When the merger occurs, each PVR unitholder that receives Regency common units will become a unitholder of Regency with a percentage ownership of the combined organization that is much smaller than such unitholder's percentage ownership of PVR. Regency unitholders are not entitled to elect the general partner unless it has been removed or withdrawn, and are not entitled to elect the directors of Regency GP (which directors are appointed by affiliates of Energy Transfer Equity, L.P., the owner of Regency GP). In addition, Regency unitholders have only limited voting rights on matters affecting Regency's business and, therefore, limited ability to influence management's decisions regarding Regency's business. Because of this, PVR unitholders will have less influence on the management and policies of Regency than they have now on the management and policies of PVR.

***Regency common units to be received by PVR unitholders as a result of the merger have different rights from PVR common units.***

Following completion of the merger, PVR unitholders will no longer hold PVR common units, but will instead be unitholders of Regency. There are important differences between the rights of PVR unitholders and the rights of Regency unitholders. See Comparison of Rights of Regency Unitholders and PVR Unitholders for a discussion of the different rights associated with PVR common units and Regency common units.



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

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

***The expected U.S. federal income tax consequences of the merger are dependent upon Regency and PVR being treated as partnerships for U.S. federal income tax purposes.***

The treatment of the merger as nontaxable to PVR unitholders is dependent upon Regency and PVR each being treated as a partnership for U.S. federal income tax purposes. If Regency or PVR were treated as a corporation for U.S. federal income tax purposes, the consequences of the merger would be materially different and the merger would likely be a fully taxable transaction to a PVR unitholder.

***PVR unitholders could recognize taxable income or gain for U.S. federal income tax purposes as a result of the merger.***

For U.S. federal income tax purposes, PVR will be deemed to contribute all of its assets to Regency in exchange for Regency common units, cash, and the assumption of PVR's liabilities, followed by a liquidation of PVR in which Regency common units and cash are distributed to PVR unitholders. The deemed receipt of cash by PVR in the merger could trigger gain to PVR either because it would be treated as part of a sale or because it exceeds PVR's adjusted tax basis in its assets at the closing of the merger, and any such gain would be allocated to the PVR unitholders pursuant to the PVR partnership agreement. The deemed receipt of cash by PVR will qualify for one or more exceptions to sale treatment and PVR does not currently expect that it will recognize gain as a result of the deemed receipt of cash in the merger exceeding its adjusted tax basis in its assets. Please read Material U.S. Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to PVR. In addition, as a result of the merger, PVR unitholders who receive Regency common units will become limited partners of Regency for U.S. federal income tax purposes and will be allocated a share of Regency's nonrecourse liabilities. Each PVR unitholder will be treated as receiving a deemed cash distribution equal to the excess, if any, of such PVR unitholder's share of nonrecourse liabilities of PVR immediately before the merger over such common unitholder's share of nonrecourse liabilities of Regency immediately following the merger. If the amount of cash actually received in the merger plus any deemed cash distribution received by a PVR unitholder exceeds the common unitholder's basis in his PVR units, such common unitholder will recognize gain in an amount equal to such excess. While there can be no assurance, Regency and PVR expect that most PVR unitholders will not recognize gain in this manner. The amount and effect of any gain that may be recognized by PVR unitholders will depend on the PVR unitholder's particular situation, including the ability of the PVR unitholder to utilize any suspended passive losses. For additional information, please read Material U.S. Federal Income Tax Consequences of the Merger Tax Consequences of the Merger to PVR Unitholders.

***A PVR unitholder's holding period for Regency common units received in the merger may be shorter than such holder's holding period in the surrendered PVR common units.***

As a result of the merger, PVR will be deemed to contribute its assets to Regency in exchange for Regency common units and cash, followed by a liquidation of PVR in which Regency common units and cash are distributed to PVR unitholders. A PVR unitholder's holding period in the Regency common units received in the merger will not be determined by reference to its holding period in the surrendered PVR common units. Instead, a PVR unitholder's holding period in the Regency common units received in the merger that are attributable to PVR's capital assets or

assets used in its business as defined in Section 1231 of the Code will include PVR's holding period in those assets. The holding period for Regency common units received by a PVR unitholder attributable to other assets of PVR, such as inventory and receivables will begin on the day following the merger.

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**Risk Factors Relating to the Ownership of Regency Common Units**

*Regency GP is owned by Energy Transfer Equity, L.P., which also owns Southern Union Company and the general partner of Energy Transfer Partners, L.P. and Sunoco Logistics Partners L.P. This may result in conflicts of interest.*

Energy Transfer Equity, L.P., or ETE, owns Regency GP and as a result controls Regency. ETE owns the general partner of Energy Transfer Partners, L.P., or ETP, a publicly traded partnership with which each of Regency and PVR competes in the natural gas gathering, processing and transportation business. ETE owns Southern Union Company, or Southern Union, which provides natural gas transportation and storage services. ETE also owns the general partner of Sunoco Logistics Partners L.P., or SXL, which is also in the NGL services business. The directors and officers of Regency GP and its affiliates have fiduciary duties to manage Regency GP in a manner that is beneficial to ETE, its sole owner. At the same time, Regency GP has fiduciary duties to manage Regency in a manner that is beneficial to Regency's unitholders. Therefore, Regency GP's duties to Regency may conflict with the duties of its officers and directors to its sole owner. As a result of these conflicts of interest, Regency GP's may favor its own interest or those of ETE, ETP, Southern Union, SXL or their owners or affiliates over the interest of Regency's unitholders.

Such conflicts may arise from, among others, the following:

Decisions by Regency GP regarding the amount and timing of Regency's cash expenditures, borrowings and issuances of additional limited partnership units or other securities can affect the amount of incentive compensation payments on Regency's incentive distribution rights that Regency makes to the parent company of its general partner;

ETE and ETP and their affiliates may engage in substantial competition with Regency;

Neither the Regency partnership agreement nor any other agreement requires ETE or its affiliates, including ETP and SXL, to pursue a business strategy that favors Regency. The directors and officers of the general partners of ETE and ETP, as well as the directors and officers of SXL, have a fiduciary duty to make decisions in the best interest of their members, limited partners and unitholders, which may be contrary to Regency's best interests;

Regency GP is allowed to take into account the interests of other parties, such as ETE, ETP and SXL and their affiliates, which has the effect of limiting its fiduciary duties to Regency's unitholders;

Some of the directors and officers of ETE who provide advice to Regency also may devote significant time to the business of ETE, ETP and SXL and their affiliates and will be compensated by them for their services;

The Regency partnership agreement limits the liability and reduces the fiduciary duties of its general partner, while also restricting the remedies available to Regency's unitholders for actions that, without these limitations, might constitute breaches of fiduciary duty;

Regency GP determines the amount and timing of asset purchases and sales and other acquisitions, operating expenditures, capital expenditures, borrowings, repayments of debt, issuances of equity and debt securities and cash reserves, each of which can affect the amount of cash available for distribution to Regency unitholders;

Regency GP determines which costs, including allocated overhead costs and costs under the services agreement Regency has with ETE Services Company, LLC and Regency's operating agreement with ETP, incurred by it and its affiliates are reimbursable by Regency; and

The Regency partnership agreement does not restrict Regency GP from causing Regency to pay Regency GP or its affiliates for any services rendered on terms that are fair and reasonable to Regency or entering into additional contractual arrangements, such as the services agreement Regency has with an affiliate of ETE and operating agreement with ETP, with any of these entities on Regency's behalf.



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Specifically, certain conflicts may arise as a result of Regency's pursuing acquisitions or development opportunities that may also be advantageous to ETP. If Regency is limited in its ability to pursue such opportunities, Regency may not realize any or all of the commercial value of such opportunities. In addition, if ETP is allowed access to Regency's information concerning any such opportunity and ETP uses this information to pursue the opportunity to Regency's detriment, Regency may not realize any of the commercial value of this opportunity. In either of these situations, Regency's business, results of operations and the amount of its distributions to Regency unitholders may be adversely affected. Although Regency, ETE and ETP have adopted a policy to address these conflicts and to limit the commercially sensitive information that Regency furnishes to ETE, ETP and their affiliates, Regency cannot assure unitholders that such conflicts will not occur.

***Regency's reimbursement of Regency GP's expenses will reduce its cash available for distribution to Regency common unitholders.***

Prior to making any distribution on Regency common units, Regency will reimburse Regency GP and its affiliates for all expenses they incur on Regency's behalf. These expenses will include all costs incurred by Regency GP and its affiliates in managing and operating Regency, including costs for rendering corporate staff and support services to Regency. The reimbursement of expenses incurred by Regency GP and its affiliates could adversely affect Regency's ability to pay cash distributions to its unitholders.

***The Regency partnership agreement limits Regency GP's fiduciary duties to its unitholders and restricts the remedies available to unitholders for actions taken by Regency GP that might otherwise constitute breaches of fiduciary duty.***

The Regency partnership agreement contains provisions that reduce the standards to which Regency GP might otherwise be held by state fiduciary duty law. For example, the Regency partnership agreement:

permits Regency GP to make a number of decisions in its individual capacity, as opposed to its capacity as Regency's general partner. This entitles Regency GP to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting Regency, its affiliates or any limited partner. Examples include the exercise of its limited call right, its voting rights with respect to the units it owns, its registration rights and its determination whether or not to consent to any merger or consolidation of Regency;

provides that Regency GP will not have any liability to Regency or Regency unitholders for decisions made in its capacity as general partner so long as it acted in good faith, meaning it believed the decision was in the best interests of Regency;

provides generally that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of Regency GP and not involving a vote of Regency unitholders must be on terms no less favorable to Regency than those generally being provided to or available from unrelated third parties or be fair and reasonable to Regency, as determined by Regency GP in good faith, and that, in determining whether a transaction or resolution is fair and reasonable, Regency GP may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to Regency; and

provides that Regency GP and its officers and directors will not be liable for monetary damages to Regency or its limited partners for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that Regency GP or those other persons acted in bad faith or engaged in fraud or willful misconduct.

Any Regency unitholder is bound by the provisions in the Regency partnership agreement, including those discussed above.

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***Regency unitholders have limited voting rights and are not entitled to elect Regency GP or the directors of its general partner.***

Unlike the holders of common stock in a corporation, Regency unitholders have only limited voting rights on matters affecting Regency's business and, therefore, limited ability to influence management's decisions regarding Regency's business. Regency unitholders do not elect Regency GP or the board of directors of its general partner and have no right to elect Regency GP or the board of directors of its general partner on an annual or other continuing basis. The board of directors of Regency GP is chosen by the members of Regency GP. Furthermore, if the Regency unitholders are dissatisfied with the performance of Regency GP, they will have little ability to remove Regency GP. As a result of these limitations, the price at which Regency common units trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

***Even if Regency unitholders are dissatisfied, they cannot remove Regency GP without its consent.***

Regency unitholders may be unable to remove Regency GP without its consent because Regency GP and its affiliates own a substantial number of common units. A vote of the holders of at least 66.67% of all outstanding Regency units voting together as a single class is required to remove Regency GP. As of February 14, 2014, affiliates of Regency GP owned 26.8% of the total of Regency's common units.

***The Regency partnership agreement restricts the voting rights of those unitholders owning 20% or more of Regency's common units.***

Regency unitholders' voting rights are further restricted by the Regency partnership agreement provision providing that any units held by a person that owns 20% or more of any class of units then outstanding, other than Regency GP, its affiliates, their transferees, and persons who acquired such units with the prior approval of Regency GP, cannot vote on any matter. The Regency partnership agreement also contains provisions limiting the ability of Regency unitholders to call meetings or to acquire information about its operations, as well as other provisions limiting Regency unitholders' ability to influence the manner or direction of Regency's management.

***Control of Regency GP may be transferred to a third party without unitholder consent.***

Regency GP may transfer its general partner interest in Regency to a third party in a merger or in a sale of all or substantially all of its assets without the consent of Regency unitholders. Furthermore, the Regency partnership agreement does not restrict the ability of the partners of Regency GP from transferring their ownership in Regency GP to a third party. The new partners of Regency GP would then be in a position to replace the board of directors and officers of Regency GP with their own choices and to control the decisions taken by the board of directors and officers.

***Regency may issue an unlimited number of additional units without unitholders' approval, which would dilute the ownership interest of existing unitholders.***

Regency GP, without the approval of Regency unitholders, may cause Regency to issue an unlimited number of additional common units or other equity securities. The issuance by Regency of additional common units or other equity securities of equal or senior rank will have the following effects:

Regency unitholders' proportionate ownership interest in Regency will decrease;

the amount of cash available for distribution on each unit may decrease;

the relative voting strength of each previously outstanding unit may be diminished; and

the market price of Regency common units may decline.

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***Regency GP has a limited call right that may require unitholders to sell their units at an undesirable time or price.***

If at any time Regency GP and its affiliates own more than 80% of Regency's common units, Regency GP will have the right, but not the obligation (which it may assign to any of its affiliates or to Regency) to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, unitholders may be required to sell their Regency common units at an undesirable time or price and may not receive any return on their investment. Regency unitholders may also incur a tax liability upon a sale of their units. As of February 14, 2014, affiliates of Regency GP owned 26.8% of the total number of outstanding Regency common units.

***Regency unitholders may not have limited liability if a court finds that unitholder actions constitute control of Regency's business.***

Under Delaware law, a unitholder could be held liable for Regency's obligations to the same extent as a general partner if a court determined that the right of unitholders to remove Regency GP or to take other action under the Regency partnership agreement constituted participation in the control of Regency's business.

Regency GP generally has unlimited liability for Regency's obligations, such as its debts and environmental liabilities, except for those contractual obligations that are expressly made without recourse to Regency GP. The Regency partnership agreement allows the general partner to incur obligations on Regency's behalf that are expressly non-recourse to the general partner. Regency GP has entered into such limited recourse obligations in most instances involving payment liability and intends to do so in the future.

In addition, Section 17-607 of the Delaware LP Act provides that under some circumstances, a unitholder may be liable to Regency for the amount of a distribution for a period of three years from the date of the distribution.

***Regency has a holding company structure in which its subsidiaries conduct its operations and own its operating assets. Additionally, Regency is unable to control the amounts of cash that RIGS Haynesville Partnership Co., Midcontinent Express Pipeline LLC, Lone Star NGL LLC or Ranch Westex JV LLC may distribute to Regency.***

Regency is a holding company, and its subsidiaries conduct all of its operations and own all of its operating assets. Regency has no significant assets other than the partnership interests and the equity in its subsidiaries. As a result, Regency's ability to make required payments on its debt obligations and distributions on its common units depends on the performance of Regency's subsidiaries and their ability to distribute funds to Regency. The ability of Regency's subsidiaries to make distributions to Regency may be restricted by, among other things, Regency's revolving credit facility and applicable state partnership and limited liability company laws and other laws and regulations. Pursuant to Regency's revolving credit facility, Regency may be required to establish cash reserves for the future repayment of outstanding letters of credit under the revolving credit facility. If Regency is unable to obtain the funds necessary to pay the principal amount at maturity of its debt obligations, to repurchase its debt obligations upon the occurrence of a change of control or make distributions on its common units, Regency may be required to adopt one or more alternatives, such as a refinancing of its debt obligations or borrowing funds, to make distributions on its common units. Regency cannot assure unitholders that it would be able to borrow funds to make distributions on its common units.

Additionally, the ability of Regency's joint ventures to make distributions to Regency 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, as applicable, and other laws and regulations. Regency does not control the amounts of cash that its joint ventures may

distribute to it.

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***The credit and risk profile of Regency GP and its owners could adversely affect Regency's credit ratings and profile.***

The credit and business risk profiles of Regency GP, and of ETE as the indirect owner of Regency GP, may be factors in credit evaluations of Regency as a publicly traded limited partnership due to the significant influence of Regency GP and ETE over Regency's business activities, including Regency's cash distributions, acquisition strategy and business risk profile. Another factor that may be considered is the financial condition of Regency GP and its owners, including the degree of their financial leverage and their dependence on cash flow from Regency to service their indebtedness.

ETE has significant indebtedness outstanding and is dependent principally on the cash distributions from its general and limited partner equity interests in Regency and ETP to service such indebtedness. Any distributions by Regency to ETE will be made only after satisfying Regency's then-current obligations to its creditors. Although Regency has taken certain steps in its organizational structure, financial reporting and contractual relationships to reflect the separateness of Regency and Regency GP from the entities that control Regency GP (ETE and its general partner), Regency's credit ratings and business risk profile could be adversely affected if the ratings and risk profiles of such entities were viewed as substantially lower or riskier than Regency's.

***Regency's tax treatment depends on its status as a partnership for federal income tax purposes, as well as its not being subject to a material amount of entity-level taxation by individual states or local entities. If the IRS treats Regency as a corporation or Regency becomes subject to a material amount of entity-level taxation for state or local tax purposes, it would substantially reduce the amount of cash available for payment for distributions on Regency's common units.***

The anticipated after-tax economic benefit of an investment in Regency common units depends largely on Regency being treated as a partnership for U.S. federal income tax purposes. Regency has not requested, and does not plan to request, a ruling from the IRS on this or any tax other matter affecting Regency.

Despite the fact that Regency is organized as a limited partnership under Delaware law, it is possible in certain circumstances for a partnership such as Regency to be treated as a corporation for U.S. federal income tax purposes. Although Regency does not believe, based on its current operations, that it is or will be so treated, the IRS could disagree with the positions Regency takes or a change in Regency's business (or a change in current law) could cause Regency to be treated as a corporation for U.S. federal income tax purposes or otherwise subject Regency to taxation as an entity.

If Regency were treated as a corporation for federal income tax purposes, Regency would pay federal income tax on its income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state and local income tax at varying rates. Distributions to Regency's common unitholders would generally be taxed again as corporate dividends (to the extent of Regency's current or accumulated earnings and profits), and no income, gains, losses or deductions would flow through to unitholders. Because a tax would be imposed upon Regency as a corporation, its cash available for distribution to its common unitholders would be substantially reduced. Therefore, treatment of Regency as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of the units.

Current law may change so as to cause Regency to be treated as a corporation for federal income tax purposes or otherwise subject Regency to entity-level taxation. At the federal level, legislation has recently been considered that would have eliminated partnership tax treatment for certain publicly traded partnerships. Although such legislation would not have applied to Regency as proposed, it could be reintroduced in a manner that does apply to Regency. Regency is unable to predict whether any of these changes or other proposals will be reintroduced or will ultimately

be enacted. Any such changes could negatively impact the value of an investment in Regency's common units. At the state level, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state



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income, franchise and other forms of taxation. For example, Regency is required to pay a Texas margin tax. Imposition of such a tax on Regency by Texas, and, if applicable, by any other state, will reduce Regency's cash available for distribution to its common unitholders.

The Regency partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects Regency to taxation as a corporation or otherwise subjects it to entity-level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be reduced to reflect the impact of that law on Regency.

***A successful IRS contest of the federal income tax positions Regency takes may adversely affect the market for its common units, and the cost of any IRS contest will reduce its cash available for distribution to unitholders.***

The IRS may adopt positions that differ from the positions Regency takes. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions Regency takes. A court may not agree with all of the positions Regency takes. Any contest with the IRS may materially and adversely impact the market for Regency's common units and the price at which they trade. In addition, Regency's costs of any contest with the IRS will be borne indirectly by its unitholders and Regency GP because the costs will reduce Regency's cash available for distribution.

***Regency unitholders may be required to pay taxes on income from Regency even if they do not receive any cash distributions from Regency.***

Because Regency's unitholders will be treated as partners to whom Regency will allocate taxable income that could be different in amount than the cash Regency distributes, they will be required to pay any federal income taxes and, in some cases, state and local income taxes on their share of Regency's taxable income even if they receive no cash distributions from Regency. Regency's unitholders may not receive cash distributions from Regency equal to their share of Regency's taxable income or even equal to the tax liability that results from that income.

***Tax gain or loss on the disposition of Regency common units could be more or less than expected.***

If a unitholder sells his Regency common units, he will recognize a gain or loss equal to the difference between the amount realized and his tax basis in those common units. Prior distributions to a Regency unitholder in excess of the total net taxable income he was allocated for a Regency common unit, which decreased his tax basis in that common unit, will, in effect, become taxable income to him to the extent the common unit is sold at a price greater than his tax basis in that common unit, even if the price is less than his original cost. A substantial portion of the amount realized, whether or not representing gain, may be ordinary income. In addition, because the amount realized includes a unitholder's share of Regency's nonrecourse liabilities, if a unitholder sells his Regency common units, he may incur a tax liability in excess of the amount of cash he receives from the sale.

***Tax-exempt entities and non-U.S. persons face unique tax issues from owning Regency common units that may result in adverse tax consequences to them.***

Investment in Regency common units by tax-exempt entities, such as individual retirement accounts (known as IRAs), other retirement plans and non-U.S. persons raises issues unique to them. For example, virtually all of Regency's income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file United States federal tax returns and pay tax on their share of Regency's taxable income. If a Regency unitholder is a

tax-exempt entity or a non-U.S. person, he should consult his tax advisor before investing in Regency common units.

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***Regency will treat each purchaser of Regency common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.***

Because Regency cannot match transferors and transferees of Regency common units and because of other reasons, Regency will take depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax deductions available to a Regency unitholder. It also could affect the timing of these tax deductions or the amount of gain from the sale of Regency common units and could have a negative impact on the value of Regency common units or result in audit adjustments to a unitholder's tax returns.

***Regency prorates its items of income, gain, loss and deduction between transferors and transferees of its units each month based upon the ownership of its units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among Regency's unitholders.***

Regency prorates its items of income, gain, loss and deduction between transferors and transferees of its units each month based upon the ownership of its units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The use of this proration method may not be permitted under existing Treasury Regulations. However, recently proposed Treasury Regulations provide a safe harbor for publicly traded partnerships pursuant to which a similar monthly convention is allowed. Existing publicly traded partnerships are entitled to rely on these proposed Treasury Regulations; however they are not binding on the IRS and are subject to change until final Treasury Regulations are issued. Accordingly, if the IRS were to challenge Regency's method of allocating income, gain, loss and deduction between transferors and transferees, or new Treasury Regulations were issued, Regency may be required to change the allocation of items of income, gain, loss and deduction among its unitholders.

***A Regency unitholder whose units are loaned to a short seller to cover a short sale of units may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.***

Because a Regency unitholder whose units are loaned to a short seller to cover a short sale of units may be considered as having disposed of the loaned units, he may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of Regency's income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing and loaning their units.

***Regency has adopted certain valuation and allocation methodologies that may result in a shift of income, gain, loss and deduction between its general partner and its unitholders. The IRS may challenge this treatment, which could adversely affect the value of the common units.***

When Regency issues additional units or engages in certain other transactions, Regency determines the fair market value of its assets and allocates any unrealized gain or loss attributable to its assets to the capital accounts of its unitholders and its general partner. Regency's methodology may be viewed as understating the value of its assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and the general partner,

which may be unfavorable to such unitholders. Moreover, under Regency's current valuation methods, subsequent purchasers of Regency common units may have a greater portion of their Code Section 743(b) adjustment allocated to Regency's tangible assets and a lesser portion allocated to its intangible

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assets. The IRS may challenge Regency's valuation methods, or its allocation of the Section 743(b) adjustment attributable to its tangible and intangible assets, and allocations of income, gain, loss and deduction between the general partner and certain of Regency's unitholders.

In addition, for purposes of determining the amount of the unrealized gain or loss to be allocated to the capital accounts of Regency's unitholders and its general partner, Regency will reduce the fair market value of its property (to the extent of any unrealized income or gain in its property that has not previously been reflected in the capital accounts) to reflect the incremental share of such fair market value that would be attributable to the holders of Regency's outstanding convertible redeemable preferred units if all of such convertible redeemable preferred units were converted into common units as of such date. Consequently, a holder of common units may be allocated less unrealized gain in connection with an adjustment of the capital accounts than such holder would have been allocated if there were no outstanding convertible redeemable preferred units. Following the conversion of Regency's convertible redeemable preferred units into common units, items of gross income and gain (or gross loss and deduction) will be specially allocated to the holders of such common units to reflect differences between the capital accounts maintained with respect to such convertible redeemable preferred units and the capital accounts maintained with respect to common units. This method of maintaining capital accounts and allocating income, gain, loss and deduction with respect to the convertible redeemable preferred units is intended to comply with proposed Treasury Regulations. However, these proposed Treasury Regulations are not legally binding and are subject to change until final Treasury Regulations are issued. Accordingly, Regency may be required to change the allocation of items of income, gain, loss and deduction among its unitholders.

A successful IRS challenge to these methods or allocations could adversely affect the amount of taxable income or loss being allocated to Regency's unitholders. It also could affect the amount of gain from Regency's unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to the unitholders' tax returns without the benefit of additional deductions.

***The sale or exchange of 50% or more of Regency's capital and profits interests during any twelve-month period will result in the termination of Regency for federal income tax purposes.***

Regency will be considered to have terminated for federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in its capital and profits within a twelve-month period. For purposes of determining whether the 50% threshold has been reached, multiple sales of the same unit will be counted only once. Regency's termination would, among other things, result in the closing of its taxable year for all unitholders, which would result in Regency filing two tax returns (and its unitholders could receive two Schedules K-1 if relief from the IRS was not available, as described below) for one fiscal year. The termination could result in a deferral of depreciation deductions allowable in computing Regency's taxable income, which could cause Regency's unitholders to realize an increased amount of taxable income as a percentage of the cash distributed to them. Regency anticipates that the ratio of taxable income to distributions for future years will return to levels commensurate with its prior tax periods. However, any future termination of Regency could have similar consequences. Additionally, in the case of a unitholder reporting on a taxable year other than a fiscal year ending December 31, the closing of Regency's taxable year may result in more than twelve months of its taxable income or loss being includable in his taxable income for the year of termination. The position that there was a partnership termination does not affect Regency's classification as a partnership for federal income tax purposes; however, Regency is treated as a new partnership for tax purposes. If treated as a new partnership, Regency must make new tax elections and could be subject to penalties if Regency is unable to determine that a termination occurred. The IRS has recently announced a publicly traded partnership technical termination relief program whereby, if a publicly traded partnership that technically terminates requests publicly traded partnership technical termination relief and such relief is granted by the IRS, among other things, the partnership will only have to provide one Schedule K-1 to unitholders for the year notwithstanding two partnership tax years.



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***Regency unitholders may be subject to state and local taxes and tax return filing requirements.***

In addition to federal income taxes, Regency unitholders will likely be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which Regency does business or owns property, even if the unitholders do not live in any of those jurisdictions. Regency unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these jurisdictions. Further, Regency unitholders may be subject to penalties for failure to comply with those requirements. Regency owns assets and does business in Texas, Oklahoma, Kansas, Louisiana, West Virginia, Arkansas, Colorado, Alabama, California, Mississippi, New Mexico, Utah and Pennsylvania. Each of these states, other than Texas, currently imposes a personal income tax as well as an income tax on corporations and other entities. Texas imposes a margin tax on corporations, limited partnerships, limited liability partnerships and limited liability companies. As Regency makes acquisitions or expand its business, it may own assets or do business in additional states that impose a personal income tax. It is a unitholder's responsibility to file all United States federal, foreign, state and local tax returns required as a result of being a unitholder.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus and the documents incorporated herein by reference contain forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. They use words such as anticipate, believe, intend, plan, projection, forecast, strategy, p continue, estimate, expect, may, or the negative of those terms or other variations of them or comparable terminology. Forward-looking statements are also found under Proposal 1: The Merger Unaudited Financial Projections of PVR. In particular, statements, express or implied, concerning future actions, conditions or events, future operating results, the ability to generate sales, income or cash flow, to realize cost savings or other benefits associated with the merger, to service debt or to make distributions are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine actual results are beyond the ability of Regency or PVR to control or predict. Specific factors which could cause actual results to differ from those in the forward-looking statements include:

the ability to complete the merger;

the ability to obtain requisite regulatory and unitholder approval and the satisfaction of the other conditions to the consummation of the merger;

the potential impact of the announcement or consummation of the merger on relationships, including with employees, suppliers, customers, competitors and credit rating agencies;

Regency's ability to successfully integrate PVR's operations and employees and to realize synergies and cost savings;

Regency's ability to complete its acquisition of Eagle Rock's midstream business and, if completed, to successfully integrate that business and Hoover's business related employees and to realize synergies and cost savings;

any distribution increases by Regency;

volatility in the price of oil, natural gas, NGLs and coal;

Regency's and PVR's access to capital to fund organic growth projects and acquisitions, including significant acquisitions and their ability to obtain debt or equity financing on satisfactory terms;



declines in the credit markets and the availability of credit for producers connected to Regency's and PVR's respective pipelines and gathering and processing facilities, and for customers of Regency's contract services business;

the level of creditworthiness of, and performance by, the customers and counter parties of Regency and PVR and the coal lessees of PVR, including PVR's lessees' ability to satisfy their royalty, environmental, reclamation and other obligations to PVR and others;

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

the amount of collateral required to be posted from time to time in transactions;

changes in commodity prices and the projected demand for and supply of natural gas, NGLs and coal, interest rates and demand for the services of Regency and PVR;

any impairment write-downs of Regency's or PVR's assets;

changes in governmental regulation or enforcement practices the midstream sector of the natural gas industry and the coal industry, especially with respect to environmental, health and safety matters, including with respect to emissions levels applicable to coal-burning power generators and permissible levels of mining runoff;

operating risks, including unanticipated geological problems, incidental to PVR's Eastern Midstream and Midcontinent Midstream and Coal and Natural Resource Management businesses;

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the ability of PVR's lessees to produce sufficient quantities of coal on an economic basis from its reserves and obtain favorable contracts for such production;

the occurrence of unusual weather and other natural phenomena or operating conditions including force majeure events;

delays in anticipated start-up dates of new development in PVR's Eastern Midstream and Midcontinent Midstream businesses and PVR's lessees' mining operations and related coal infrastructure projects;

environmental risks affecting the production, gathering and processing of natural gas or the mining of coal reserves;

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

the ability of Regency and PVR to acquire natural gas midstream assets and new sources of natural gas supply and connections to third-party pipelines on satisfactory terms;

the ability of Regency and PVR to retain existing or acquire new natural gas midstream customers and coal lessees;

the extent to which the amount and quality of actual production of PVR's coal differs from estimated recoverable coal reserves;

regulation of transportation rates on Regency's and PVR's natural gas and NGL pipelines;

the ability to obtain indemnification related to cleanup liabilities and to clean up any released hazardous materials on satisfactory terms;

the ability to obtain required approvals for construction or modernization of Regency's and PVR's facilities and the timing of production from such facilities;

uncertainties relating to the effects of regulatory guidance on permitting under the Clean Water Act and the outcome of current and future litigation regarding mine permitting;

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

the effect of accounting pronouncements issued periodically by accounting standard setting boards; and

unfavorable results of litigation and the fruition of contingencies referred to in the notes to the financial statements contained in the reports incorporated by reference into this proxy statement/prospectus.

Unless expressly stated otherwise, forward-looking statements are based on the expectations and beliefs of the respective managements of Regency and PVR, based on information currently available, concerning future events affecting Regency and PVR. Although Regency and PVR believe that these forward-looking statements are based on reasonable assumptions, they are subject to uncertainties and factors related to Regency's and PVR's operations and business environments, all of which are difficult to predict and many of which are beyond Regency's and PVR's control. Any or all of the forward-looking statements in this proxy statement/prospectus may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. The foregoing list of factors should not be construed to be exhaustive. Many factors mentioned in this proxy statement/prospectus, including the risks outlined under the caption "Risk Factors" contained in Regency's and PVR's Exchange Act reports incorporated herein by reference, will be important in determining future results, and actual future results may vary materially. There is no assurance that the actions, events or results of the forward-looking statements will occur, or, if any of them do, when they will occur or what effect they will have on Regency's or PVR's results of operations, financial condition, cash flows or distributions. In view of these uncertainties, Regency and PVR caution that investors should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and, except as required by law, Regency and PVR undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

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**THE PARTIES**

**Regency Energy Partners LP**

Regency Energy Partners LP is a limited partnership formed in Delaware in 2005 with common units traded on the NYSE under the symbol RGP. Regency is a growth-oriented limited partnership engaged in the gathering and processing, compression, treating and transportation of natural gas and the transportation, fractionation and storage of NGLs.

Regency focuses 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. Regency's 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.

Regency divides its operations into five business segments:

*Gathering and Processing* Regency provides 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 the pipeline-quality natural gas and NGLs to various markets and pipeline systems. This segment also includes Regency's 33.33% membership interest in Ranch JV, which processes natural gas delivered from the NGLs-rich Bone Spring and Avalon shale formations in west Texas.

*Natural Gas Transportation* Regency owns a 49.99% general partner interest in HPC, which owns RIGS, a 450-mile intrastate pipeline that delivers natural gas from northwest Louisiana to downstream pipelines and markets, and a 50% membership interest in MEP, which owns an interstate natural gas pipeline with approximately 500 miles 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, which owns a 10-mile interstate pipeline that extends from Harrison County, Texas to Caddo Parish, Louisiana.

*NGL Services* Regency owns a 30% membership interest in Lone Star, an entity owning a diverse set of midstream energy assets including pipelines, storage, fractionation and processing facilities located in the states of Texas, Mississippi and Louisiana.

*Contract Services* Regency owns and operates a fleet of compressors used to provide turn-key natural gas compression services for customer specific systems. Regency also owns and operates a fleet of equipment used to provide treating services, such as carbon dioxide and hydrogen sulfide removal, natural gas cooling, dehydration and BTU management.

*Corporate* The corporate segment comprises Regency's corporate offices.

Regency GP is the general partner of Regency, and Regency GP has direct responsibility for conducting Regency's business and for managing its operations. Because Regency GP is a limited partnership, its general partner, Regency GP LLC, is ultimately responsible for the business and operations of Regency GP and conducts its business and operations.

The address of Regency's and Regency GP's principal executive offices is 2001 Bryan Street, Suite 3700, Dallas, Texas 75201, and the telephone number at this address is (214) 750-1771.

**PVR Partners, L.P.**

PVR Partners, L.P. is a Delaware limited partnership principally engaged in the gathering and processing of natural gas and the management of coal and natural resource properties in the United States. PVR's assets are

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primarily located in Pennsylvania, Texas, Oklahoma and West Virginia. PVR currently conducts operations in three business segments which are as follows:

*Eastern Midstream* Engaged in providing natural gas gathering, and other related services in Pennsylvania and West Virginia. In addition, PVR owns membership interests in a joint venture that transports fresh water to natural gas producers.

*Midcontinent Midstream* Engaged in providing natural gas processing, gathering services, and other related services.

*Coal and Natural Resource Management* Primarily involves the management and leasing of coal properties and the subsequent collection of royalties. It also earn revenues from other land management activities, such as selling standing timber, leasing coal-related infrastructure facilities and collecting oil and gas royalties. PVR GP, LLC, a Delaware limited liability company and a wholly owned subsidiary of PVR, is PVR's general partner.

PVR's common units are traded on the NYSE under the symbol PVR.

The principal executive offices of PVR are located at Three Radnor Corporate Center, 100 Matsonford Road, Suite 301, Radnor, Pennsylvania 19087, its telephone number is (610) 975-8200.

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**THE PVR SPECIAL MEETING**

PVR is providing this proxy statement/prospectus to its unitholders in connection with the solicitation of proxies to be voted at the special meeting of unitholders that PVR has called for, among other things, the purpose of holding a vote upon a proposal to adopt the merger agreement and the transactions contemplated thereby and at any adjournment or postponement thereof. This proxy statement/prospectus constitutes a prospectus for Regency in connection with the issuance by Regency of its common units in connection with the merger. This proxy statement/prospectus is first being mailed to PVR's unitholders on or about February 20, 2014, and provides PVR unitholders with the information they need to know to be able to vote or instruct their vote to be cast at the special meeting of PVR unitholders.

**Date, Time and Place**

The special meeting will be held at The Villanova University Conference Center, 601 County Line Road, Radnor, Pennsylvania 19087, on March 20, 2014, at 10:00 a.m., local time.

**Purpose**

At the special meeting, PVR unitholders will be asked to vote solely on the following proposals:

*Proposal 1:* to adopt the merger agreement and the transactions contemplated thereby;

*Proposal 2:* to approve the adjournment of the PVR special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting; and

*Proposal 3:* to approve, on an advisory (non-binding) basis, the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger.

**PVR GP's Board Recommendation**

The board of directors of PVR GP recommends that unitholders of PVR vote:

*Proposal 1:* **FOR** adoption of the merger agreement and the transactions contemplated thereby;

*Proposal 2:* **FOR** any adjournment of the PVR special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting; and

*Proposal 3:* **FOR** the approval on an advisory (non-binding) basis the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger.

**The board of directors of PVR GP unanimously (i) determined that the merger agreement and the merger are advisable and in the best interests of PVR and its unitholders, (ii) approved the merger and the merger agreement and (iii) resolved to recommend adoption of the merger agreement and the transactions**

**contemplated thereby to the PVR unitholders.** See Proposal 1: The Merger Recommendation of PVR GP's Board of Directors and Its Reasons for the Merger.

In considering the recommendation of PVR GP's board of directors with respect to the merger agreement and the transactions contemplated thereby, you should be aware that some of PVR's directors and executive officers may have interests that are different from, or in addition to, the interests of PVR unitholders more generally. See Proposal 1: The Merger Interests of Directors and Executive Officers of PVR in the Merger.



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### **PVR Record Date; Outstanding Units; Units Entitled to Vote**

The record date for the PVR special meeting is February 18, 2014. Only PVR unitholders of record at the close of business on the record date will be entitled to receive notice of and to vote at the special meeting or any adjournment or postponement of the meeting.

As of the close of business on the record date of February 18, 2014, there were 112,274,703 PVR common units and 24,811,083 Class B units outstanding and entitled to vote at the meeting. Each PVR common unit and each Class B unit is entitled to one vote.

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

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

### **Quorum**

A quorum of unitholders is required to adopt the merger agreement at the special meeting, but not to approve any adjournment of the meeting. At least a majority of the outstanding PVR common units and Class B units, voting together as a single class, must be represented in person or by proxy at the meeting in order to constitute a quorum. Any abstentions and broker non-votes will be counted in determining whether a quorum is present at the special meeting.

### **Required Vote**

To adopt the merger agreement and the transactions contemplated thereby, holders of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, must vote in favor of adoption of the merger agreement and the transactions contemplated thereby. Because approval is based on the affirmative vote of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, a PVR unitholder's failure to submit a proxy card or to vote in person at the special meeting or an abstention from voting, or the failure of a PVR unitholder who holds his or her units in street name through a broker or other nominee to give voting instructions to such broker or other nominee, will have the same effect as a vote AGAINST adoption of the merger agreement and the transactions contemplated thereby.

To approve the adjournment of the PVR special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting and if a quorum is present at the meeting, holders of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, must vote in favor of the proposal; provided that, if a quorum is not present at the meeting, the affirmative vote of holders of a majority of the outstanding PVR common units and Class B units entitled to vote at such meeting represented either in person or by proxy, voting together as a single class, is required to approve the

proposal. Because approval of this proposal is based on the affirmative vote of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, a PVR unitholder's failure to vote, an abstention from voting or the failure of a PVR unitholder who holds his or her units in street name through a broker or other nominee to give voting instructions to such broker or other nominee will have the same effect as a vote AGAINST approval of this proposal.

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To approve, on an advisory (non-binding) basis, the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger, holders of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, must vote in favor of the proposal. Because approval of this proposal is based on the affirmative vote of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class, a PVR unitholder's failure to vote, an abstention from voting or the failure of a PVR unitholder who holds his or her units in street name through a broker or other nominee to give voting instructions to such broker or other nominee will have the same effect as a vote AGAINST approval of this proposal.

### **Unit Ownership of and Voting by PVR's Directors and Executive Officers**

At the close of business on the record date for the special meeting, PVR's directors and executive officers and their affiliates beneficially owned and had the right to vote 363,037 PVR common units at the special meeting, which represents less than 1% of the PVR units entitled to vote at the special meeting. It is expected that PVR's directors and executive officers will vote their units FOR the adoption of the merger agreement and the transactions contemplated thereby, although none of them has entered into any agreement requiring them to do so.

### **Voting of Units by Holders of Record**

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

calling the toll-free number specified on the enclosed proxy card and follow the instructions when prompted;

accessing the Internet website specified on the enclosed proxy card and follow the instructions provided to you; or

filling out, signing and dating the enclosed proxy card and mailing it in the prepaid envelope included with these proxy materials.

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

All units represented by each properly executed and valid proxy received before the special meeting will be voted in accordance with the instructions given on the proxy. If a PVR unitholder executes a proxy card without giving instructions, the PVR units represented by that proxy card will be voted as PVR GP's board of directors recommends, which is:

***Proposal 1:*** FOR the adoption of the merger agreement and the transactions contemplated thereby;

**Proposal 2:** FOR the approval of the adjournment of the PVR special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting; and

**Proposal 3:** FOR the approval, on an advisory (non-binding) basis, of the related compensation payments that will or may be paid by PVR to its named executive officers in connection with the merger.

Your vote is important. Accordingly, please submit your proxy by telephone, through the Internet or by mail, whether or not you plan to attend the meeting in person. Proxies must be received by 11:59 p.m., Eastern Time, on March 19, 2014.

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### **Voting of Units Held in Street Name**

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

If you do not provide voting instructions to your broker, your units will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is referred to in this proxy statement/prospectus and in general as a broker non-vote. In these cases, the broker or other nominee can register your units as being present at the special meeting for purposes of determining a quorum, but will not be able to vote your units on those matters for which specific authorization is required. Under the current rules of the NYSE, brokers do not have discretionary authority to vote on any of the proposals agreement. Therefore, a broker non-vote will have the same effect as a vote **AGAINST** adoption of the merger agreement and the transactions contemplated thereby, the adjournment proposal and the related compensation proposal.

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

### **Revocability of Proxies; Changing Your Vote**

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

    sending a written notice, no later than the Telephone/Internet deadline, to PVR at Three Radnor Corporate Center, Suite 301, 100 Matsonford Road, Radnor, Pennsylvania 19087, Attn: Corporate Secretary, that bears a date later than the date of the proxy and is received prior to the special meeting and states that you revoke your proxy;

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

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

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

### **Solicitation of Proxies**

This proxy statement/prospectus is furnished in connection with the solicitation of proxies by PVR GP's board of directors to be voted at the PVR special meeting. PVR will bear all costs and expenses in connection with the solicitation of proxies. PVR has engaged Morrow & Co., LLC to assist in the solicitation of proxies for the meeting and PVR estimates it will pay Morrow & Co., LLC a fee of approximately \$7,500 for these services. PVR has also

agreed to reimburse Morrow & Co., LLC for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Morrow & Co., LLC against certain losses, costs and expenses. In addition, PVR may reimburse brokerage firms and other persons representing beneficial owners of PVR common units for their reasonable expenses in forwarding solicitation materials to such beneficial owners. Proxies may also be solicited by certain of PVR's directors, officers and employees by telephone, electronic mail, letter, facsimile or in person, but no additional compensation will be paid to them.

**Unitholders should not send unit certificates with their proxies.** A letter of transmittal and instructions for the surrender of PVR common unit certificates will be mailed to PVR unitholders shortly after the completion of the merger.

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**No Other Business**

Under the PVR partnership agreement, the business to be conducted at the special meeting will be limited to the purposes stated in the notice to PVR unitholders provided with this proxy statement/prospectus.

**Adjournments**

Adjournments may be made for the purpose of, among other things, soliciting additional proxies. Any adjournment may be made from time to time by the chairman of PVR GP's board of directors or with the approval of at least a majority of the votes present in person or by proxy at the time of the vote, whether or not a quorum exists. PVR is not required to notify unitholders of any adjournment of 45 days or less if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At any adjourned meeting, PVR may transact any business that it might have transacted at the original meeting, provided that a quorum is present at such adjourned meeting. Proxies submitted by PVR unitholders for use at the special meeting will be used at any adjournment or postponement of the meeting. References to the PVR special meeting in this proxy statement/prospectus are to such special meeting as adjourned or postponed.

**Assistance**

If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact Morrow & Co., LLC toll-free at (800) 460-1014 (banks and brokers call collect at (203) 658-9400).

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**PROPOSAL 1: THE MERGER**

*This section of the proxy statement/prospectus describes the material aspects of the proposed merger. This section may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the documents incorporated herein by reference, including the full text of the merger agreement and an amendment thereto (which are attached as Annexes A-1 and A-2), for a more complete understanding of the merger. In addition, important business and financial information about each of Regency and PVR is included in or incorporated into this proxy statement/prospectus by reference. See [Where You Can Find More Information](#).*

**Effect of the Merger**

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, the merger agreement provides for the merger of PVR with and into Regency. Regency, which is sometimes referred to following the merger as the surviving entity, will survive the merger, and the separate limited partnership existence of PVR will cease. After the completion of the merger, the certificate of limited partnership of Regency in effect immediately prior to the effective time will be the certificate of limited partnership of the surviving entity, until amended in accordance with its terms and applicable law, and the Regency partnership agreement in effect immediately prior to the effective time will be the agreement of limited partnership of the surviving entity, until amended in accordance with its terms and applicable law.

The merger agreement provides that, at the effective time, each PVR common unit and Class B unit issued and outstanding or deemed issued and outstanding as of immediately prior to the effective time will be converted into the right to receive (i) 1.020 Regency common units and (ii) an amount of cash equal to the difference (if positive) between (x) the PVR annualized distribution and (y) the Regency adjusted annualized distribution. The PVR annualized distribution is the product of four times the amount of the quarterly cash distribution most recently declared by PVR prior to the closing of the merger. The Regency adjusted annualized distribution is the product of four times the amount of the quarterly cash distribution most recently declared by Regency prior to the closing of the merger, multiplied by the exchange ratio of 1.020. This one-time cash payment is estimated to equal approximately \$36.7 million in the aggregate. Any PVR securities that are owned by PVR or Regency or any of their respective subsidiaries immediately prior to the effective time will be cancelled without any conversion or payment of consideration in respect thereof. Regency's common units had a value of \$26.77 per unit, based on the closing price of Regency common units as of February 18, 2014.

Because the exchange ratio was fixed at the time the merger agreement was executed and because the market value of Regency common units and PVR common units will fluctuate prior to the consummation of the merger, PVR unitholders cannot be sure of the value of the merger consideration they will receive relative to the value of PVR common units that they are exchanging. For example, decreases in the market value of Regency common units will negatively affect the value of the merger consideration that they receive, and increases in the market value of PVR common units may mean that the merger consideration that they receive will be worth less than the market value of the common units of PVR such unitholders are exchanging. See [Risk Factors](#) [Risk Factors Relating to the Merger](#) Because the exchange ratio is fixed and because the market price of Regency common units will fluctuate prior to the consummation of the merger, PVR unitholders cannot be sure of the market value of the Regency common units they receive as merger consideration relative to the value of PVR common units they exchange.

Regency will not issue any fractional units in the merger. Instead, each holder of PVR common units that are converted pursuant to the merger agreement who otherwise would have received a fraction of a Regency common unit will be entitled to receive, from the exchange agent appointed by Regency pursuant to the merger agreement, a cash



payment in lieu of such fractional units representing such holder's proportionate interest in the proceeds from the sale by the exchange agent of the number of excess Regency common units represented by the aggregate amount of fractional Regency common units.

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Except as otherwise expressly provided in the original grant terms of a particular award, each phantom PVR common unit that was granted under a PVR equity incentive plan and that is outstanding immediately prior to the effective time, automatically and without any action on the part of the holder of such phantom PVR common unit, will at the effective time vest in full (in the case of performance-based phantom PVR common units, based on achievement of target level of performance), the restrictions with respect thereto will lapse, and each PVR common unit deemed to be issued in settlement thereof will be deemed issued and outstanding as of immediately prior to the effective time and at the effective time will be converted into the right to receive the merger consideration in accordance with the terms of the merger agreement. In addition, any then-accumulated distribution equivalents payable pursuant to distribution equivalent rights with respect to each phantom PVR common unit that vests in accordance with the merger agreement will at the effective time and without any action on the part of any holder thereof vest in full and become immediately payable in cash in accordance with the terms of the merger agreement. Each restricted PVR common unit that is outstanding immediately prior to the effective time will vest in full and the restrictions with respect thereto will lapse, and each restricted PVR common unit will be treated as an issued and outstanding common unit and will be converted into the right to receive the merger consideration. Each deferred PVR common unit that is outstanding immediately prior to the effective time will lapse, and each deferred PVR common unit shall be treated as an issued and outstanding PVR common unit as of immediately prior to the effective time.

See the section entitled "The Merger Agreement" for further information.

**Background of the Merger**

PVR's management and the board of directors of PVR GP (the "Board") regularly review and discuss PVR's financial position, results of operations, growth strategies and other matters with the intent to maximize value for PVR's unitholders. At several board meetings in 2012, management and the Board discussed certain adverse developments indicating that the future growth prospects in PVR's coal royalty business segment, which represented at the time a majority of PVR's EBITDA, were limited and that increased regulatory focus on the coal industry presented a risk of further adverse effects on that business in the future. Accordingly, the Board, upon management's recommendation, determined to shift PVR's business focus more to natural gas gathering, transportation and processing in major shale basins in the United States while maintaining PVR's coal assets. At that time PVR had natural gas gathering and processing facilities in Texas and Oklahoma, and was in the process of constructing, owning and operating a natural gas gathering and transportation system in Lycoming County, Pennsylvania.

In furtherance of this strategy, PVR actively pursued both acquisition opportunities and greenfield development projects in the major shale basins in the United States. During 2012 and early 2013, various investment banks approached PVR's management with potential strategic growth initiatives, including asset acquisitions and general business combination possibilities. Management evaluated these ideas and pursued several of the asset acquisition opportunities. In 2012, PVR completed a significant acquisition of Chief Gathering, LLC, a pipeline company with significant gathering assets in Pennsylvania and West Virginia, substantially growing PVR's presence in the Marcellus Shale. PVR also actively evaluated several significant acquisition opportunities in 2012 and 2013 in the Marcellus, Eagle Ford and Niobrara regions, but ultimately determined that the strong competition for acquisitions had driven prices to the point that most were not financially attractive to PVR. Management did not at that time actively pursue any business combination possibilities.

Since the Chief Gathering acquisition, while PVR continued to evaluate acquisition opportunities pursuant to further directions from the Board, PVR focused more on developing greenfield opportunities associated with its Lycoming County, Pennsylvania gathering and trunkline systems, and its gathering systems in Bradford, Susquehanna, Sullivan, Greene and Wyoming counties in Pennsylvania. Additionally, in 2013 PVR announced a greenfield pipeline development project in the Utica Shale in eastern Ohio.



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At several Board meetings during 2012 and 2013, the Board discussed the possibility of financing a portion of PVR's future capital needs from a sale of all or a portion of its coal business and/or a portion of its gas gathering and processing assets in Texas and Oklahoma. The Board indicated continuing interest in those possibilities.

In late 2012, PVR entered into discussions with a party ( Company A ) that was interested in potentially purchasing PVR's coal business. Management determined to engage in discussions initiated by Company A to determine if the value of the coal business could support a sale of the business while not adversely impacting the value of PVR or impacting PVR's then current distribution. On December 10, 2012, PVR executed a confidentiality agreement with Company A and began to share due diligence information to facilitate an evaluation of the coal business. In March 2013, Company A provided PVR with a valuation range that management concluded was not acceptable to PVR. On July 2, 2013, PVR executed a confidentiality agreement with another party ( Company B ). PVR provided information to facilitate Company B's evaluation of PVR's coal business. In August 2013, Company B provided PVR with an oral valuation range for the coal business that management concluded was not acceptable to PVR. In June 2013, PVR met with representatives of another party ( Company C ) after Company C initiated contact to discuss a possible purchase of PVR's coal business. On June 20, 2013, PVR entered into a confidentiality agreement with Company C and provided Company C with information to facilitate its evaluation of PVR's coal business. In August 2013, Company C provided PVR with a preliminary valuation range that management concluded was not acceptable to PVR.

Additionally, in late 2012, PVR entered into informal discussions with another party ( Company X ) regarding various transaction structures, including a potential sale of PVR's Midcontinent midstream assets or PVR's potential purchase of Company X's Midcontinent midstream assets. The discussions were preliminary and no confidential business information was exchanged nor was there any discussion of price. After preliminary evaluation, neither party opted to pursue these discussions further.

In January 2013, PVR retained Evercore Partners ( Evercore ) as a financial advisor to assist in evaluating strategic alternatives. PVR's management provided Evercore with detailed financial information regarding PVR's various business segments, including projected cash flows, expected growth projects, capital investment necessary to fund the growth projects, and projected debt and equity issuances necessary to fund PVR's capital investments. Based on this information and extensive discussions with management, Evercore analyzed several strategic alternatives for PVR.

On July 23, 2013, at a regularly scheduled quarterly meeting of the Board, Evercore reviewed its analysis of PVR, including a preliminary valuation of each of PVR's business segments—coal, Midcontinent midstream and Eastern midstream—utilizing several valuation methodologies, as well as a sum of the parts valuation for PVR. Evercore's evaluation used management's projection of 2014 adjusted EBITDA, Distributable Cash Flow ( DCF ) and DCF per PVR common unit of \$419 million, \$279 million and \$2.23 respectively and 2015 adjusted EBITDA, DCF and DCF per PVR common unit of \$503 million, \$357 million and \$2.56, respectively. PVR defines distributable cash flow as net income plus depreciation, depletion and amortization ( DD&A ), plus impairments, plus (minus) derivative losses (gains) included in net income, plus (minus) cash received (paid) for derivative settlements, minus equity earnings in joint ventures, plus cash distributions from joint ventures, minus maintenance capital expenditures. Evercore also evaluated several strategic alternatives including divesting the coal business, contributing the coal assets to a joint venture with another coal company, divesting the Midcontinent midstream business, and forming a joint venture with another midstream company in the Midcontinent. Evercore's analysis suggested that there were significant challenges to divesting the coal or Midcontinent business segments, as well as contributing those businesses to a joint venture. In particular, the proceeds from the sale of either of those businesses, and the loss of the DCF associated with those businesses, would not likely be sufficient to enable PVR to maintain its existing annual per unit distribution of \$2.20.

Finally, Evercore evaluated a business combination with each of eight midstream MLPs that management and Evercore thought might be possible candidates for a business combination. In analyzing a theoretical transaction with

each of the eight, Evercore ran two acquisition scenarios assuming a 15% and 30% premium paid to PVR unitholders over PVR's \$27.88 unit price at the time. Of the eight combinations that Evercore

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analyzed, based on a number of business assumptions, four potential candidates were believed to be able to pay a 30% premium to PVR's then-current unit price while achieving accretion to distributable cash flow for their respective unitholders. Based on management's knowledge of the four companies with accretion and discussions with Evercore, management advised the Board that it believed that two of the four were pursuing growth strategies that would not likely include a potential combination with PVR and as such they would have difficulty executing a combination transaction attractive to PVR. Further, PVR management advised the Board that it had been informed by investment bankers familiar with another of the four companies that that company would not be interested in PVR because of its coal business. As discussed in more detail below, the Mr. Shea met with representatives of the fourth company ( Company Y ) on August 7, 2013. After discussion with management and Evercore, the Board concluded, based on a number of factors, that it was in the best interests of PVR and its unitholders that PVR continue with its current strategy and not commence a process to sell all or part of its business. However, in order not to foreclose any attractive opportunities, the Board authorized management to remain open to private discussions of potential combination transactions with companies that management, after consultation with PVR's advisors, believed might make a good strategic partner. The Board also directed management to continue to explore, as it had been doing, other strategic alternatives, including sale of the coal business or a joint venture in the Midcontinent region.

In mid-July 2013, representatives of Citigroup Global Markets Inc. ( Citi ) contacted William H. Shea, Jr., PVR's chief executive officer, and Robert B. Wallace, PVR's chief financial officer, to discuss the possibility of a merger between PVR and Regency. Citi, which has existing investment banking relationships with both PVR and Regency, had contacted PVR on its own initiative and not at the request of Regency and inquired whether PVR was interested in meeting with Regency representatives to discuss a possible business combination. PVR's management asked Citi to arrange a meeting with Regency.

The initial meeting was scheduled for July 31, 2013 between Mr. Shea and Michael J. Bradley, Regency's chief executive officer, in New York, but was canceled and rescheduled for August 22, 2013 in Las Vegas, where both Mr. Shea and Mr. Bradley were scheduled to present at Citi's MLP investor conference. In anticipation of that meeting, a representative of Citi met with Mr. Wallace on August 8, 2013 to further discuss a possible transaction, and followed up on August 13, 2013 by providing Messrs. Shea and Wallace with additional background information.

On August 7, 2013, Mr. Shea met in Philadelphia with senior executives, including the chief executive officer, of Company Y, an MLP with gathering and processing assets. The purpose of the meeting was to discuss possible joint venture opportunities between PVR and Company Y in the Midcontinent region, as well as joint business opportunities in Lycoming County, Pennsylvania. During the course of the meeting, Mr. Shea inquired whether Company Y would be interested in considering a combination transaction. The chief executive officer of Company Y indicated that Company Y would not be interested in such a transaction as long as PVR owned its coal business. Mr. Shea indicated that PVR currently was working with several parties that might have interest in the coal business, in which case further discussions with Company Y could prove to be productive. The parties agreed that the next steps included putting in place an appropriate confidentiality agreement that would cover both business opportunities in the Midcontinent and a potential combination transaction in the event PVR divested the coal business.

On August 22, 2013, Messrs. Shea and Wallace and Mark D. Casaday, PVR's executive vice president and chief operating officer-midstream met with Mr. Bradley and Thomas E. Long, Regency's executive vice president and chief financial officer, in Las Vegas, together with representatives of Citi, to discuss a possible business combination of the two companies. They discussed the relative benefits of such a transaction, including the increased geographic diversity, the increased financial capabilities and stability, the expanded growth opportunities, and the operational synergies of a combined organization. Regency also indicated that a joint venture of the companies' Midcontinent midstream assets was not likely to be of interest to Regency, but a business combination of both companies was of interest. At the conclusion of the meeting, the representatives of both companies determined that further discussions

and an exchange of business information were merited, and that the first step would be for the companies to execute a confidentiality agreement.

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On August 26, 2013, Regency retained Merrill Lynch, Pierce, Fenner & Smith Incorporated ( BAML ) to assist in its evaluation of a proposed transaction with PVR.

On August 28, 2013, following negotiation of appropriate terms, PVR and Regency executed a confidentiality agreement. On August 30, 2013, following negotiation of appropriate terms, PVR and Company Y executed a confidentiality agreement. Both confidentiality agreements contained standstill terms which remain in effect.

Also on August 28, 2013, Mr. Shea called PVR's Chairman of the Board to update him on the preliminary discussions with both Regency and Company Y and to inform him that management intended to continue discussions with both companies. PVR's Chairman suggested that Mr. Shea arrange a call with the entire Board to provide the members with an update.

On August 29, 2013, PVR's CEO telephoned Mr. Bradley to discuss next steps and the process for continuing the discussions concerning a possible combination transaction. They agreed to meet in Dallas on September 9, 2013, together with the companies' respective management teams and financial advisors, at which time each company would make presentations concerning its respective business operations, future growth projects and financial projections and provide the other with a five-year financial model. It was also agreed that the goal of the meeting would be to provide a sufficient basis to enable Regency to propose a preliminary evaluation of PVR and a range of exchange ratios in a unit-for-unit transaction in which Regency would acquire PVR. Over the course of their discussions, neither Regency nor PVR considered an adjustable or non-fixed exchange ratio. Each of Regency and PVR was of the view, after conferring with its respective advisors, that a fixed exchange ratio was appropriate for a transaction between parties of comparable size involving primarily equity consideration. In addition, Regency would provide PVR with sufficient information to enable PVR to evaluate the financial prospects for a combined organization. PVR would then determine whether to continue discussions and provide Regency with more detailed information, and receive more detailed information from Regency.

Due to scheduling constraints among the directors of PVR, Mr. Shea spoke by phone to each of the directors over the period August 30 through September 4, 2013, to brief all of the directors on his discussions with Regency and Company Y, as well as update them on the separate discussions PVR had conducted with several potential purchasers of the coal business. He informed the directors that the indications of interest for the coal business received from Companies A, B and C were in a range such that a transaction at those prices was not, in management's opinion, in the best interest of PVR. He informed the directors that he and other representatives of PVR and Citi would be meeting with representatives of Regency in Dallas on September 9, 2013 and shared with the directors the goals of that meeting. The directors authorized Mr. Shea to move forward with the September 9 meeting and keep the Board apprised of the results of the meetings and any subsequent developments. The Board did not consider formation of a conflicts committee in light of the fact that PVR's partnership agreement does not require the formation of a conflicts committee, no related party transaction was contemplated and no conflict existed, and all of the members of the Board are independent, other than Mr. Shea.

On September 9, 2013, Mr. Shea and other senior officers of PVR, together with representatives of Citi, met in Dallas in the offices of Baker Botts L.L.P., legal advisors for Regency, with Mr. Bradley and other officers and employees of Regency and two representatives of Regency's sponsor, together with representatives of BAML, Regency's financial advisor. PVR presented its business, including a review of PVR's existing coal, Midcontinent midstream, and Eastern midstream assets, as well as PVR's future expected growth projects. PVR also reviewed the financial projections prepared by PVR management for the business for the next five years as detailed in PVR's financial model ( Case 1 ) provided to Regency. PVR provided Regency with copies of its presentation and Case 1. Case 1 assumed that all of PVR's various growth projects are completed on time and on budget. For a description of Case 1, please see Unaudited Financial Projections of PVR beginning on page 87. Following PVR's presentation, Regency made a presentation of its



business, including a review of its existing midstream business, its joint ventures and its future growth projects. Regency also reviewed the financial projections for its business as detailed in Regency's financial model provided to PVR. Regency provided PVR

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with written and electronic copies of its presentation and financial model. Following the presentations, the parties discussed next steps. It was decided that Messrs. Wallace and Long, together with PVR's and Regency's respective finance teams and financial advisors, would speak by conference call on September 11, 2013, after each group had additional time to review the other's financial model, to discuss the models, answer any questions and request additional information as necessary. Further, it was agreed that after the follow-up call among the financial teams, Regency would orally provide PVR on or about September 16, 2013 with an indication of Regency's valuation of PVR and a range of exchange ratios Regency would be prepared to discuss in a possible unit-for-unit sale transaction.

On September 10, 2013, Mr. Shea and other executives of PVR had a call with a representative of Company Y to discuss possible transactions between PVR and Company Y. The representative confirmed Company Y's position, first communicated to PVR at the August 2013 meeting in Philadelphia, that Company Y was interested in exploring joint venture opportunities with PVR in the Midcontinent and the Marcellus and Utica shale regions, as well as a sale transaction for all or a portion of PVR's midstream natural gas assets, but that Company Y was not interested in a combination transaction that involved PVR's coal business. Mr. Shea informed the representative of Company Y that PVR was not interested in selling its midstream assets in the Marcellus and Utica shale regions, that PVR was interested in exploring a joint venture opportunity in the Midcontinent regions, and that PVR's discussions with potential purchasers of the coal business were progressing more slowly than anticipated so that if Company Y was not interested in a combination transaction that included the coal business, the parties should discontinue those discussions. The representative of Company Y agreed that discussions of a possible combination transaction would not likely be productive for so long as PVR owned its coal business.

On September 11, 2013, Mr. Bradley and Mr. Shea spoke by telephone to confirm that the process was advancing as discussed at the meeting on September 9, 2013 and that Regency expected to be able to provide PVR with an initial valuation and range of exchange ratios by September 16, 2013.

On September 12, 2013, Bruce Davis, executive vice president and general counsel of PVR, and Frances Kilborne, assistant general counsel of Regency, had a telephone call to discuss amending the confidentiality agreement between the parties to permit Regency to share PVR's confidential information with Regency's financial advisors and an independent petroleum engineering consultant. The confidentiality agreement was amended on September 13, 2013.

On September 13, 2013, Mr. Shea and certain officers of PVR had a telephone call with representatives of Citi to update Citi on PVR's review of Regency's information. PVR told Citi that to date there was nothing to indicate that Regency would not be a suitable merger partner.

Later on September 13, 2013, Mr. Shea spoke by telephone with Mr. Bradley to confirm that the process they had previously outlined was on track. Mr. Bradley indicated that the Regency Board was scheduled to meet on September 16, 2013 to discuss a possible transaction with PVR and that depending on the outcome of that meeting Regency might be in a position to provide PVR with a preliminary indication of valuation and a range of exchange ratios. Mr. Shea indicated to Mr. Bradley that September 16 was not a hard date and that if Regency needed additional time it was more important that Regency properly assess PVR's value than it was for PVR to receive a hastily prepared valuation.

On September 16, 2013, Mr. Bradley called Mr. Shea to inform him that the board of Regency's general partner had met and discussed a possible combination transaction with PVR. Mr. Bradley indicated that the board remained interested in pursuing a transaction and had requested that Regency's management conduct some additional analyses before determining a range of exchange ratios to present to PVR. He also indicated the board of Regency's general partner was scheduled to meet again on September 17, 2013.

On September 17, 2013, Mr. Bradley called Mr. Shea and shared Regency's view of the benefits to the unitholders of both Regency and PVR from a combined organization, including the enhanced scale, the expanded

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geographic scope of operations, the increased basin diversity, the expected enhanced credit metrics and ratings of a larger, more diverse company, and operational and financial synergies. He noted, however, that Regency and its gas reserve consultant were having difficulty confirming PVR's forecast of initial production and expected ultimate reserves of natural gas in PVR's Eastern midstream segment and would need to follow up with PVR on these issues. He indicated that based on the limited review to date, and subject to confirmatory diligence, Regency was prepared to discuss an exchange ratio in the range of 1.02 to 1.06 units of Regency for each unit of PVR, based on Regency's closing price on September 13, 2013. Mr. Shea indicated that PVR appreciated Regency's efforts to provide an initial valuation in a timely fashion and that PVR management would analyze and consider the preliminary proposal with the Board.

On September 18, 2013, PVR management met with representatives of Citi to discuss PVR, Regency and the combined organization. PVR also asked Citi to assist PVR in evaluating other entities that might be interested in acquiring PVR and the consideration that these entities might be able to offer PVR, taking into account whether these entities could promptly consummate a transaction.

On September 23, 2013, PVR management met by telephone with representatives of Citi to review, in advance of a Board meeting scheduled for the next day (which Citi was invited to attend), financial matters relating to PVR and a possible business combination with Regency.

On or about September 24, 2013, PVR clarified with Evercore that Citi would serve as financial advisor to PVR in the transaction but would not render an opinion in connection with the proposed transaction and that, pursuant to a separate engagement letter, Evercore would be requested to render a fairness opinion for which it would be paid a flat fee not contingent upon the transaction closing. Prior to engaging Evercore, the Board was aware of Evercore's provision of services to Regency and its affiliates in 2011 through 2013. The Board engaged Evercore to act as financial advisor based on its qualifications, experience, outstanding reputation with master limited partnerships and its intimate knowledge of PVR's business based on Evercore's recent work with PVR. PVR subsequently engaged Citi as a financial advisor to PVR in connection with a potential transaction involving PVR and Regency. Under the terms of Citi's engagement, PVR agreed to pay Citi a fee of \$1 million upon announcement of a transaction with Regency and an additional fee of \$12 million contingent upon consummation of such transaction. It was PVR management's view that, because Citi had introduced to PVR the proposed transaction with Regency and the principal portion of Citi's fee was contingent upon successful completion of the transaction, it would be better not to request that Citi render an opinion in connection with the proposed transaction.

Also on September 24, 2013, the Board met in PVR's offices in Radnor, Pennsylvania with management and representatives of Citi and Vinson & Elkins L.L.P. (V&E), legal advisor to PVR, present. Several directors participated by telephone. The purpose of the meeting was to discuss the possible business combination of PVR and Regency. Mr. Shea reviewed Regency's preliminary indication of a range of exchange ratios of between 1.02 and 1.06 Regency units for each PVR unit.

Mr. Shea outlined management's rationale for the proposed transaction. He noted that management continued to believe in PVR's ability to grow its DCF going forward as a standalone entity, but cited PVR's need to raise additional equity capital, relatively high cost of capital, limited geographic and operational diversity, and relatively small size among MLP midstream companies as significant challenges to that growth. Mr. Shea noted that the proposed combination with Regency would help address these challenges while allowing PVR's current unitholders to continue to participate in a material way in PVR's growth projects as they are executed by Regency. In particular, the combined entity would have the size, scale, cash flows and other credit metrics that would be expected to lower the cost of debt significantly below PVR's standalone cost of debt. Further, the combined entity would have assets in most of the key, high-growth basins in the United States and provide much greater geographic diversity of cash flows. Finally, the

combined entity would be one of the largest gathering and processing MLPs, with a geographic diversity of assets, all of which would be expected to decrease the volatility of the combined entity's cash flow and enable the entity to better weather operational upsets and producers

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business decisions. For these reasons, as well as expected synergies and Regency's growth opportunities, Mr. Shea indicated that management recommended further discussions with Regency on a combination transaction.

Citi discussed with the Board, among other things, management projections and related financial aspects of a potential transaction with Regency. Management explained that the Case 2 projections prepared by management, unlike Case 1, assumed that not all of PVR's growth projects would be completed on time and on budget. Case 2 projected 2014 and 2015 DCF to be \$237 million and \$296 million, respectively. Additionally, 2014 and 2015 DCF per common unit, which was not included in PVR management's Case 1 and Case 2 projections, but which was calculated by Citi based on information provided by PVR management, was \$1.63 and \$1.86, respectively. Case 2 projected adjusted EBITDA to be as follows:

<i>(in millions)</i>	<b>For the Year Ending December 31,</b>				
	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>	<b>2018E</b>
Adjusted EBITDA	\$ 388.2	\$ 472.5	\$ 597.4	\$ 636.3	\$ 678.3

The Board also discussed potential synergies anticipated by management to result from the transaction and the potential accretive/dilutive impact of a transaction at various exchange ratios.

In addition, with the assistance of Citi, the Board and management discussed and considered certain other potential counterparties for a strategic transaction with PVR, including possible financial and other implications of such transactions and relative to a transaction with Regency. After deliberation and discussion, the Board determined to continue its negotiations of a potential transaction with Regency.

Following an extensive discussion among the Board and management, including a briefing on the September 10 discussion with Company Y, the Board authorized Mr. Shea to present a counterproposal to Regency that included the following elements: (i) an exchange ratio range of 1.08 to 1.12; (ii) a commitment by Regency to make PVR's unitholders whole in 2014 on the difference between the current distribution of PVR's and Regency's current distribution, as adjusted by the exchange ratio, either by an upfront cash payment, a binding commitment to raise Regency's distribution in 2014 or a combination of both; and (iii) a meaningful financial participation, through an agreement by Regency's general partner to forego a portion of the incentive distributions that it would otherwise receive following a merger, to enhance the value of the transaction to Regency's unitholders (including PVR's former unitholders) following the proposed merger.

Following the Board meeting, Mr. Shea telephoned Mr. Bradley to update him on the PVR Board meeting and to respond to Regency's preliminary proposal. Mr. Shea indicated that while management and the Board appreciated Regency's offer, and thought it was a reasonable first offer, PVR did not feel that it appropriately reflected the value of PVR, and further, there were some additional matters that needed to be addressed if the transaction was going to move forward. Mr. Shea noted his belief, and the belief of PVR's Board, that an appropriately structured transaction would be in the best interests of the unitholders of PVR. Accordingly, Mr. Shea proposed the following terms of a transaction: (i) a range of exchange ratios of between 1.08 and 1.12 Regency units for each unit of PVR; (ii) a cash payment by Regency to keep the PVR's unitholders whole on PVR's annualized distribution of \$2.20 per unit for four quarters post-closing, in recognition of Regency's lower annualized distribution of \$1.86 per unit, together with a commitment from Regency to raise its distribution post-closing; and (iii) a meaningful participation in the transaction from Regency's general partner, in the form of a reduction in incentive distributions or otherwise.

Also on September 24, 2013, Mr. Casaday spoke with the chief operating officer at Company Y at a Marcellus Shale Coalition conference in Philadelphia. The Company Y representative asked Mr. Casaday about the status of

discussions between PVR and Company Y regarding a possible transaction. Mr. Casaday referred the representative to the prior conversation with Mr. Shea, where Company Y made it clear that it was not interested in a transaction with PVR if the coal business was included. The representative of Company Y indicated that subsequent to that call, Company Y's board of directors and management had determined that

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Company Y would consider a transaction with PVR including the coal business. Mr. Casaday told the representative that if that was the case no one had communicated that to PVR and that if Company Y was serious about a possible transaction, it needed to communicate Company Y's interest to Mr. Shea promptly.

On September 25, 2013, Mr. Shea received a voicemail and an email from the president and chief executive officer of Company Y, indicating that the management and the board of Company Y had reconsidered Company Y's position and that it was prepared to discuss a transaction with PVR that included PVR's coal business. Mr. Shea returned the call and told the CEO that if Company Y was serious it would be necessary for Company Y to move forward promptly with a management meeting and to be prepared to provide PVR with a preliminary indication of Company Y's valuation of PVR and a range of exchange ratios on an expedited basis. Subsequently, Mr. Shea and the CEO of Company Y agreed that senior management of PVR and of Company Y should meet on September 27, 2013 in New York.

The next day, September 26, 2013, Mr. Bradley spoke with Mr. Shea by telephone. Mr. Bradley indicated that subject to confirmatory diligence concerning expected synergies and the continuing review of the initial production and expected ultimate reserves in PVR's Eastern midstream segment previously discussed with PVR, Regency was prepared to discuss a range of exchange ratios of between 1.06 to 1.07 Regency units for each unit of PVR. He indicated that Regency was considering making the PVR unitholders whole on the distribution for four quarters post-closing and that Regency could not commit to a specific distribution increase as any increase was exclusively in the discretion of the board of Regency's general partner. He also indicated that the general partner of Regency fully supported the transaction, but that he had not discussed with the board of Regency's general partner any financial support by way of a reduction in incentive distributions. Mr. Bradley indicated that if the terms he outlined were generally acceptable to PVR, Regency would like to meet with the PVR transaction team in Dallas the week of September 30 to finalize diligence and discuss a draft merger agreement. Mr. Shea indicated that he would confer with PVR management and get back to Mr. Bradley.

On September 27, 2013, PVR's management team and representatives of Citi met with representatives of Company Y and representatives of one of the owners of the general partner of Company Y. PVR made a presentation of PVR's business, including a review of PVR's existing coal, Midcontinent midstream, and Eastern midstream assets, as well as PVR's future expected growth projects. PVR also reviewed the financial projections for the business for the next five years as detailed in PVR's Case 1 financial model provided to Company Y. PVR provided Company Y with copies of its presentation and Case 1. Following PVR's presentation, Company Y made a presentation of its business, including a review of Company Y's existing midstream business, its joint ventures and its future expected growth projects. Company Y also reviewed the financial projections for the business as detailed in its financial model provided to PVR. Company Y provided PVR with written and electronic copies of its presentation and financial model. Following the presentations and extensive questions and answers, the parties agreed that each would review the other party's model over the weekend and there would be a call on Monday, September 30 to discuss the models and address follow-up questions. Company Y also agreed to provide PVR with any additional preliminary due diligence requests necessary to determine a preliminary valuation of PVR. Mr. Shea requested that Company Y provide PVR with a preliminary indication of a range of exchange ratios, subject to confirmatory diligence by October 1, 2013. He indicated that Company Y needed to move quickly on this transaction if it was interested.

Also on September 27, 2013, Baker Botts L.L.P. forwarded to PVR a draft of a merger agreement contemplating a merger of PVR with a wholly owned subsidiary of Regency, together with a draft voting agreement contemplating the commitment of the holders of PVR's Class B units and Special Units to vote in favor of the potential merger.

On September 30, 2013, the financial teams for PVR and Company Y spoke by phone to address Company Y's questions concerning PVR's Case 1 financial model. Later in the day PVR representatives and Company Y



representatives spoke by phone to answer Company Y's follow-up questions.

On October 1, 2013, representatives of PVR and Regency, and their respective financial advisors met in the Dallas offices of V&E. The purpose of the meeting was to enable Regency to complete its diligence review and

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obtain answers to outstanding questions so that it could provide PVR with greater detail on Regency's September 26, 2013 proposal. In addition, PVR was interested in understanding Regency's proposed range of exchange ratios, the details of Regency's proposal to keep PVR's unitholders whole on their distribution for four quarters post-closing, Regency's intentions with respect to its distribution policy post-closing and what, if any, financial support for the transaction Regency's general partner would provide. Assuming both parties were still prepared to move forward on the transaction, the parties intended to begin discussions on the draft merger agreement. Representatives of Regency asked PVR's representatives extensive questions concerning the initial production rates and expected ultimate reserves in PVR's Eastern midstream segment that PVR used in its Case 1 model provided to Regency. Additionally, there were numerous questions concerning projected capital expenditures in the Marcellus and Utica shale regions to fund PVR's growth projects, as well as the basis for PVR's well connection projections in the Marcellus shale. PVR asked numerous questions concerning Regency's growth projections included in its model provided to PVR. PVR provided Regency with the information that was requested and directed Regency to outside sources regarding well reserves. The preliminary range of exchange ratios of 1.06 to 1.07, which had been proposed on September 26, 2013 by Regency, was not negotiated at this meeting.

Later on October 1, 2013, the chief executive officer of Company Y called Mr. Shea to discuss Company Y's preliminary valuation of PVR. Company Y's chief executive officer indicated that based on Company Y's limited diligence and the Case 1 model PVR provided, Company Y would not be able to offer the PVR unitholders any premium above PVR's current unit price. Company Y also indicated that with further diligence Company Y's valuation of PVR might be lower than PVR's then-current unit price. Mr. Shea informed the Board of his conversation with Company Y's chief executive officer at the next Board meeting.

On October 2, 2013, representatives of PVR and Regency and their respective legal advisors met in V&E's offices in Dallas to discuss the draft merger agreement. PVR provided general comments and walked through many of the provisions, particularly the deal protection provisions, which were objectionable to PVR. In addition, PVR outlined the contours of a proposed retention program for PVR employees, which the Regency team agreed to review. The parties discussed PVR's objections to the draft merger agreement with a significant amount of the time focused on the deal protection provisions, including (i) Regency's proposed 4.5% termination fee and \$50 million expense reimbursement in the event of a termination of the merger agreement following receipt of a superior proposal or a change in the Board's recommendation to approve the merger agreement, (ii) the circumstances under which the Board could change its recommendation in favor of approval of the merger agreement and (iii) a force-the-vote provision, which would have prohibited the Board from terminating the merger agreement in order to enter into an unsolicited transaction with another bidder. In addition, representatives of PVR told Regency and its legal advisors that they believed (i) it was inappropriate to seek a voting agreement with the holders of PVR's Special Units, in part because of their relatively modest percentage ownership in PVR and because those holders had not been informed of the proposed transaction under discussion, and (ii) it was premature to discuss a voting agreement with the holders of PVR's Class B Units. PVR's advisors proposed that any discussion of seats on the Regency board of directors for current members of the PVR Board, and the identity of any individuals for such seats, be deferred until later in the process.

Also, on that day, Mr. Bradley and Mr. Shea met privately to discuss several open issues, the status of the discussions and next steps. Mr. Bradley again raised Regency's analysis of the initial production rates and expected ultimate reserves in PVR's Eastern midstream segment and its impact on Regency's valuation of PVR. Mr. Bradley indicated that the Regency Board was meeting the following morning, October 3, and Mr. Shea noted that the PVR Board was also meeting on October 3 in the afternoon. Mr. Bradley indicated he would call Mr. Shea after the Regency Board meeting to discuss further Regency's preliminary proposal.

On October 3, 2013, Mr. Bradley called Mr. Shea following Regency's Board meeting. He indicated that Regency had largely completed its due diligence and review of the further analysis by Regency's financial advisors. Based on management's and the Regency Board's review of that analysis, and taking into account the interests of Regency's unitholders, the Regency Board was prepared to offer to acquire PVR at an exchange ratio of 1.02 Regency units for each PVR unit. Mr. Bradley noted that the lower exchange ratio (when compared to the preliminary range of

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between 1.06 to 1.07 discussed by Mr. Bradley on September 26, 2013) primarily resulted from Regency's downward revisions to PVR's forecast of initial production and expected ultimate reserves of natural gas in PVR's Eastern midstream segment. In addition, the offer included the following terms: (i) no cash to keep the PVR unitholders whole on their PVR distribution for the four quarters post-closing, with no firm commitment to increase Regency's distribution post-closing but that Regency affirmed its expectation that it would increase its distribution during 2014, subject to the combined organization performing on a basis consistent with their respective projections and the discretion of the board of Regency's general partner; and (ii) no financial support for the transaction from Regency's general partner. Mr. Shea expressed disappointment with the revised offer, and indicated he would discuss Regency's latest proposal with PVR's Board at its meeting later that day and get back to Mr. Bradley.

The PVR Board met telephonically later on October 3 to discuss Regency's latest proposal, with representatives of management, Citi and V&E in attendance. Mr. Shea updated the Board on the meetings, conversations and discussions over the previous week with both Regency and Company Y concerning a possible combination transaction. He briefed the Board on Regency's most recent proposal for a transaction, specifically: (i) an exchange ratio of 1.02; (ii) no distribution make-up for PVR's unitholders and no commitment to raise the Regency distribution going forward; and (iii) no commitment for Regency's general partner to provide any support to the transaction through foregone incentive distributions.

Citi discussed with the Board potential financial implications of Regency's latest proposal. Mr. Davis, PVR's general counsel, briefed the Board on the key terms and conditions in the draft merger agreement currently being negotiated with Regency, and a representative of V&E discussed the Board's duties under Delaware law and under the terms of the PVR partnership agreement in considering the transaction.

Following a full discussion, the Board authorized Mr. Shea to continue to negotiate with Regency, to continue to demand that Regency include a cash payment in addition to the unit exchange to compensate the Partnership's unitholders for the difference between the distribution paid by the Partnership on its units and the distribution to be paid by Regency on the exchange units, and to push for monetary support of the transaction by Regency's general partner.

Later in the evening of October 3, Mr. Davis and attorneys from V&E met with Regency's counsel from Baker Botts at the offices of V&E in Dallas, Texas, to continue to negotiate the merger agreement. Among other things, the Regency legal team and its counsel focused on the deal protections in the draft agreement, including the amount of the termination fee and expense reimbursement upon a termination of the merger agreement, as well as the circumstances under which the Board could change its recommendation relating to the merger agreement.

On October 4, 2013, Mr. Davis and attorneys from V&E met again with representatives of Regency and attorneys from Baker Botts, in the offices of V&E in Dallas, to discuss open issues on the merger agreement. While Regency agreed to eliminate the "force-the-vote" provision, PVR's position regarding certain of the other deal protection terms remained a significant open issue.

Mr. Bradley spoke with Mr. Shea by phone on October 4, 2013 to inform him that Regency was continuing to consider keeping the PVR unitholders whole on their distribution for the four quarters post-closing and some form of support from Regency's general partner. Mr. Bradley asked Mr. Shea if Riverstone Holdings LLC, the holder of PVR's Class B units, was receptive to Regency's request for a voting agreement, pursuant to which Riverstone would agree to vote its PVR units in favor of the transaction. Mr. Shea indicated that Riverstone had informed him that it would discuss the voting agreement with Regency if PVR's Board approves the transaction.

On October 5, 2013, Mr. Shea spoke with Mr. Bradley to impress upon him that if Regency wanted to move forward with the transaction, then Regency needed to reconsider its position on keeping the PVR unitholders whole on their distribution for four quarters post-closing and Regency's refusal to accept PVR's position regarding certain deal protection provisions, including PVR's proposal regarding the termination fee and expense reimbursement and

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PVR's proposal related to the circumstances under which the Board could change its recommendation. He indicated that Regency needed to address these items prior to PVR's Board meeting on October 8, 2013.

On October 6, 2013, Mr. Bradley called Mr. Shea to update him on Regency's additional diligence requests and on Regency's planned call with Moody's and Standard & Poor's the next day. He indicated that Regency remained committed to working towards executing an agreement and announcing the transaction on or about October 9, 2013, assuming the parties reached agreement on all financial and legal terms and conditions.

On October 7, 2013, Mr. Bradley spoke with Mr. Shea and Mr. Davis to inform them that Regency had scheduled Board meetings for both October 8 and 9, 2013 and that until the meeting on October 8 Regency's offer to acquire PVR would remain unchanged from what had been communicated to Mr. Shea on October 3, 2013. Mr. Bradley informed Mr. Shea that Regency still desired a mid-week signing and announcement subject to agreement on terms. Mr. Shea informed Mr. Bradley that PVR's Board was also scheduled to meet on October 8 and 9, 2013. Later on October 7, 2013, Mr. Bradley called Mr. Shea to assure him that Regency was working diligently on the transaction and that Regency remained committed to getting the transaction completed. He noted that PVR's insistence on modifications to Regency's proposed deal protection provisions, and PVR's requirement that it be permitted to implement an employee retention program for all employees, remained outstanding issues. Also on October 7, 2013, the legal teams for PVR and Regency spoke to discuss remaining open issues in the merger agreement.

On October 8, 2013 the PVR Board met to discuss the proposed transaction. Mr. Shea updated the Board on discussions with Regency and noted that Regency's position on the exchange ratio, the distribution make-whole, the commitment to raise the Regency distribution and the general partner's support of the transaction had not changed from its position on October 3, 2013 pending Regency's board meeting later that day.

Evercore representatives reviewed with the Board their analysis of the transaction as it then currently stood. Evercore discussed in detail the assumptions and analyses that supported its preliminary valuation work and noted that if Regency ultimately agreed to any or all of a distribution make-whole, a commitment to raise the distribution or general partner support, these would only enhance the value of the transaction to PVR's unitholders.

Mr. Shea reiterated the assumptions that supported both Case 1 and Case 2, and reviewed a number of factors that would lead to achievement of the projections under the two cases. Mr. Shea indicated that it was management's view that Case 2 was somewhat more likely to be the actual case going forward if the transaction did not close. Mr. Shea also pointed out that a combined PVR and Regency would be in a better position to meet the assumptions in Case 1.

In response to a question concerning other possible suitors for PVR, Evercore indicated that based on its review of the MLP midstream natural gas sector it was Evercore's view that there were few midstream companies that would potentially consider paying a premium for PVR comparable to that offered by Regency. However, Evercore noted that one of those companies, Company Y, was not prepared to offer any premium to PVR's current unit price, and that another of these companies had indicated to PVR that it was not interested in the coal business and, based on Evercore's experience, would likely not be in a position to execute a transaction in a timely manner.

Following the meeting Mr. Shea and Mr. Davis called Mr. Bradley to update him on the PVR Board's discussions prior to the Regency Board meeting later that day. Mr. Shea indicated that he believed that the PVR Board could support a transaction with an exchange ratio of 1.02 Regency units for each PVR unit, provided Regency agreed to a cash payment to the PVR unitholders of an amount equal to the difference between \$2.20 per unit and the annualized amount of the Regency distribution for the quarter immediately prior to the closing, as adjusted by the exchange ratio, and further provided that Regency agreed to PVR's position on the remaining open issues in the merger agreement. In response to a question from Mr. Shea, Mr. Bradley indicated that the



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general partner for Regency did not believe any financial support of the transaction was necessary as Regency's analysis indicated the transaction would be slightly dilutive to 2014 DCF, but not expected to affect anticipated cash distribution growth in 2014, Regency's general partner was not in the "high-splits" in the incentive distribution rights, and that general partner support was often viewed as a sign of weakness in the transaction, which was not the case here. Mr. Bradley also reiterated that PVR's position on the merger agreement terms remained an issue. Mr. Bradley committed to contact Mr. Shea following Regency's board meeting later that day.

Following the Regency board meeting, Mr. Bradley called Mr. Shea to present Regency's revised offer to acquire PVR on the following terms: (i) an exchange ratio of 1.02 Regency units for each PVR unit; (ii) a cash payment to the PVR unitholders of an amount equal to the difference between \$2.20 per unit and the annualized amount of the Regency distribution for the quarter immediately prior to the closing, as adjusted by the exchange ratio; (iii) no support from the general partner of Regency; (iv) no Regency Board seat for any of PVR's Board members; and (v) a compromise regarding open issues in the merger agreement.

On the morning of October 9, 2013, counsel for PVR and Regency spoke and reached agreement on the remaining open points of the merger agreement, including (i) an ability of the PVR Board to change its recommendation in the absence of a superior proposal, in response to a material event, circumstance, change or development arising after the date of the merger agreement which was not known or reasonably foreseeable prior to the date of the merger agreement, if failure to so change its recommendation would be inconsistent with its duties under the PVR partnership agreement or applicable law, (ii) an agreement on a 3.5% break-up fee equating to \$134.5 million and a reimbursement cap of \$20 million, and (iii) agreement on the terms of a PVR employee retention program that would exclude PVR's executive officers who had employment contracts.

In the afternoon of October 9, 2013, the Board of PVR held an in-person meeting. Representatives of Citi, Evercore, V&E, and Richards Layton & Finger, Delaware counsel for PVR, and management of PVR also attended the meeting. Following an executive session of the Board, the Board, management and the PVR advisors discussed the proposed transaction, including a review of the transaction documents and the Board's duties by Mr. Davis and representatives of V&E, and a presentation of the Evercore fairness opinion by representatives of Evercore. After the Evercore presentation, the Board members asked a number of questions, including whether management thought that there was any likelihood that Regency would be willing to improve the terms of the merger agreement including the proposed exchange ratio and whether this transaction was in the best interest of PVR and its unitholders irrespective of the fairness of the proposed consideration. The Board also asked questions regarding the deal protection provisions in the merger agreement. After a full discussion, the PVR Board determined that it was advisable to and in the best interests of PVR and its unitholders to enter into the merger agreement, approved the entry into the merger agreement, directed that the agreement be submitted to the PVR unitholders for approval and resolved unanimously to recommend that the PVR unitholders approve the merger agreement.

Also in the afternoon of October 9, 2013, the board of directors of Regency's general partner met, along with its financial and legal advisors, to consider the terms of the proposed transaction. Following discussion, the board of Regency's general partner unanimously approved the proposed merger agreement, the proposed merger and the other transactions contemplated by the merger agreement.

Following the meeting, representatives of Riverstone conferred with Mr. Bradley about the terms of a voting agreement. After several discussions on the topic, Riverstone and Regency did not agree on the terms of a voting agreement.

Thereafter, the parties executed the merger agreement and issued a press release announcing the transaction on October 10, 2013.



On November 7, 2013, the parties amended the merger agreement to provide that upon the terms and subject to the conditions set forth in the merger agreement, as so amended, PVR will merge with and into Regency, with Regency continuing its existence under Delaware law as the surviving entity in the merger.

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**Certain Relationships Between Regency and PVR**

Regency and PVR are parties to commercial agreements pursuant to which Regency provides natural gas processing and transportation services to PVR.

**Recommendation of PVR GP's Board of Directors and Its Reasons for the Merger**

By a vote at a meeting held on October 9, 2013, PVR GP's board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement were in the best interests of PVR and its unitholders, declared it advisable to enter into the merger agreement and approved the execution, delivery and performance of the merger agreement and the transactions contemplated thereby. PVR GP's board of directors unanimously recommends that the PVR unitholders vote FOR the proposal to adopt the merger agreement and the transactions contemplated thereby at the PVR special meeting.

In evaluating the proposed transactions, PVR GP's board of directors consulted with PVR's management and its legal and financial advisors and, in reaching its determination and recommendation, PVR GP's board of directors considered a number of factors. PVR GP's board of directors also consulted with outside legal counsel regarding its obligations, legal due diligence matters and the terms of the merger agreement.

The material factors considered by PVR GP's board of directors in determining that the merger agreement and the transactions contemplated thereby are advisable and in the best interests of PVR and its unitholders include, in addition to the matters discussed by PVR GP's board of directors as described under Background of the Merger, the following:

The aggregate value of the merger consideration to be received by PVR unitholders in the merger.

The fact that PVR unitholders will be entitled to receive 1.020 common units of Regency for each PVR common unit, an exchange ratio that PVR GP's board of directors viewed as attractive in light of PVR's then-current trading price, and which represented a 24.5% premium over the closing unit price of October 7, 2013.

The fact that PVR unitholders will also be entitled to receive an aggregate cash payment of approximately \$36.7 million to compensate PVR's unitholders for the difference between the distribution paid by PVR on its units and the distribution to be paid by Regency on the exchange units.

The potential unitholder value that might result from other alternatives available to PVR, taking into account the process that PVR had undertaken that resulted in entering into the merger agreement with Regency, and including the alternative of remaining an independent public company and pursuing PVR's existing and planned development projects and considering the risks and uncertainties associated with continuing to operate as a public company and the ability to achieve the valuations in comparison to the proposed transaction.

The results of PVR's efforts to solicit acquisition proposals from potential merger counterparties.

The ability of PVR GP's board of directors under the merger agreement to receive, consider and negotiate unsolicited alternative merger proposals even after signing and announcement of the merger agreement, subject to the terms and conditions set forth in the merger agreement.

The right and ability of PVR GP's board of directors to change its recommendation to PVR unitholders that they vote to adopt the merger agreement, subject to the terms and conditions set forth in the merger agreement.

That the proposed transactions would enhance PVR's assets, customer opportunities and service capabilities and would enable PVR to expand significantly its midstream services footprint, including by giving PVR access to the combined organizations' expected substantial funding capacity and access to the capital markets.

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That receipt of Regency common units in the merger would give PVR common unitholders additional midstream value-chain diversification (including increased cash flow stability).

The belief of PVR GP's board of directors that the shared core values of PVR and Regency, and their dedication to pursuing new development projects to increase unitholder value, would assist in integration of the companies and enhance customer service going forward.

PVR GP's board of directors' familiarity with, and understanding of, PVR's business, assets, financial condition, results of operations, current business strategy and prospects, and the benefits to a combined Regency-PVR organization of PVR's gathering and processing expertise.

The financial analysis of Evercore presented to PVR GP's board of directors at the meeting held on October 9, 2013 and the oral opinion of that firm delivered to PVR GP's board of directors on that date, which was confirmed by delivery of a written opinion dated October 9, 2013, that, as of such date and based upon and subject to the limitations and assumptions set forth therein, the consideration to be offered to PVR common unitholders pursuant to the merger agreement was fair, from a financial point of view, to such holders (other than affiliates of PVR), as more fully described below under "Opinion of the Financial Advisor to the Board of Directors of PVR GP." The full text of the written opinion of Evercore, dated October 9, 2013, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement/prospectus.

Information and discussions with PVR's management and its financial advisors, as well as discussions between representatives of PVR and representatives of Regency, regarding PVR's and Regency's respective business, assets, financial condition, results of operations, business plan and prospects (for each of PVR and Regency as well as for the proposed combined organization).

The possibility that the combined organization would achieve greater returns for unitholders than PVR as a stand-alone company.

That the majority of the merger consideration is payable in Regency common units, providing PVR common unitholders with the opportunity to participate in the equity value of the combined organization following the proposed merger, with PVR common unitholders expected to hold approximately 40% of the combined organization's units outstanding immediately after the proposed merger, and the relative rights of common unitholders of PVR compared to common unitholders of Regency (see "Comparison of Rights of Regency Unitholders and PVR Unitholders").

That completion of the merger requires the affirmative vote of holders of at least a majority of the outstanding PVR common units and Class B units, voting together as a single class.

That Regency currently pays regular quarterly cash distributions on its common units (which quarterly distribution was \$0.465 per common unit at the time PVR GP's board of directors made its determination) and PVR unitholders will receive a one-time payment that is intended to approximate the aggregate decrease in cash distributions expected to be received by former PVR unitholders for a year following the merger as compared with the current PVR cash distribution level.

The review by PVR GP's board of directors with its legal and financial advisors of the structure of the proposed transactions and the financial and other terms of the merger agreement, including the parties' representations, warranties and covenants, the conditions to their respective obligations and the termination, termination fee and expense reimbursement provisions, the provisions relating to PVR's ability to engage in negotiations with respect to an unsolicited alternative transaction should one be proposed, as well as the likelihood of consummation of the proposed transactions and PVR GP's board of directors' evaluation of the likely time period necessary to close the transactions.

That the merger consideration generally will not be taxable for U.S. federal income tax purposes to PVR's common unitholders.

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That because the unit consideration is a fixed exchange ratio of Regency common units to PVR common units, fluctuations in the market value of Regency common units during the pendency of the merger agreement may affect the dollar value of the consideration received by holders of PVR common units when the merger is completed.

The risks of the type and nature described under the section titled Risk Factors.

PVR GP's board of directors considered all of these factors as a whole and, on balance, concluded that they supported a determination to approve the merger agreement. The foregoing discussion of the information and factors considered by PVR GP's board of directors is not exhaustive. In view of the wide variety of factors considered by PVR GP's board of directors in connection with its evaluation of the proposed merger and the complexity of these matters, PVR GP's board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. PVR GP's board of directors evaluated the factors described above, among others, and reached a consensus that the proposed transactions were advisable, fair to and in the best interests of PVR and its unitholders. In considering the factors described above and any other factors, individual members of PVR GP's board of directors may have viewed factors differently or given different weight or merit to different factors.

In considering the recommendation of PVR GP's board of directors to adopt the merger agreement and the transactions contemplated thereby, PVR unitholders should be aware that the executive officers and directors of PVR may have certain interests in the proposed transactions that may be different from, or in addition to, the interests of PVR unitholders generally. PVR GP's board of directors was aware of these interests and considered them when approving the merger agreement and recommending that PVR unitholders vote to adopt the merger agreement and the transactions contemplated by the merger agreement. See Interests of the Directors and Executive Officers of PVR in the Merger and Certain Relationships Between Regency and PVR.

## **Opinion of the Financial Advisor to the Board of Directors of PVR GP**

On October 9, 2013, Evercore Group, L.L.C. ( Evercore ) delivered its oral opinion to the board of directors of PVR GP, which opinion was subsequently confirmed by delivery of a written opinion dated October 9, 2013, to the effect that, as of such date and based upon and subject to assumptions made, matters considered and limitations on the scope of review undertaken by Evercore as set forth in its opinion, the merger consideration of (i) an amount of cash equal to the difference (if positive) between (x) PVR's annualized quarterly distribution prior to the effective time and (y) 1.020 times Regency's annualized quarterly distribution prior to the effective time, and (ii) 1.020 Regency common units to be issued as consideration in respect of each PVR common unit and Class B unit was fair, from a financial point of view, to the holders of PVR common units (other than affiliates of PVR).

The full text of the written opinion of Evercore, dated October 9, 2013, which sets forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the scope of review undertaken in rendering its opinion, is attached hereto as Annex B. You are urged to read Evercore's opinion carefully and in its entirety. Evercore's opinion was addressed to, and provided for the information and benefit of, the board of directors of the PVR GP (in its capacity as such), in connection with its evaluation of the merger and addresses only the fairness, from a financial point of view, of the merger consideration to the holders of the outstanding PVR common units (other than affiliates of PVR. Evercore's opinion should not be construed as creating any fiduciary duty on Evercore's part to any party, did not address any other aspect of the merger and was not intended to be, and did not constitute a recommendation to the board of directors of the PVR GP or to any other persons in respect of the merger, including as to how any holder of PVR common units or Class B units should vote or act in respect of the merger. Evercore's opinion did not address the relative merits of the merger as compared to other business or financial

strategies that might be available to PVR, nor does it address the underlying business decision of PVR to engage in the merger. The summary of the Evercore opinion set forth herein is qualified in its entirety by reference to the full text of the opinion included as Annex B.

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In connection with rendering its opinion, Evercore, among other things:

- (i) reviewed certain publicly available financial and operating data relating to PVR and Regency that Evercore deemed relevant;
- (ii) reviewed publicly available research analyst estimates for PVR's and Regency's future financial performance on a standalone basis;
- (iii) reviewed certain non-public projected financial and operating data relating to PVR prepared and furnished to Evercore by management of PVR;
- (iv) discussed the past and current operations, financial projections and current financial condition of PVR with management of PVR (including management's views of the risks and uncertainties of achieving such projections);
- (v) reviewed certain non-public projected financial and operating data relating to Regency prepared and furnished to Evercore by management of Regency, and adjusted by management of the PVR;
- (vi) reviewed the past and current operations, financial projections and current financial condition of Regency with management of PVR;
- (vii) reviewed the dynamics of each of the markets in which PVR and Regency participate with management of PVR;
- (viii) reviewed the reported prices and the historical trading activity of PVR common units and Regency common units;
- (ix) compared the financial performance of PVR and certain of its market trading metrics with those of certain other publicly traded entities that Evercore deemed relevant;
- (x) compared the financial performance of Regency and certain of its market trading metrics with those of certain other publicly traded entities that Evercore deemed relevant;
- (xi) compared the proposed financial terms of the merger with publicly available financial terms of certain transactions that Evercore deemed relevant;



- (xii) compared the relative contribution by each of Regency and PVR of certain financial metrics Evercore deemed relevant to the pro forma combined organization with the relative ownership as implied by the merger consideration;
- (xiii) reviewed the pro forma financial impact to certain financial metrics that Evercore deemed relevant as a result of the merger based on a combination of certain financial performance scenarios including synergies as provided by management of Regency and PVR;
- (xiv) Reviewed a draft of the merger agreement dated October 9, 2013; and
- (xv) Performed such other analyses and examinations and considered such other factors that Evercore deemed appropriate.

For purposes of its analysis and opinion, Evercore assumed and relied upon, without undertaking any independent verification of the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with or reviewed by Evercore, and Evercore assumed no liability therefor. With respect to the projected financial and operating data relating to PVR and Regency, Evercore assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the respective managements of PVR and Regency as to the future financial performance of PVR and Regency, as applicable, under the assumptions stated therein. Evercore expressed no view as to the projected financial and operating data or any judgments, estimates or assumptions on which they were based. Evercore relied, at the direction of the board of directors of PVR GP, without independent verification, upon the assessments of the management of PVR as to the future financial and operating performance of PVR and Regency and Evercore assumed that the combined organization will realize the synergies and benefits that it expects to realize from the merger.

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For purposes of rendering its opinion, Evercore assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement (in the draft reviewed by Evercore) were true and correct, that each party would perform all of the covenants and agreements required to be performed by it under the merger agreement and that all conditions to the consummation of the merger would be satisfied without material waiver or modification thereof. Evercore further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the merger would be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on PVR or Regency or the consummation of the merger or materially reduce the benefits of the merger to PVR or Regency. Evercore assumed that the final versions of all documents reviewed by Evercore in draft form conform in all material respects to the drafts reviewed by Evercore.

Evercore did not make nor assume any responsibility for making any independent valuation or appraisal of the assets or liabilities of PVR or Regency, and Evercore was not furnished with any such appraisals, nor did Evercore evaluate the solvency or fair value of PVR or Regency under any state or federal laws relating to bankruptcy, insolvency or similar matters. Evercore's opinion was necessarily based upon information made available to it as of the date of its opinion and financial, economic, monetary, market, regulatory and other conditions and circumstances as they existed and as could be evaluated on the date of Evercore's opinion. It should be understood that subsequent developments may affect Evercore's opinion and that Evercore does not have any obligation to update, revise or reaffirm its opinion.

Evercore was not asked to pass upon, and expressed no opinion with respect to, any matter other than the fairness of the merger consideration, from a financial point of view, as of the date of Evercore's opinion, to the holders of PVR common units (other than affiliates of PVR). Evercore did not express any view on, and its opinion did not address, the fairness of the merger to, or any consideration received in connection therewith by, the holders of any other securities, or any creditors or other constituencies, of PVR, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of PVR or any of the other parties to the merger agreement, or any class of such persons, whether relative to the merger consideration or otherwise. Evercore assumed that any modification to the structure of the merger would not vary in any respect material to its analysis. Evercore's opinion did not address the relative merits of the merger as compared to other business or financial strategies that might be available to PVR, nor does it address the underlying business decision of PVR to engage in the merger. In arriving at its opinion, Evercore was not authorized to solicit, and did not solicit, interest from any third party with respect to the acquisition of any or all of PVR's units or any business combination or other extraordinary transaction involving PVR. Evercore's opinion did not constitute a recommendation to the board of directors of PVR GP or to any other persons in respect of the merger. Evercore expressed no opinion as to the price at which PVR's units or the Regency common units will trade at any time. Evercore's opinion noted that Evercore is not legal, regulatory, accounting or tax experts and Evercore assumed the accuracy and completeness of assessments by the management of PVR and their advisors with respect to legal, regulatory, accounting and tax matters. In addition, Evercore expressed no opinion with respect to the tax attributes of the Regency common units nor the tax treatment of the merger consideration.

Except as described above, the board of directors of PVR GP imposed no other restrictions or limitations on Evercore with respect to the investigations made or the procedures followed by Evercore in rendering its opinion. Evercore's opinion was only one of many factors considered by the board of directors of PVR GP in its evaluation of the merger and should not be viewed as determinative of the views of the board of directors of PVR GP with respect to the merger or the merger consideration. Set forth below is a summary of the material financial analyses reviewed by Evercore on October 9, 2013 in connection with rendering its opinion. The following summary, however, does not purport to be a complete description of the analyses performed by Evercore. The order of the analyses described and the results of these analyses do not represent relative importance or weight given to these analyses by Evercore. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data that existed on or before October 9, 2013, and is not necessarily indicative of current market

conditions.

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*Analysis of PVR*

Regency proposed to acquire each outstanding PVR common unit and Class B unit in exchange for (i) 1.020 Regency common units and (ii) an amount of cash equal to the difference (if positive) between (x) PVR's annualized quarterly distribution prior to the effective time and (y) 1.020 times Regency's annualized quarterly distribution prior to the effective time. Based on the most recent quarterly distributions declared by each of PVR and Regency prior to October 9, 2013, this cash amount equaled approximately \$0.28 per unit.

Evercore performed a series of analyses to derive an indicative valuation range for PVR common units and compared each one of the resulting implied value ranges per PVR common unit to the implied value of the merger consideration of \$28.68 per PVR common unit, as derived by Evercore based on (i) the assumed value of the cash consideration to be received by the unitholders of PVR and (ii) a selected range of values of the Regency common units to be received as part of the merger consideration, which selected range was determined by Evercore based on its knowledge of Regency and its analysis described below under *Regency Analysis*.

*Projections of PVR*

Evercore performed its analyses to derive an indicative valuation range for PVR under two separate projected operating scenarios of PVR provided by management of PVR (Case I and Case II). These scenarios were not adjusted by Evercore. Both the Case I projections and Case II projections utilize the following financing assumptions as provided by PVR management:

Projected growth capital expenditures financed with borrowings on PVR's revolving credit facility.

Class B units receive distributions in-kind with additional Class B units until conversion into 24.6 million PVR common units in the quarter ending September 30, 2014 on a one-for-one basis.

PVR completes two \$300 million equity offerings: (i) the first in the quarter ending June 30, 2014 at an assumed net issuance price of \$25.00 per unit and (ii) the second in the quarter ending September 30, 2015 at an assumed net issuance price of \$30.00 per unit. Equity issuance timing, size and unit price assumptions were based on guidance provided by PVR management.

PVR completes a \$200 million senior note offering in the quarter ending June 30, 2014 assumed to be issued at a 7.0% interest rate with proceeds utilized to reduce borrowings on PVR's revolving credit facility. The assumed interest rate was in line with PVR's borrowing costs as per PVR management.

PVR completes \$300 million senior note offering in the quarter ending September 30, 2015 assumed to be issued at a 6.5% interest rate with proceeds utilized to reduce borrowings on PVR's revolving credit facility.

PVR continues to pay a quarterly distribution of \$0.55 per PVR common unit until PVR reaches its target distribution coverage ratio of 1.10x.

The Case I projections incorporated the following additional assumptions:

*Eastern Midstream:* PVR achieves 145 well connections per year operating 360 days per year, while connecting to wells with initial production rates of 12.0 million cubic feet per day ( MMcfd ), 8.0 MMcfd, 5.5 MMcfd, 12.0 MMcfd and 12.0 MMcfd in Wyoming / Susquehanna, Greene / Preston, East Lycoming, Bradford and West Lycoming, respectively.

*Midcontinent Midstream:* Panhandle systems achieve 154 well connections per year, Crescent achieves 56 well connections per year and Hamlin achieves 16 well connections per year.

*Coal:* San Juan Basin and Federal II assets are assumed to stop production after the second quarter of 2014 and after the fourth quarter of 2015, respectively.

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The Case II projections incorporated the following additional assumptions:

*Eastern Midstream:* PVR achieves 80.0% of the well connections forecast in the Case I projections while operating 345 days per year and with initial production rates for Bradford and West Lycoming assumed to be 10.0 MMcfd (versus 12.0 MMcfd in the Case I projections).

*Midcontinent Midstream:* PVR achieves 90.0% of the EBITDA forecast in the Case I projections.

*Coal:* PVR achieves 90.0% of the EBITDA forecast in the Case I projections.

**Discounted Cash Flow Analysis**

Evercore performed an indicative discounted cash flow analysis of PVR to derive an implied per unit value range for PVR common units based on the implied present value of (i) the projected cash flows of PVR under (a) an analysis of the total PVR and (b) a sum-of-the-parts analysis and (ii) the projected standalone distributions to be received by the holders of PVR common units, utilizing the projected financial information provided by PVR's management and described in the section Unaudited Financial Projections of PVR.

With respect to projected cash flows of PVR, Evercore calculated the implied per unit value range for PVR common units by utilizing a range of discount rates with a mid-point equal to PVR's weighted average cost of capital (WACC), as estimated by Evercore based on the capital asset pricing model (CAPM), PVR's projected unlevered free cash flows for the calendar years 2014 through 2018 as shown below, and terminal values as of December 31, 2018, based on a range of EBITDA exit multiples as well as perpetuity growth rates.

Unlevered free cash flow for each of the Case I and Case II projections, for the years 2014 through 2018 were as follows:

	<b>For the Year Ending December 31,</b>				
	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>	<b>2018E</b>
	(\$ in millions)				
<b>PVR Case I Projections</b>					
Unlevered Free Cash Flow	(\$ 105.5)	(\$ 139.1)	\$ 361.5	\$ 542.8	\$ 600.8
<b>PVR Case II Projections</b>					
Unlevered Free Cash Flow	(\$ 138.4)	(\$ 225.9)	\$ 261.1	\$ 428.1	\$ 473.7

Given the diversity of business lines comprising PVR, Evercore conducted valuation analyses of PVR utilizing financial projections of the entire partnership and of the three segments Eastern Midstream, Midcontinent Midstream and Coal. With respect to projected cash flows based on an analysis of the total PVR, Evercore assumed a range of discount rates of 9.0% to 10.0%, a range of EBITDA multiples of 8.5x to 10.5x and a range of perpetuity growth rates of 2.25% to 2.75%. With respect to projected cash flows of PVR based on a sum-of-the-parts analysis of PVR, Evercore assumed, with respect to Eastern Midstream, a range of discount rates of 9.5% to 10.5%, a range of EBITDA multiples of 9.5x to 10.5x and a range of perpetuity growth rates of 2.5% to 3.0%, with respect to Midcontinent Midstream, a range of discount rates of 9.5% to 10.5%, a range of EBITDA multiples of 8.5x to 9.5x and a range of

perpetuity growth rates of 0% to 1.0% and with respect to Coal, a range of discount rates of 10.5% to 11.5%, a range of EBITDA multiples of 5.0x to 6.0x and a range of perpetuity growth rates of (0.5%) to 0.5%.

With respect to projected distributions, Evercore calculated the implied per unit value range for PVR common units by utilizing a range of discount rates with mid-points equal to PVR's equity cost of capital, as estimated by Evercore based on: (i) the CAPM and (ii) the total expected market return methodology, PVR's projected distribution per PVR common unit for the calendar years 2014 through 2018, and terminal values as of December 31, 2018, based on a range of terminal exit yields. Evercore applied terminal exit yields of 8.5% to 9.5% based on PVR's 52-week yield range of 7.6% to 10.0% and equity discount rates of 9.5% to 10.5% (derived from the CAPM) and of 13.5% to 14.5% (derived from the total expected market return methodology).

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The discounted cash flow analysis based on the implied present value of the total PVR s projected cash flows indicated a value, under Case I projections, of \$26.72 to \$37.17 per PVR common unit and, under Case II projections, of \$18.32 to \$26.93 per PVR common unit, as compared to the implied value of the merger consideration of \$28.67 per PVR common unit.

The discounted cash flow analysis based on a sum-of-the-parts analysis of PVR s projected cash flows indicated a value, under Case I projections, of \$27.10 to \$33.44 per PVR common unit and, under Case II projections, of \$18.47 to \$23.68 per PVR common unit, as compared to the implied value of the merger consideration of \$28.67 per PVR common unit.

The discounted cash flow analysis based on the projected standalone distributions to be received by the holders of PVR common units indicated a value, under Case I projections, of \$29.08 to \$37.82 per PVR common unit and, under Case II projections, of \$23.07 to \$29.79 per PVR common unit, as compared to the implied value of the merger consideration of \$28.67 per PVR common unit.

*Precedent M&A Transaction Analysis*

Evercore reviewed and compared implied data for selected transactions which occurred since February 2010 involving target companies with natural gas gathering and processing assets that Evercore deemed to have certain characteristics including business mix, service offerings and locations that are similar to those of the Eastern Midstream and Midcontinent Midstream, although Evercore noted that none of the selected transactions or the selected companies that participated in the selected transactions were directly comparable to the merger or Eastern Midstream or Midcontinent Midstream. Multiples for the selected transactions were based on publicly available information. Evercore relied solely an EBITDA multiples, instead of alternative valuation metrics, as it believes that the EBITDA multiple is the most relevant valuation metric when utilizing precedent transactions to determine the value of an asset or an entity in this circumstance.

*Selected Transactions*

<b>Date</b>	<b>Acquiror/Target (Seller)</b>	<b>Transaction Value (\$MM)</b>
06/13	Summit Midstream Partners, LP / Sherwood Gathering and Compression System (MarkWest Energy Partners, L.P.)	\$210.0
06/13	Summit Midstream Partners, LP / Bison Midstream, LLC (Summit Midstream Partners, LLC)	250.0
05/13	MarkWest Energy Partners, L.P. / Granite Wash Gathering and Processing Assets (Chesapeake Energy Corporation)	245.0
05/13	Inergy Midstream, L.P. / Crestwood Midstream Partners LP	2,402.0
05/13	SemGroup Corporation / Mid-America Gas Services, L.L.C. (Chesapeake Energy Corporation)	300.0
04/13	Atlas Pipeline Partners, L.P. / TEAK Midstream, L.L.C.	1,000.0
02/13	Regency Energy Partners LP / Southern Union Gathering Company, LLC (Southern Union Company)	1,429.0
02/13	Western Gas Partners, LP / 33.75% Interest in Liberty and Rome Gas Gathering Systems (Anadarko Petroleum Corporation)	490.0



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02/13	Western Gas Partners, LP / 33.75% Interest in Larry s Creek, Seely and Warrensville Gas Gathering Systems (Chesapeake Energy Corporation)	133.5
02/13	DCP Midstream Partners LP / Additional 47.0% Interest in Eagle Ford Joint Venture and Additional Interest in the Goliad Plant (DCP Midstream LLC)	856.0
01/13	Summit Midstream Partners / Bear Tracker Energy, LLC	513.0
01/13	Crestwood Midstream Partners / 65.0% Interest in Crestwood Marcellus Midstream LLC (Crestwood Holdings Partners LLC)	258.0
11/12	Targa Resources Partners LP / Saddle Butte Pipeline, LLC	950.0
11/12	Inergy Midstream, L.P. / Rangeland Energy, LLC	425.0

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<b>Date</b>	<b>Acquiror/Target (Seller)</b>	<b>Transaction Value (\$MM)</b>
11/12	Atlas Pipeline Partners, L.P. / Cardinal Midstream L.L.C.	600.0
08/12	Eagle Rock Energy Partners/Sunray and Hemphill processing plants and associated 2,500 mile gathering system (BP America Production Co.)	227.5
07/12	Crestwood Midstream Partners LP / West Johnson County Gathering and Processing Assets in the Barnett Shale (Devon Energy Corporation)	90.0
06/12	CenterPoint Energy, Inc. / 50% Interest in Waskom Gas Processing and Other Gathering and Processing Assets (Martin Midstream Partners L.P.)	275.0
05/12	MarkWest Energy Partners, L.P. / Keystone Midstream Services, LLC (Stonehenge Energy Resources, L.P., Rex Energy Corporation, Summit Discovery Resources II, LLC)	512.0
04/12	PennVirginia Resource Partners, L.P. / Chief Gathering LLC	1,252.5
03/12	Williams Partners L.P. / Caiman Eastern Midstream LLC	2,500.0
01/12	Western Gas Partners L.P. / Red Desert Complex (Anadarko Petroleum Corporation)	483.0
12/11	Crestwood Midstream Partners LP / Antero Resources Marcellus Shale Gathering Assets	375.0
12/11	Plains All American Pipeline, L.P. / Velocity South Texas Gathering LLC	352.0
10/11	Kinder Morgan Energy Partners, L.P./SouthTex Treaters	155.0
10/11	Crestwood Midstream Partners LP/Tristate Sabine, LLC (Energy Spectrum Capital and Zwolle Pipeline, LLC)	73.0
07/11	Western Gas Partners, LP/Bison Gas Treating Facility (Anadarko Petroleum Corporation)	130.0
06/11	Sable NGL LLC / Stanley Condensate Recovery Plant and Prairie Rose Pipeline Inc. (EOG Resources, Inc.)	185.0
05/11	Kinder Morgan Energy Partners, L.P. / 50% Interest in KinderHawk Field Services and 25% of Eagle Ford Midstream (Petrohawk Energy Corporation)	920.0
03/11	Energy Transfer Partners, L.P. and Regency Energy Partners LP / Louis Dreyfus Highbridge Energy LLC	1,925.0
03/11	Anadarko Petroleum Corp / 93% Interest in Wattenburg Processing Plant (BP plc)	575.5
02/11	Crestwood Midstream Partners / Gathering and Processing assets in the Fayetteville Shale and Granite Wash (Frontier Gas Services, LLC)	338.0
01/11	MarkWest Energy Partners L.P. / Kentucky Hydro Natural Gas Processing Complex and NGL Pipeline (EQT Corporation)	230.0
01/11	Western Gas Partners, LP / Fort Lupton Processing Plant and Related Gathering Systems in the DJ Basin (Encana Oil & Gas (USA) Inc.)	303.3
12/10	Riverstone Holdings, LLC / USA Compression, LP	NA
12/10	Chesapeake Midstream Partners LP / Springridge Natural Gas Gathering System and Related Facilities in the Haynesville Shale	500.0
11/10	Williams Partners L.P. / Marcellus Midstream Assets in Susquehanna County, Pennsylvania (Cabot Oil & Gas Corporation)	150.0
11/10	Chevron Corporation / 49% Interest in Laurel Mountain Midstream in Marcellus (Atlas Pipeline Partners, LP)	403.0
11/10	ArcLight Capital Partners LLC / 9.9% Equity Interest in Enogex (OGE Energy)	183.0
10/10	Williams Partners L.P. / Gathering and Processing Assets in Colorado's Piceance Basin (Williams Companies, Inc.)	782.0
10/10	Cardinal Midstream, LLC / Gathering and Processing Assets in the Arkoma Woodford Shale in Eastern Oklahoma (Antero Resources, LLC)	268.0
09/10	Targa Resources Partners LP / Venice Energy Services Company (Targa Resources, Inc.)	167.5

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08/10	Targa Resources Partners LP / Versado Gas Processors, L.L.C. (Targa Resources, Inc.)	230.0
08/10	Regency Energy Partners, L.P. / Zephyr Gas Services	185.0
08/10	Western Gas Partners, LP / Wattenberg Gathering System & Fort Lupton Processing Plant (Anadarko Petroleum Corporation)	498.0
07/10	Enbridge Energy Partners, L.P. / Elk City Gathering and Processing System (Atlas Pipeline Partners, LP)	686.1
06/10	DCP Midstream, LLC / Liberty Gathering System and South Raywood Processing Plant (Ceritas Energy)	79.0
04/10	Regency Energy Partners LP / 7% Interest in Haynesville Joint Venture Increasing its Total Interest to 49.99% (GE Energy Financial Services)	92.1

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<b>Date</b>	<b>Acquiror/Target (Seller)</b>	<b>Transaction Value (\$MM)</b>
04/10	Kinder Morgan Energy Partners, L.P. / 50% interest in Haynesville Gathering & Treating Business (Petrohawk Energy)	875.0
04/10	Enterprise Products Partners, L.P. / M2 Midstream LLC (Yorktown Partners)	1,200.0
03/10	Targa Resources Partners LP / Sand Hills, Coastal Straddles and Targa Gas Marketing (Targa Resources, Inc.)	420.0
02/10	Western Gas Partners, LP / Southwest Wyoming Gathering and Processing Assets (Anadarko Petroleum Corporation)	254.4
6/08	Penn Virginia Resource Partners, L.P. / Lonestar Midstream Partners, L.P.	165.0
12/07	Regency Energy Partners L.P. / CDM Resource Management, Ltd.	655.0

For the Eastern Midstream comparable transactions, the one-year forward mean and median transaction value to EBITDA multiples were 17.2x and 15.3x, respectively, and the two-year forward mean and median transaction value to EBITDA multiples were 11.5x and 9.8x, respectively. For the Midcontinent Midstream comparable transactions, the mean and median transaction value to EBITDA multiples were 12.0x and 10.0x, respectively. Evercore reviewed the historical EBITDA multiples paid in the selected transactions and derived a range of relevant implied multiples of enterprise value ( EV ) to EBITDA, with respect to Eastern Midstream, of 12.5x to 14.0x in 2014 and a two-year forward multiple of 8.5x to 10.0x in 2015, with respect to Midcontinent Midstream, of 9.0x to 10.5x in 2014 and 2015 and with respect to Coal, of 5.0x to 6.0x in 2014 and 2015. Evercore applied these ranges of selected multiples to estimated 2014 and 2015 EBITDA provided by PVR's management and described in the section Unaudited Financial Projections of PVR for each respective operating segment of PVR. With respect to Midcontinent Midstream, Evercore then applied a discount rate of 10.0% to the resulting value and further applied a discount rate of 10.0% based on the midpoint of the discount rate range as determined in the cost of capital analysis described above to growth capital expenditures through the end of 2014 and 2015, respectively. With respect to Coal, Evercore then applied a discount rate of 11.0% to the resulting value and further applied a discount rate of 11.0% based on the midpoint of the discount rate range as determined in the cost of capital analysis described above to growth capital expenditures through the end of 2014 and 2015, respectively. Evercore discounted the growth capital expenditures due to the fact that it applied last twelve months ( LTM ) multiple ranges to each segment's forward year EBITDA. Therefore, for the acquiror to achieve the EBITDA provided in the Case I projections or the Case II projections, it would have to fund the relevant year's expected growth capital expenditures, and as such, the capital expenditures are discounted. This analysis indicated equity value ranges for PVR, under Case I projections, of \$20.45 to \$25.65 per PVR common unit and, under Case II projections, of \$15.25 to \$19.63 per PVR common unit, as compared to the implied value of the merger consideration of \$28.67 per PVR common unit.

*Peer Group Trading Analysis*

In order to assess how the public market values equity units of similar publicly traded natural gas gathering and processing master limited partnerships ( Gathering & Processing MLPs ) and publicly-traded coal mining and production master limited partnerships ( Coal MLPs ), Evercore reviewed and compared specific financial and operating data relating to PVR to that of a group of selected Gathering & Processing MLPs that Evercore deemed to have certain characteristics such as business mix, service offerings and operating areas that are similar to those of Eastern Midstream and Midcontinent Midstream and a group of selected Coal MLPs that Evercore deemed to have certain characteristics that are similar to those of the coal operations of PVR. Evercore noted, however, that none of the selected publicly traded MLPs is identical or directly comparable to PVR as a whole.



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As part of its analysis, Evercore calculated and analyzed (i) the ratios of EV to estimated 2014 and 2015 EBITDA for the selected MLPs and (ii) the ratios of EV to estimated 2014 and 2015 EBITDA for PVR. Evercore calculated all multiples based on closing unit prices as of October 7, 2013 for each respective MLP. Evercore relied solely on EBITDA multiples, instead of alternative valuation metrics, as it believes that the EBITDA multiple is the most relevant valuation metric when analyzing an entity's peers to determine the value of the entity in this circumstance.

The Gathering & Processing MLPs that Evercore deemed to have certain characteristics similar to those of Eastern Midstream and Midcontinent Midstream were the following:

Access Midstream Partners, L.P.	Regency Energy Partners LP
American Midstream Partners, LP	Southcross Energy Partners, L.P.
Atlas Pipeline Partners, L.P.	Summit Midstream Partners, LP
Crosstex Energy, L.P.	Tallgrass Energy Partners, LP
DCP Midstream Partners, LP	Targa Resources Partners LP
MarkWest Energy Partners, L.P.	Western Gas Partners, LP

The maximum, minimum, mean and median estimated 2014 EV to EBITDA multiples of the comparable companies were 13.7x, 8.0x, 11.6x and 12.1x, respectively. The maximum, minimum, mean and median estimated 2015 EV to EBITDA multiples of the comparable companies were 12.3x, 5.7x, 9.4x and 9.4x, respectively.

The Coal MLPs that Evercore deemed to have certain characteristics similar to those of the coal operations of PVR were the following:

Alliance Resource Partners, L.P.

Natural Resource Partners L.P.

Rhino Resource Partners LP

The maximum, minimum, mean and median estimated 2014 EV to EBITDA multiples of the comparable companies were 9.9x, 5.1x, 7.7x and 8.1x, respectively. The maximum, minimum, mean and median estimated 2015 EV to EBITDA multiples of the comparable companies were 10.1x, 5.2x, 8.2x and 9.5x, respectively.

The financial and operating data for the selected publicly traded MLPs were based on publicly-available filings and financial projections provided by Wall Street equity research. PVR's projected financial metrics for 2014 and 2015 and related financial forecasts were provided by PVR's management. The multiples of EV to EBITDA for the selected Gathering & Processing MLPs ranged from 8.0x to 13.7x for 2014 and from 5.7x to 12.3x for 2015. Based on the resulting range of multiples and due to certain other considerations related to the specific characteristics of the Gathering & Processing MLPs, in respect of the Eastern Midstream assets, Evercore deemed a range of 11.0x to 12.5x for 2014 and 9.5x to 11.0x for 2015 to be relevant, and in respect of Midcontinent Midstream, Evercore deemed a range of 10.5x to 12.0x for 2014 and 9.0x to 10.5x for 2015 to be relevant. The multiples of EV to EBITDA for the

selected Coal MLPs ranged from 5.1x to 9.9x for 2014 and from 5.2x to 10.1x for 2015. Based on the resulting range of multiples and due to certain other considerations related to the specific characteristics of the Coal MLPs, in respect of Coal, Evercore deemed a range of 5.0x to 8.0x for 2014 and 4.0x to 7.0x for 2015 to be relevant.

Evercore then applied the relevant range of selected multiples to the corresponding financial data of PVR. This analysis indicated per PVR common unit equity value ranges, under Case I projections, of \$21.77 to \$28.14 per PVR common unit and, under Case II projections, of \$16.36 to \$21.79 per PVR common unit, as compared to the implied value of the merger consideration of \$28.67 per PVR common unit.

*Premiums Paid Analysis*

Evercore reviewed the premiums offered or paid in seven MLP unit-for-unit transactions since October 18, 1997 relative to the target share/unit prices one-day and 30-days prior to announcement as well as the target's 52-week high

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as of the date of the announcement, and applied the mean of the relevant range of premiums to the relevant closing prices of PVR, which indicated a mean implied transaction value range of \$27.00 to \$29.34 per PVR common unit, as compared to the implied value of the merger consideration of \$28.67 per PVR common unit. The date, target, acquiror, consideration, target equity and enterprise value (in millions), and premium for each of these seven transactions is set forth below:

Date Announced	Target	Acquiror(s)	Transaction Consideration	Transaction		Premium		52-Week High
				Equity Value	Enterprise Value	1-Day	30-Day	
01/29/13	Copano Energy, L.L.C.	Kinder Morgan Energy Partners, L.P.	Unit-for-Unit	\$ 3,777.5	\$ 4,724.3	21.8%	36.7%	6.1%
02/23/11	Duncan Energy Partners L.P.	Enterprise Products Partners L.P.	Unit-for-Unit	2,405.0	3,302.8	27.9%	27.4%	2.3%
06/09/09	TEPPCO Partners LP	Enterprise Products Partners L.P.	Unit-for-Unit	3,290.7	6,024.5	7.1%	8.9%	(13.5%)
06/12/06	Pacific Energy Partners, L.P.	Plains All American Pipeline, L.P.	Unit-for-Unit	1,395.4	2,007.9	10.6%	14.4%	(0.5%)
11/01/04	Kaneb Pipeline Partners, L.P.	Valero L.P.	Unit-for-Unit	1,741.5	2,371.4	21.2%	18.6%	4.2%
12/15/03	GulfTerra Energy Partners, L.P.	Enterprise Products Partners L.P.	Unit-for-Unit	2,408.4	4,240.3	2.2%	2.1%	(2.0%)
10/18/97	Santa Fe Pacific Pipeline Partners LP	Kinder Morgan Energy Partners, L.P.	Unit-for-Unit	1,038.0	1,339.9	31.8%	40.3%	5.3%
					Median	21.2%	18.6%	2.3%
					Mean	17.5%	21.2%	0.3%
					Max	31.8%	40.3%	6.1%
					Min	2.2%	2.1%	(13.5%)

**Regency Analysis***Discounted Cash Flow Analysis*

Evercore performed an indicative discounted cash flow analysis of Regency to derive an implied per unit value range for the Regency common units based on the implied present value of (i) Regency's expected cash flows and (ii) the expected standalone distributions to be received by the holders of Regency common units, utilizing information provided by Regency.

With respect to projected cash flows, Evercore calculated the implied per unit value range for the Regency common units by utilizing a range of discount rates with a mid-point equal to the Regency's WACC, as estimated by Evercore based on the CAPM, Regency's projected unlevered free cash flows for the fiscal years 2014 through 2018 and terminal values as of December 31, 2018, based on a range of EBITDA exit multiples as well as perpetuity growth rates. Evercore assumed a range of discount rates of 8.5% to 9.5%, a range of EBITDA exit multiples of 8.5x to 10.5x and a range of perpetuity growth rates of 2.25% to 2.75%.

With respect to expected distributions, Evercore calculated the implied per unit value range for the Regency common units by utilizing a range of discount rates with mid-points equal to Regency's equity cost of capital, as estimated by Evercore based on: (i) the C