

		<b>CORPORATE GOVERNANCE POLICY</b>		
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Approved by: Board of Directors		Subject: Corporate Governance Guidelines		

The Board of Directors (the “Board”) of Regency GP LLC (the “General Partner”), has adopted these Corporate Governance Guidelines (“Guidelines”).

### 1. Director Qualification Standards

A minimum of three members of the Board of Directors will meet the criteria for independence under the rules of the Nasdaq National Market (the “NASDAQ”). The Nominating Committee of the Board (“Nominating Committee”) shall be responsible for establishing criteria for selecting new directors and actively seeking individuals to be included in the slate of director nominees recommended by the Nominating Committee to the Board for election at the next annual meeting of members of the Company and for appointment to fill vacancies. This assessment shall include an individual’s qualification as independent, as well as such individual’s background, ability, judgment, diversity, age, skill, and experience in the context of the needs of the Board. The Nominating Committee shall determine whether a director or prospective director is independent. Director nominees shall be selected by the Nominating Committee in accordance with the policies and principles established by it pursuant to its charter.

The Board currently has nine members. The number of directors that, within a range of three to twelve, constitutes the whole Board will be fixed from time to time pursuant to a resolution adopted by a majority of the directors then in office. The Nominating Committee is responsible for reviewing, on an annual basis, the advisability or need for any change in the number or composition of the Board.

No director may serve on the board of directors of more than three other public companies. Directors should advise the Chairman of the Board and the Chairman of the Nominating Committee in advance of accepting an invitation to serve on another public company board.

The Board does not believe it should establish term limits. While term limits may allow new members to contribute fresh ideas and viewpoints, they have the disadvantage of eliminating the contribution of directors who have been able to develop, over a period of time, increasing insight into the operations of the Partnership and its subsidiaries and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Nominating Committee shall review each director’s continuation on

the Board every year, allowing each director the opportunity to confirm his desire to continue as a member of the Board.

## **2. Director Responsibilities**

The basic responsibility of each director is to exercise his or her business judgment to act in what he or she reasonably believes to be in the best interests of the Company, the General Partner, the Partnership and the Partnership's unitholders, to the extent required by Delaware law. In discharging that obligation, directors shall be entitled to rely on the honesty and integrity of the Company's senior executives and the outside advisors and auditors of the Company, the General Partner and the Partnership. The directors shall also be entitled (i) to have the Company, the General Partner or the Partnership provide reasonable directors' and officers' liability insurance on their behalf; (ii) to the benefits of indemnification to the fullest extent permitted by law, the Company's limited liability company agreement, the limited partnership agreements of the Partnership and the General Partner and any indemnification agreements; and (iii) to exculpation as provided by state law and the governing agreements of the Company, the General Partner and the Partnership.

The Board generally meets regularly on a quarterly basis. Additional meetings may be called in accordance with the Company's limited liability company agreement. Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to discharge their responsibilities properly. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors are expected to review these materials in advance of the meeting. Attendance at Board and committee meetings shall be considered by the Nominating Committee in assessing each director's performance.

The Board has no policy with respect to the separation of the offices of Chairman of the Board and the Chief Executive Officer. The Board believes that this issue is part of the succession-planning process and that it is in the best interests of the Company and the Partnership for the Board to make a determination regarding this issue each time it elects a new Chief Executive Officer.

The Chairman of the Board shall establish the agenda for each Board meeting. Each director is free to suggest the inclusion of items on the agenda. Each director is free to introduce at any Board meeting subjects that are not on the agenda for that meeting. During at least one Board meeting each year, the Board shall review the long-term strategic plans for the Partnership and its subsidiaries and the principal issues that they will face in the future.

The non-management directors (as defined by the NASDAQ) shall meet in executive session at each regularly scheduled Board meeting. The director who presides at these meetings shall be rotated among the independent directors. The presiding director shall be responsible for preparing an agenda for the meetings of the non-management directors in executive session. The name of the presiding directors shall be disclosed in the Partnership's Annual Report on Form 10-K. Interested parties may make their concerns

known to the non-management directors directly and anonymously by writing to the Chairman of the Audit Committee, Regency GP LLC, 2001 Bryan Street, Suite 3700, Dallas, Texas 75201.

If the group of the non-management directors includes directors who have not been determined by the Nominating Committee to be independent directors, then, in addition to the meetings of the non-management directors referred to in the preceding paragraph, the independent directors shall meet in executive session at least once a year. The presiding director shall be chosen by the group of independent directors to preside over and to be responsible for preparing an agenda for the meetings of the independent directors if such meetings are necessary.

The Board believes that the management of the Company speaks for the Partnership. As such, it is not expected that individual directors will meet or otherwise communicate with unitholders, research analysts, vendors, the press or other external constituencies on behalf of the Company, the General Partner or the Partnership, unless such communication (i) is requested by the Chairman of the Board, the Chief Executive Officer or the full Board or (ii) is required to discharge his duties as set forth in committee charters.

### **3. Board Committees**

The Board shall have at all times an Audit Committee, a Conflicts Committee, a Compensation Committee and a Nominating Committee (collectively, the “Required Committees”). All of the members of the Audit Committee and the Conflicts Committee shall, to the extent required by the provisions of the Securities Exchange Act of 1934 (the “Exchange Act”), the rules of the NASDAQ or the provisions of the partnership agreement of the Partnership, be independent directors as determined by the Nominating Committee. Members of the Required Committees shall be appointed by the Board upon recommendation of the Nominating Committee, in accordance with all other such criteria as may be established by the NASDAQ and any applicable laws from time to time or as may be contained in the charters governing such committees, with consideration given to the desires of individual directors.

The chairperson of each Required Committee shall be chosen by the Board with consideration given to any recommendation received from the Nominating Committee. Each committee shall have its own charter. The charters shall set forth the authority and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters shall also provide that each committee shall annually evaluate its performance.

The chairperson of each Required Committee, in consultation with the committee members, shall determine the frequency of committee meetings consistent with any requirements set forth in the committee’s charter. The chairperson of each Required Committee, in consultation with the appropriate members of the committee and management, shall develop the committee’s agenda.

In addition to the required committees, the Board has established the Risk Management Committee and may, from time to time, establish or maintain additional committees as necessary or appropriate.

#### **4. Standards of Conduct.**

In discharging its responsibilities, the Board shall adhere to the duties required of a board of directors of a corporation formed under the laws of the State of Delaware as enunciated by the courts of the State of Delaware: to wit, the duty of loyalty, the duty of care, the duty of oversight and the duty of disclosure.

#### **5. Director Access to Management and Independent Advisors**

The Board and each Required Committee shall have the power to hire independent legal, financial or other advisors as they may deem necessary. The engagement of such advisors may be made without consulting or obtaining the approval of any officer of the Company in advance, but the Chief Executive Officer shall be notified promptly of any such engagement. The Partnership shall pay the fees and expenses of such advisors.

Directors shall have full and free access to officers and employees of the Company, the General Partner, the Partnership and all of its subsidiaries. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer. The directors shall use their judgment to ensure that any such contact is not inappropriately disruptive to the business operations of the Partnership and shall, if not inappropriate, copy the Chief Executive Officer on any written communications between a director and an officer or employee of the Company or any of its subsidiaries.

The Board welcomes regular attendance at each Board meeting of senior officers of the Company.

#### **6. Director Compensation**

The Compensation Committee shall make a recommendation to the Board regarding the form and amount of non-employee director compensation in accordance with the policies and principles set forth in its charter and in these Guidelines and shall conduct an annual review of non-employee director compensation. Non-employee director compensation should be adequate to compensate directors for their time and effort expended in satisfying their obligations. The Compensation Committee shall, however, consider that non-employee directors' independence may be jeopardized if non-employee director compensation and perquisites exceed customary levels, if the Company, the General Partner, the Partnership or any of its subsidiaries makes substantial charitable contributions to organizations with which a non-employee director is affiliated, or if the Company, the General Partner, the Partnership or any of its subsidiaries enters into consulting contracts with (or provides other indirect forms of compensation to) a non-employee director or an organization with which the non-employee director is affiliated.

## **7. Director Orientation and Continuing Education**

New directors shall be given an orientation program to familiarize them with the businesses and operations of the Partnership and its subsidiaries, as well as their responsibilities and duties as directors. As part of the continuing education process for directors, the Company's officers shall prepare and present programs concerning the Partnership's strategies, initiatives and business plans; arrange for presentations by outside parties concerning industry issues and general business and regulatory matters; and conduct on-site meetings with Company and Partnership personnel.

## **8. Chief Executive Officer Evaluation and Management Succession**

The Board, with the assistance of the Compensation Committee of the Board, shall annually review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives and set the compensation of the Chief Executive Officer based on this evaluation.

The Nominating Committee shall meet annually on succession planning, including policies regarding succession in the event of an emergency. The Nominating Committee shall evaluate potential successors to the Chief Executive Officer. The Chief Executive Officer should make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **9. Annual Performance Evaluations of the Board and Committees**

The Board shall conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating Committee has the responsibilities to oversee the annual self-evaluation process of the Board and its committees. The Board and its committees shall review the results of the evaluations. The review shall focus on the Board's contribution to the Partnership and specifically focus on areas in which the Board or management believes that the Board could improve.

## **10. Annual Performance Evaluation of Management**

The Board is elected by the members of the Company to oversee the management of the Company, the General Partner, the Partnership and its subsidiaries and to ensure that the long-term interests of the unitholders of the Partnership are being served. The Board selects the senior management team, which is charged with the conduct of the Partnership's business. The Board acts as an advisor and counselor to senior management and monitors management's performance. The Board shall, together with the Nominating Committee, conduct an annual evaluation of the performance of management.

**11. Review of Guidelines**

The Nominating Committee shall conduct an annual review of these Guidelines and recommend to the Board such changes as it deems necessary, appropriate or desirable.

**12. Conflicts with Agreements**

These Guidelines shall in no way alter, amend or repeal any provision of the Company's limited liability company agreement or the limited partnership agreement of the Partnership or the General Partner. To the extent that these Guidelines conflict with any provision of either of those agreements, the provisions contained in the appropriate agreement shall govern.