Regency Energy Partners LP
Form S-4
November 08, 2013
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As filed with the Securities and Exchange Commission on November 8, 2013

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Regency Energy Partners LP

Regency Energy Finance Corp.

(Exact name of registrant as specified in its charter)

Delaware	**1311**	**16-1731691**

Delaware		**38-3747282**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

2001 Bryan Street, Suite 3700

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)

Copy to:

William N. Finnegan IV

Sean T. Wheeler

Latham & Watkins LLP

811 Main Street, Suite 3700

Houston, Texas 77002

(713) 546-5400

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

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 x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

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CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Proposed Offering Price Per Note(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
4.500% Senior Notes due 2023	$600,000,000	100%	$600,000,000	$77,280
Guarantees of the 4.500% Senior Notes due 2023				(2)

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) of the Securities Act.
(2) No additional registration fee is due for guarantees pursuant to Rule 457(n) under the Securities Act.

Each registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrants 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 SEC, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANT GUARANTORS

Exact Name of Registrant Guarantor(1)	State or Other Jurisdiction of Incorporation or Formation	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
CDM Resource Management LLC	Delaware	1311	26-1716854
CDM Resource Management I LLC	Delaware	1311	37-1702716
FrontStreet Hugoton LLC	Delaware	1311	68-0512892
Gulf States Transmission LLC	Louisiana	1311	72-1146059
PEPL Holdings, LLC(2)	Delaware	1311	45-3343570
Pueblo Holdings, Inc.	Delaware	1311	83-0477804
Pueblo Midstream Gas Corporation	Texas	1311	76-0645929
Regency Field Services LLC	Delaware	1311	35-2270502
Regency Gas Services LP	Delaware	1311	03-0516215
Regency Gas Utility LLC	Delaware	1311	26-0103022
Regency Haynesville Intrastate Gas LLC	Delaware	1311	90-0446410
Regency Liquids Pipeline LLC	Delaware	1311	32-0077619
Regency Midcontinent Express LLC	Delaware	1311	27-2711062

Regency Midstream LLC	Delaware	1311	45-0921356
Regency OLP GP LLC	Delaware	1311	20-4188520
Regency Ranch JV LLC	Delaware	1311	45-5341886
Regency Texas Pipeline LLC	Delaware	1311	27-5225952
RGP Marketing LLC	Texas	1311	75-2468080
RGP Westex Gathering Inc.	Texas	1311	75-2400144
RGU West LLC	Texas	1311	20-0068473
West Texas Gathering Company	Delaware	1311	75-0976094
WGP-KHC, LLC	Delaware	1311	48-1267995
Zephyr Gas Services LLC	Delaware	1311	27-3234760
Zephyr Gas Services I LLC	Delaware	1311	46-1062530

(1) Unless otherwise specified, the address, including zip code, and telephone number, including area code, of each additional registrant guarantor s principal executive office is 2001 Bryan Street, Suite 3700, Dallas, Texas 75201, (214) 750-1771.

(2) The address, including zip code, and telephone number, including area code, of PEPL Holdings, LLC s principal executive office is 3738 Oak Lawn Avenue, Dallas, Texas 75219, (214) 981-0700.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 8, 2013

PROSPECTUS

REGENCY ENERGY PARTNERS LP

REGENCY ENERGY FINANCE CORP.

OFFER TO EXCHANGE

$600,000,000 principal amount of 4.500% Senior Notes due 2023,

which have been registered under the Securities Act,

for any and all of the outstanding 4.500% Senior Notes due 2023

We are offering to exchange our 4.500% Senior Notes due 2023 (the exchange notes) for our currently outstanding 4.500% Senior Notes due 2023 (the private notes). The exchange notes are substantially identical to the private notes, except that the exchange notes have been registered under the federal securities laws and will not bear any legend restricting their transfer. The exchange notes will represent the same debt as the private notes and we will issue the exchange notes under the same indenture. We refer to the private notes and the exchange notes collectively in this prospectus as the notes.

The principal features of the exchange offer are as follows:

- The exchange offer expires at 5:00 p.m., New York City time, on , 2013, unless extended.

- We will exchange all private notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer.

- You may withdraw tenders of private notes at any time before the exchange offer expires.

- The exchange of private notes for exchange notes pursuant to the exchange offer will not be a taxable event for U.S. federal income tax purposes.

- We will not receive any proceeds from the exchange offer.

- We do not intend to apply for listing of the exchange notes on any securities exchange or automated quotation system.

Broker-dealers receiving exchange notes in exchange for private notes acquired for their own account through market-making or other trading activities must deliver a prospectus in any resale of the exchange notes.

Investing in the exchange notes involves risks. See "Risk Factors" beginning on page 10 of this prospectus and the risk factors set forth in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and in Item 1A of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, which are incorporated by reference herein.

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

The date of this prospectus is , 2013.

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This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus and in the accompanying letter of transmittal. We have not authorized anyone to provide you with any other information. We are not making an offer to sell these securities or soliciting an offer to buy these securities in any jurisdiction where an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone whom it is unlawful to make an offer or solicitation. You should not assume that the information contained in this prospectus, as well as the information we previously filed with the Securities and Exchange Commission that is incorporated by reference herein, is accurate as of any date other than its respective date.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission (the SEC) a registration statement on Form S-4 (including all amendments, exhibits, annexes and schedules, the exchange offer registration statement) pursuant to the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the Securities Act) covering the exchange notes being offered. This prospectus does not contain all of the information in the exchange offer registration statement. For further information with respect to us and the exchange offer, reference is made to the exchange offer registration statement. Statements made in this prospectus as to the contents of any contract, agreement or other documents referred to are not necessarily complete. For a more complete understanding and description of each contract, agreement or other document filed as an exhibit to the exchange offer registration statement, we encourage you to read the documents contained in the exhibits thereto.

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file with the SEC at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC s web site at http://www.sec.gov.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to documents containing that information. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities and Exchange Act of 1934, as amended (the Exchange Act) (other than information determined to be furnished and not filed with the SEC), after the date of the initial registration statement and prior to the effectiveness of the registration statement and after the date of this prospectus and prior to the completion or termination of the exchange offer.

(a) Our Annual Report on Form 10-K for the fiscal year ended December 31, 2012;

(b) Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013; and

(d) Our Current Reports on Form 8-K filed on January 28, 2013, February 19, 2013, February 28, 2013, March 5, 2013, April 12, 2013, April 16, 2013, April 24, 2013, April 30, 2013, May 9, 2013, May 15, 2013, May 28, 2013, July 29, 2013, August 9, 2013 (two filings), September 6, 2013, September 11, 2013, October 10, 2013 (two filings), October 25, 2013 and November 8, 2013 (two filings), each to the extent filed and not furnished pursuant to Section 13(a) of the Exchange Act.

Any statement contained herein, or in any documents incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this prospectus to the extent that a subsequent statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of these filings, at no cost, by writing or telephoning us at:

Regency Energy Partners LP

Investor Relations

2001 Bryan Street, Suite 3700

Dallas, Texas 75201

(214) 750-1771

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You may also obtain copies of these filings, at no cost, by accessing our website at www.regencygas.com; however, the information found on our website is not considered part of this prospectus. To obtain timely delivery of any copies of filings requested, please write or telephone no later than , 2013, five days prior to the expiration of the exchange offer.

The exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of private notes in any jurisdiction in which the exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of such jurisdiction.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Certain matters discussed in this prospectus and in the documents incorporated by reference in this prospectus include forward-looking statements, which include any statements that do not relate strictly to historical or current facts. Statements using words such as anticipate, believe, intend, project, plan, expect, continue, estimate, g may or similar expressions help identify forward-looking statements. Although we believe our forward-looking statements are based on reasonable assumptions and current expectations and projections about future events, we cannot give assurances that such expectations will prove to be correct. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions. These additional risks and uncertainties may include:

- unexpected difficulties in integrating our operations as a result of any significant acquisitions;
- volatility in the price of oil, natural gas and natural gas liquids (NGLs);
- declines in the credit markets and the availability of credit for us as well as for producers connected to our pipelines and our gathering and processing facilities, and for customers of our contract compression services business;
- the level of creditworthiness of, and performance by, our counterparties and customers;
- our access to capital to fund organic growth projects and acquisitions, and our ability to obtain debt or equity financing on satisfactory terms;
- our 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 our transactions;
- changes in commodity prices, interest rates and demand for our services;

- changes in laws and regulations impacting the midstream sector of the natural gas industry, including those that relate to climate change and environmental protection and safety;
- weather and other natural phenomena;
- industry changes including the impact of consolidations and changes in competition;
- regulation of transportation rates on our natural gas and NGL pipelines;
- our ability to obtain indemnification related to cleanup liabilities and to clean up any hazardous materials release on satisfactory terms;
- our ability to obtain required approvals for construction or modernization of our facilities and the timing of production from such facilities; and
- the effect of accounting pronouncements issued periodically by accounting standard setting boards.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may differ materially from those anticipated, estimated, projected or expected.

Each forward-looking statement speaks only as of the date of the particular statement and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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PROSPECTUS SUMMARY

This summary highlights some of the information contained elsewhere in this prospectus. This summary may not contain all of the information that is important to you, and it is qualified in its entirety by the more detailed information and financial statements, including the notes to those financials statements, that are part of the reports that we file with the SEC and that are incorporated by reference in this prospectus. Please see the section entitled Where You Can Find More Information. Before making an investment decision, we encourage you to consider the information contained in and incorporated by reference in this entire prospectus, including the risks discussed under the heading Risk Factors beginning on page 9 of this prospectus and in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and in Item 1A of our Quarterly Reports on Form 10-Q for the three months ended March 31, 2013 and the three months ended June 30, 2013, which are incorporated by reference herein.

Except in Description of the Exchange Notes and unless the context requires otherwise, references to (i) Regency Energy Partners, the Partnership, we, our, us or like terms mean Regency Energy Partners LP and its subsidiaries; (ii) our general partner mean Regency GP LP, the general partner of the Partnership, and its general partner, Regency GP LLC, which effectively manages the business and affairs of the Partnership; (iii) Regency Finance mean Regency Energy Finance Corp.; (iv) Panhandle means Panhandle Eastern Pipe Line Company, LP and its subsidiaries and (v) PEPL Holdings means PEPL Holdings, LLC and its subsidiary, Panhandle.

Regency Energy Partners LP and Regency Energy Finance Corp.

Our Business

We are a growth-oriented publicly-traded Delaware limited partnership formed in 2005 engaged in the gathering and processing, compression, treating and transportation of natural gas and the transportation, fractionation and storage of NGLs. We focus on providing midstream services in some of the most prolific natural gas producing regions in the United States, including the Eagle Ford, Haynesville, Barnett, Fayetteville, Marcellus, Utica, Bone Spring, Avalon and Granite Wash shales. Our assets are primarily located in Texas, Louisiana, Arkansas, Pennsylvania, California, Mississippi, Alabama, New Mexico, and the mid-continent region of the United States, which includes Kansas, Colorado and Oklahoma. On October 10, 2013, we announced the approval of a merger agreement, pursuant to which we intend to acquire PVR Partners, L.P., a Delaware limited partnership (PVR). Please read Recent Developments for more information on our proposed merger.

We divide our operations into five business segments:

Gathering and Processing. We provide wellhead-to-market services to producers of natural gas, which include transporting raw natural gas from the wellhead through gathering systems, processing raw natural gas to separate NGLs from the raw natural gas and selling or delivering the pipeline-quality natural gas and NGLs to various markets and pipeline systems. This segment also includes our 33.33% membership interest in Ranch Westex JV LLC (Ranch JV), which processes natural gas delivered from the NGLs-rich Bone Spring and Avalon shale formations in west Texas.

Natural Gas Transportation. We own a 49.99% general partner interest in RIGS Haynesville Partnership Co. (HPC), which through its wholly owned subsidiary, Regency Intrastate Gas LP, owns a 450-mile intrastate

pipeline that delivers natural gas from northwest Louisiana to downstream pipelines and markets, and a 50% membership interest in Midcontinent Express Pipeline LLC (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 Transmission LLC, which owns a 10-mile interstate pipeline that extends from Harrison County, Texas to Caddo Parish, Louisiana.

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NGL Services. We own a 30% membership interest in Lone Star NGL LLC (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. We own and operate a fleet of compressors used to provide turn-key natural gas compression services for customer specific systems. We also own and operate a fleet of equipment used to provide treating services, such as carbon dioxide and hydrogen sulfide removal, natural gas cooling, dehydration and British thermal unit management.

Corporate. The Corporate segment comprises our corporate assets.

Recent Developments

On October 9, 2013, we, RVP LLC, a Delaware limited liability company and our wholly owned subsidiary, and our general partner entered into an Agreement and Plan of Merger with PVR Partners, L.P., a Delaware limited partnership (PVR), and PVR GP, LLC, a Delaware limited liability company and the general partner of PVR. Pursuant to the Agreement and Plan of Merger, as amended by Amendment No. 1 thereto dated as of November 7, 2013 (the Merger Agreement), PVR will merge with and into us (the Merger), and we will continue our existence under Delaware law as the surviving entity in the merger.

The Merger Agreement provides that, at the effective time of the merger, each PVR common unit and each PVR 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 the merger consideration, consisting of (i) 1.020 of our common units and (ii) an amount of cash equal to the difference (if positive) between (x) the PVR annualized distribution and (y) our adjusted annualized distribution. The PVR annualized distribution is the product of four and the amount of the quarterly cash distribution most recently declared by PVR prior to the closing of the Merger. Our adjusted annualized distribution is the product of four and the amount of the quarterly cash distribution most recently declared by us prior to the closing of the Merger, multiplied by the exchange ratio of 1.020.

The completion of the Merger is subject to the satisfaction or waiver of certain customary closing conditions, including, among other things: (i) approval of the Merger Agreement by PVR s unitholders, (ii) approval for listing of our common units issuable as part of the merger consideration on the New York Stock Exchange, (iii) there being no law or injunction prohibiting the consummation of the Merger, (iv) expiration or termination of any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), (v) the effectiveness of a registration statement on Form S-4, (vi) subject to specified materiality standards, the accuracy of the representations and warranties of each party, (vii) compliance by each party in all material respects with its covenants, (viii) the receipt of certain legal opinions by us and PVR and (ix) the conversion of 10,346,257 Special Units outstanding as of the date of the Merger Agreement into an aggregate of 10,346,257 common units.

Partnership Structure and Management

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

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

Corporate Information

Our principal executive offices are located at 2001 Bryan Street, Suite 3700, Dallas, Texas 75201 and our phone number is (214) 750-1771. Our common units are listed on the New York Stock Exchange (the NYSE) under the symbol RGP. Our website is www.regencygas.com. Information on our website is not incorporated by reference into this prospectus.

PEPL Holdings, LLC

In connection with Regency Energy Partners acquisition of Southern Union Gathering Company LLC (SUGS) in April 2013, PEPL Holdings will provide a limited contingent guarantee (on a non-recourse basis to the parent of PEPL Holdings and its affiliates (other than PEPL Holdings)) of Regency Energy Partners obligations to pay the principal of the exchange notes. See Terms of the Exchange Notes Guarantees.

Business

PEPL Holdings was formed in 2011 as a wholly owned subsidiary of Southern Union Company (Southern Union), a wholly owned subsidiary of Energy Transfer Partners, L.P. (ETP). PEPL Holdings owns all of the outstanding equity interests in Panhandle Eastern Pipe Line Company, LP (Panhandle), and such equity interests constitute the only assets of PEPL Holdings.

PEPL Holdings, through Panhandle, owns and operates a large natural gas open-access interstate pipeline network. The pipeline network, consisting of the Panhandle, Trunkline and Sea Robin transmission systems, serves customers in the Midwest, Gulf Coast and Midcontinent United States with a comprehensive array of transportation and storage services. The Panhandle transmission system consists of four large diameter pipelines extending approximately 1,300 miles from producing areas in the Anadarko Basin of Texas, Oklahoma and Kansas through Missouri, Illinois, Indiana, Ohio and into Michigan. The Trunkline transmission system consists of two large diameter pipelines extending approximately 1,400 miles from the Gulf Coast areas of Texas and Louisiana through Arkansas, Mississippi, Tennessee, Kentucky, Illinois, Indiana and into Michigan. The Sea Robin transmission system consists of two offshore Louisiana natural gas supply systems extending approximately 81 miles into the Gulf of Mexico. In connection with its natural gas pipeline transmission and storage systems, PEPL Holdings has five natural gas storage fields located in Illinois, Kansas, Louisiana, Michigan and Oklahoma. PEPL Holdings subsidiary, Pan Gas Storage, LLC (Southwest Gas), operates four of these fields, while PEPL Holdings subsidiary, Trunkline Gas Company, LLC (Trunkline), operates one. Through Trunkline LNG Company, LLC, Panhandle owns and operates a liquefied natural gas (LNG) terminal in Lake Charles, Louisiana.

Corporate Information

PEPL Holdings principal executive offices are located at 3738 Oak Lawn Avenue, Dallas, Texas 75219 and PEPL Holdings phone number is (214) 981-0700.

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The Exchange Offer

On April 30, 2013, we completed a private offering of the private notes. We entered into a registration rights agreement with the initial purchasers in the private offering in which we agreed to deliver to you this prospectus and to use commercially reasonable efforts to consummate the exchange offer no later than 365 days after the date we issued the private notes.

The following summary contains basic information about the exchange offer and the exchange notes. It does not contain all the information that may be important to you. For a complete understanding of the exchange notes, please refer to the sections of this prospectus entitled Exchange Offer and Description of the Exchange Notes.

The Exchange Offer	We are offering to exchange the exchange notes for the private notes.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2013 unless extended, in which case the expiration date will mean the latest date and time to which we extend the exchange offer.
Conditions to the Exchange Offer	The registration rights agreement does not require us to accept the private notes for exchange if the exchange offer, or the making of any exchange by a holder of the private notes, would violate any applicable law or interpretation of the staff of the SEC. The exchange offer is not conditioned on a minimum aggregate amount of private notes being tendered.
Procedures for Tendering Private Notes	To participate in the exchange offer, you must follow the procedures established by The Depository Trust Company (DTC) for tendering private notes held in book-entry form. These procedures, which we call ATOP (Automated Tender Offer Program), require that (i) the exchange agent receive, prior to the expiration date of the exchange offer, a computer generated message known as an agent s message that is transmitted through DTC s automated tender offer program, and (ii) DTC has received: your instructions to exchange your private notes; and your agreement to be bound by the terms of the letter of transmittal. For more information on tendering your private notes, please refer to the sections in this prospectus entitled Exchange Offer Terms of the Exchange Offer, Exchange Offer Procedures for Tendering, Description

	of the Exchange Notes, and Book-Entry; Delivery and Form.
Guaranteed Delivery Procedures	None.

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Withdrawal of Tenders	You may withdraw your tender of the private notes at any time prior to the expiration date. TO withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please refer to the section in this prospectus entitled Exchange Offer Withdrawal of Tenders.
Acceptance of Private Notes and Delivery of Exchange Notes	If you fulfill all conditions required for proper acceptance of the private notes, we will accept any and all private notes that you properly tender in the exchange offer on or before 5:00 p.m., New York City time, on the expiration date. We will return any private notes that we do not accept for exchange to you without expense promptly after the expiration date. Please refer to the section in this prospectus entitled Exchange Offer Terms of the Exchange Offer.
Fees and Expenses	We will bear all expenses related to the exchange offer. Please refer to the section in this prospectus entitled Exchange Offer Fees and Expenses.
Use of Proceeds	The issuance of the exchange notes will not provide us with any new proceeds. We are making the exchange offer solely to satisfy our obligations under the registration rights agreement.
Consequences of Failure to Exchange Private Notes	If you do not exchange your private notes in the exchange offer, you will no longer be able to require us to register the private notes under the Securities Act except in limited circumstances provided under the registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the private notes unless we have registered the private notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.
	In addition, after the consummation of the exchange offer, it is anticipated that the outstanding principal amount of the private notes available for trading will be significantly reduced. The reduced float may adversely affect the liquidity and market price of the private notes. A smaller outstanding principal amount of private notes available for trading may also make the price of the private notes more volatile.
Material U.S. Federal Income Tax Consequences	The exchange of notes will not be a taxable event for U.S. federal income tax purposes. For a discussion of material U.S. federal income tax considerations relating to the exchange of notes, see Material U.S.

Federal Income Tax Consequences.

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Exchange Agent	We have appointed Wells Fargo Bank, National Association, the trustee under the indenture governing the notes, as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal to the exchange agent addressed as follows: Wells Fargo Bank, N.A., MAC N9303-121, P.O. Box 1517, Minneapolis, Minnesota 55480, Attention: Corporate Trust Operations. Eligible institutions may make requests by facsimile at (612) 667-6282 and may confirm facsimile delivery by calling (800) 344-5128.

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Terms of the Exchange Notes

The summary below describes the principal terms of the exchange notes. The financial terms and covenants of the exchange notes are the same as the private notes. Some of the terms and conditions described below are subject to important limitations and exceptions. You should carefully read the Description of the Exchange Notes section of this prospectus for a more detailed description of the exchange notes.

For purposes of this section of the prospectus summary, references to Regency Energy Partners, we, us, our and ours refer only to Regency Energy Partners LP and do not include its subsidiaries.

Issuers	Regency Energy Partners LP and Regency Energy Finance Corp.
Notes Offered	$600,000,000 aggregate principal amount of 4.500% Senior Notes due 2023.
Interest	4.500% per year. Interest on the exchange notes will be payable semi-annually on May 1 and November 1 of each year, beginning on November 1, 2013.
Maturity	November 1, 2023.
Ranking	The exchange notes will be unsecured and will rank equally with all of our existing and future unsubordinated obligations, including our outstanding 6 7⁄8% Senior Notes due 2018, 6 1⁄2% Senior Notes due 2021, 5 1⁄2% Senior Notes due 2023 and 5 3⁄4% Senior Notes due 2020 (collectively, our existing senior notes). The exchange notes will be senior in right of payment to any of our future obligations that are, by their terms, expressly subordinated in right of payment to the exchange notes. The exchange notes will be effectively subordinated to our existing and future secured indebtedness, including indebtedness under our revolving credit facility, to the extent of the value of the collateral securing such obligations.
	The exchange guarantees will be unsecured and will rank equally with all of the guarantors existing and future unsubordinated obligations, including their guarantees of our existing senior notes. The exchange guarantees will be senior in right of payment to any of the guarantors future obligations that are, by their terms, expressly subordinated in right of payment to the exchange guarantees. The exchange guarantees will be effectively subordinated to the guarantors existing and future secured indebtedness, including their guarantees of indebtedness under our

revolving credit facility, to the extent of the value of the collateral securing such indebtedness.

The exchange notes and exchange guarantees will be structurally subordinated to all indebtedness and obligations of our subsidiaries that do not guarantee the exchange notes.

As of September 30, 2013, we and the guarantors had approximately $2.8 billion in principal amount of senior indebtedness outstanding

	(including the exchange notes), approximately $176 million of which was secured indebtedness under our revolving credit facility and ranked senior to the notes. As of September 30, 2013, our non-guarantor subsidiaries, Edwards Lime Gathering, LLC, ELG Oil LLC and ELG Utility LLC (collectively, the Edwards Lime Entities), did not have any indebtedness other than ordinary trade indebtedness and our unconsolidated subsidiaries, HPC, MEP, Lone Star and Ranch JV, had an aggregate of $1.3 billion of indebtedness outstanding.
Guarantees	The exchange notes will be guaranteed on a senior basis by all of our existing consolidated subsidiaries (except the co-issuer and the Edwards Lime Entities) and certain of our future subsidiaries.
	In connection with our acquisition of SUGS in April 2013, PEPL Holdings will provide a limited contingent guarantee (on a non-recourse basis to Southern Union and its affiliates (other than PEPL Holdings)) of our obligations to pay the principal of the exchange notes (the PEPL limited guarantee). Under the PEPL limited guarantee, PEPL Holdings would generally not have any obligation to make principal payments with respect to the exchange notes unless and until all remedies, including in the context of bankruptcy proceedings, have first been fully exhausted against us with respect to such payment obligations, and holders of exchange notes are still owed amounts in respect of the principal of the exchange notes. See Description of the Exchange Notes Note Guarantees.
	Any references in this prospectus to guarantors or guarantees exclude PEPL Holdings and the PEPL limited guarantee, respectively.
Optional Redemption	At any time prior to August 1, 2023, we may redeem some or all of the exchange notes at a redemption price equal to 100% of the principal amount thereof plus a make-whole premium, plus accrued and unpaid interest, if any, to the redemption date. On or after August 1, 2023, we may redeem some or all of the exchange notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon, if any.
Change of Control	Upon the occurrence of a change of control event, which occurrence (other than one involving the adoption of a plan relating to liquidation or dissolution) is followed by a ratings decline within 90 days of the consummation of the transaction, we must offer to repurchase the exchange notes at 101% of the principal amount of the notes repurchased, plus accrued and unpaid interest, if any, to the date of

repurchase. A ratings decline is defined as a decrease in the rating of the notes by both Moody s Investors Service, Inc. (Moody s) and Standard & Poor s Ratings Services (Standard & Poor s) by one or more gradations of the notes. See Description of the Exchange Notes Repurchase at the Option of Holders Change of Control.

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We may not have enough funds available at the time of a change of control to make any required debt payment (including repurchases of the notes).

Our ability to purchase the notes upon a change of control will be limited by the terms of our debt agreements, including our revolving credit facility. We cannot assure you that we will have the financial resources to purchase the notes in such circumstances.

Certain Covenants

The indenture governing the exchange notes contains covenants limiting, among other things, our ability and the ability of certain of our subsidiaries to:

- incur additional indebtedness;
- pay distributions on, or repurchase or redeem our equity interests;
- make certain investments;
- incur liens;
- enter into certain types of transactions with our affiliates; and
- sell assets or consolidate or merge with or into other companies.

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

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

No Public Market

The exchange notes are a series of securities for which there is currently no established trading market. As a result, a liquid market for the

	exchange notes may not be available if you try to sell your exchange notes. We do not intend to apply for a listing of the exchange notes on any securities exchange or any automated dealer quotation system.
Risk Factors	Investing in the exchange notes involves risks. See Risk Factors beginning on page 9 for a discussion of certain factors you should consider in evaluating an investment in the exchange notes.

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RISK FACTORS

You should carefully consider the following risk factors and the risk factors identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and in our Quarterly Reports on Form 10-Q for the quarter ended September 30, 2013 incorporated herein by reference, as well as all other information contained or incorporated by reference in this prospectus, before participating in the exchange offer.

Risks Related to the Notes

If you do not properly tender your private notes, you will continue to hold unregistered private notes and your ability to transfer private notes will be adversely affected.

We will only issue exchange notes in exchange for private notes that are timely received by the exchange agent. Therefore, you should allow sufficient time to ensure timely delivery of the private notes and you should carefully follow the instructions on how to tender your private notes. Neither we nor the exchange agent is required to tell you of any defects or irregularities with respect to your tender of the private notes. If you do not tender your private notes or if we do not accept your private notes because you did not tender your private notes properly, then, after we consummate the exchange offer, you may continue to hold private notes that are subject to transfer restrictions. In addition, if you tender your private notes for the purpose of participating in a distribution of the exchange notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. If you are a broker-dealer that receives exchange notes for your own account in exchange for private notes that you acquired as a result of market-making activities or any other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of such exchange notes.

After the exchange offer is consummated, if you continue to hold any private notes, you may have difficulty selling them because there will be fewer private notes outstanding. In addition, if a large amount of private notes are not tendered or are tendered improperly, the limited amount of exchange notes that would be issued and outstanding after we consummate the exchange offer could lower the market price of such exchange notes.

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

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

Additionally, the ability of certain of our unconsolidated subsidiaries, including HPC, MEP, Lone Star and Ranch JV, to make distributions to us may be restricted by, among other things, the terms of each such entity s partnership or limited liability company agreement, as applicable, and any debt instruments entered into by such entity, as well as applicable state partnership or limited liability company laws and other laws and regulations. We are not able to

control the amounts of cash that HPC, MEP, Lone Star or Ranch JV may distribute to us. Specifically, cash distributions from HPC require the approval of at least 75% of the votes entitled to be cast by HPC s management committee members. The management committee consists of four members, with each partner appointing one member and each member having a vote equal to the sharing ratio of the partner that

appointed such member. In addition to our vote, under a voting agreement we also have the vote of one other member. Additionally, under MEP s limited liability company agreement, MEP s board of directors determines the amount of available cash to be distributed to MEP s members. MEP s board of directors consists of three members, with each member appointing one member, and decisions relating to available cash require the approval of directors appointed by members collectively holding 65% or more of MEP s membership interests. Lone Star s board of directors also determines the amount of available cash to be distributed to Lone Star s members. The Lone Star board consists of two members, one appointed by us and one appointed by ETP, and decisions relating to available cash require the unanimous consent of the board. Ranch JV is managed by a three-manager board, with each member appointing a manager who has a 33 ⅓% sharing ratio. The amount of available cash to be distributed to Ranch JV s members requires the affirmative vote of board members collectively holding a sharing ratio exceeding 50%.

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

The notes are effectively subordinated to claims of our secured creditors and the guarantees are effectively subordinated to the claims of our and the guarantors secured creditors, including the lenders under our revolving credit facility. As of September 30, 2013, we and the guarantors had approximately $2.8 billion in principal amount of senior indebtedness outstanding (including the notes), approximately $176 million of which was secured indebtedness under our revolving credit facility and ranked effectively senior to the notes. Further, although PEPL Holdings will provide the PEPL limited guarantee, under the terms of such guarantee, PEPL Holdings will generally not have any obligation to make payments with respect to the notes unless and until all remedies, including in the context of bankruptcy proceedings, have first been fully exhausted against us with respect to such payment obligations, and holders of the notes are still owed amounts in respect of the principal of the notes.

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

Although substantially all of our consolidated subsidiaries guarantee the notes, in the future the guarantees are subject to release under certain circumstances. Further, certain of our subsidiaries, including the Edwards Lime Entities, do not guarantee the notes. Our unconsolidated subsidiaries, HPC, MEP, Lone Star and Ranch JV, do not qualify as a Subsidiary for purposes of the indenture governing the notes, and therefore, do not guarantee the notes. The notes are structurally subordinated to the claims of all creditors, including unsecured indebtedness, trade creditors and tort claimants, of our non-guarantor subsidiaries. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of a non-guarantor subsidiary, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the notes. As of September 30, 2013, the Edwards Lime Entities did not have any indebtedness other than ordinary trade indebtedness and our unconsolidated subsidiaries, HPC, MEP, Lone Star and Ranch JV, had an aggregate of $1.3 billion of indebtedness outstanding.

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

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

necessary or appropriate:

to provide for the proper conduct of our business and the businesses of our operating partnership (including reserves for future capital expenditures and for our anticipated future credit needs);

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- to provide funds for distributions to our unitholders and the general partner for any one or more of the next four calendar quarters; or

- to comply with applicable law or any of our loan or other agreements, including the indentures governing the notes and existing senior notes and our revolving credit facility.

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

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

Our leverage is significant in relation to our partners capital. As of September 30, 2013, our total outstanding long-term debt was approximately $3.0 billion. We will be prohibited from making cash distributions during an event of default under any of our debt agreements. Various limitations in our revolving credit facility, as well as the indentures for the notes and existing senior notes, may reduce our ability to incur additional debt, to engage in some transactions and to capitalize on business opportunities. Any subsequent refinancing of our current indebtedness or any new indebtedness could have similar or greater restrictions. As of September 30, 2013, we had approximately $1.0 billion of availability under our revolving credit facility.

Our leverage could have important consequences to investors in the notes. We require substantial cash flow to meet our principal and interest obligations with respect to the notes and our other indebtedness. Our ability to make scheduled payments, to refinance our obligations with respect to our indebtedness or our ability to obtain additional financing in the future will depend on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors. We believe that we will have sufficient cash flow from operations and available borrowings under our revolving credit facility to service our indebtedness. However, a significant downturn in our business and the midstream sector of the natural gas industry or other development adversely affecting our cash flow could materially impair our ability to service our indebtedness. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to refinance all or a portion of our debt or sell assets. We cannot assure you that we would be able to refinance our existing indebtedness or sell assets on terms that are commercially reasonable.

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

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

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

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

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

that subsidiary did not receive fair consideration or reasonably equivalent value for issuing the guarantee and, at the time it issued the guarantee, that subsidiary:

was insolvent or rendered insolvent by reason of the issuance of the guarantee;

was engaged or about to engage in a business or transaction for which the remaining assets of that subsidiary constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

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

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

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

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

We reimburse our general partner and its affiliates for all expenses they incur on our behalf. These expenses include all costs incurred by our general partner and its affiliates in managing and operating us, including costs for rendering corporate staff and support services to us. In addition, we are a party to a services agreement with ETE and its affiliate, ETE Services Company, LLC (ETE Services), pursuant to which ETE Services provides certain general and administrative services to us and our general partner. Although ETE has agreed to eliminate

the $10 million annual management fee paid by us for two years following the closing of our acquisition of SUGS, our obligation to make this payment will resume following such time. We are also party to an operation and service agreement with our general partner, our subsidiary, Regency Gas Services LP, and an affiliate of ETP, La Grange Acquisition, L.P. d/b/a Energy Transfer Company (ETC), pursuant to which ETC performs certain operations, maintenance and related services reasonably required to operate and maintain certain of our facilities. The reimbursement of expenses of our general partner and its affiliates, as well as our payments under the services agreement with ETE Services and the operation and service agreement with ETC, will reduce our cash available for debt service.

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

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

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

In recent years, the credit markets have experienced 50-year record lows in interest rates. If the overall economy should begin to strengthen, monetary policy may tighten, resulting in higher interest rates to counter possible inflation. The interest rate on all of the notes is fixed, and the rate on loans outstanding under our revolving credit facility bears interest at a floating rate, a portion of which we have converted to a fixed rate through the use of interest rate swaps. Additionally, interest rates on future credit facilities and notes could be higher than current levels, causing our financing costs to increase accordingly. As with other yield-oriented securities, the market price for our common units will be affected by the level of our cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our common units, and a rising interest rate environment could have an adverse effect on the market price of our common units and our ability to issue additional common units, in order to make acquisitions or reduce debt or for other purposes.

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

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

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

Many of the covenants in the indenture governing the notes (including those that restrict our ability to pay distributions, incur debt and to enter into certain other transactions) will no longer apply to us if the notes are

rated investment grade by both Moody s and Standard & Poor s, provided at such time no default or event of default has occurred and is continuing. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, that the notes will maintain these ratings. However, termination of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. See Description of the Exchange Notes Certain Covenants Termination of Covenants.

Risks Related to PEPL Holdings

Panhandle has substantial debt and may not be able to obtain funding or obtain funding on acceptable terms because of deterioration in the credit and capital markets. This may hinder or prevent Panhandle, and thus PEPL Holdings, from meeting its future capital needs.

Panhandle has a significant amount of debt outstanding. As of September 30, 2013, consolidated debt on the consolidated balance sheets totaled $1.03 billion outstanding, compared to total capitalization (long- and short-term debt plus partners capital) of $5.22 billion.

Covenants exist in certain of Panhandle s debt agreements that require Panhandle to maintain a fixed charge coverage ratio, a leverage ratio and to meet certain ratios of earnings before depreciation, interest and taxes to cash interest expense. A failure by Panhandle to satisfy any such covenant would give rise to an event of default under the associated debt, which could become immediately due and payable if Panhandle did not cure such default within any permitted cure period or if Panhandle did not obtain amendments, consents or waivers from its lenders with respect to such covenants. Any such acceleration or inability to borrow could cause a material adverse change in Panhandle s financial condition.

Panhandle relies on access to both short- and long-term credit as a significant source of liquidity for capital requirements not satisfied by the cash flow from its operations. Deterioration in Panhandle s financial condition could hamper its ability to access the capital markets.

Global financial markets and economic conditions have been, and may continue to be, disrupted and volatile. The current weak economic conditions have made, and may continue to make, obtaining funding more difficult.

Due to these factors, Panhandle cannot be certain that funding will be available if needed and, to the extent required, on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, Panhandle may be unable to grow its existing business, complete acquisitions, refinance its debt or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on Panhandle s and PEPL Holdings revenues and results of operations.

Further, in order for Panhandle to receive equity contributions or loans from its parent, Southern Union, certain state regulatory approvals are required. This may limit Panhandle s overall access to sources of capital otherwise available. Restrictions on Panhandle s ability to access capital markets could affect its ability to execute its business plan or limit its ability to pursue improvements or acquisitions on which it may otherwise rely for future growth.

Credit ratings downgrades could increase Panhandle s financing costs and limit its ability to access the capital markets.

Panhandle is not party to any lending agreement that would accelerate the maturity date of any obligation due to a failure to maintain any specific credit rating, nor would a reduction in any credit rating, by itself, cause an event of default under any of Panhandle s lending agreements. However, if its current credit ratings were downgraded below

investment grade, Panhandle could be negatively impacted as follows:

- borrowing costs associated with existing debt obligations could increase in the event of a credit rating downgrade;

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- the costs of refinancing debt that is maturing or any new debt issuances could increase due to a credit rating downgrade; and

- the Federal Energy Regulatory Commission (FERC) may be unwilling to allow Panhandle to pass along increased debt service costs to natural gas customers.

Panhandle s credit rating can be impacted by the credit rating and activities of its parent company, Southern Union. Thus, adverse impacts to Southern Union and its activities, which may include activities unrelated to Panhandle or PEPL Holdings, may have adverse impacts on Panhandle s credit rating and financing and operating costs that could adversely affect PEPL Holdings financial condition, results of operations and cash flow.

The financial soundness of PEPL Holdings customers could affect PEPL Holdings business and operating results and PEPL Holdings credit risk management may not be adequate to protect against customer risk.

As a result of macroeconomic challenges that have impacted the economy of the United States and other parts of the world, PEPL Holdings customers may experience cash flow concerns. As a result, if customers operating and financial performance deteriorates, or if they are unable to make scheduled payments or obtain credit, customers may not be able to pay, or may delay payment of, accounts receivable owed to PEPL Holdings. PEPL Holdings credit procedures and policies may not be adequate to fully eliminate customer credit risk. In addition, in certain situations, PEPL Holdings may assume certain additional credit risks for competitive reasons or otherwise. Any inability of PEPL Holdings customers to pay for services could adversely affect PEPL Holdings financial condition, results of operations and cash flows.

PEPL Holdings is controlled by ETP Holdco Corporation (ETP Holdco).

PEPL Holdings is an indirect wholly owned subsidiary of ETP Holdco, which is owned and controlled by ETP. ETP executives serve as the board of managers and as executive officers of PEPL Holdings. Accordingly, ETP Holdco controls and directs all of PEPL Holdings business affairs, decides all matters submitted for member approval and may unilaterally effect changes to its management team. In circumstances involving a conflict of interest between ETP Holdco, on the one hand, and PEPL Holdings creditors, on the other hand, PEPL Holdings can give no assurance that ETP Holdco would not exercise its power to control PEPL Holdings in a manner that would benefit ETP Holdco to the detriment of PEPL Holdings creditors.

Some of PEPL Holdings executive officers and directors face potential conflicts of interest in managing PEPL Holdings business.

Certain of PEPL Holdings executive officers and directors are also officers and/or directors of ETE and/or ETP. These relationships may create conflicts of interest regarding corporate opportunities and other matters. The resolution of any such conflicts may not always be in PEPL Holdings best interests. In addition, these overlapping executive officers and directors allocate their time among PEPL Holdings and ETE and/or ETP. These officers and directors face potential conflicts regarding the allocation of their time, which may adversely affect PEPL Holdings business, results of operations and financial condition.

PEPL Holdings affiliates may compete with PEPL Holdings.

PEPL Holdings affiliates and related parties are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with PEPL Holdings.

PEPL Holdings is subject to operating risks.

PEPL Holdings operations are subject to all operating hazards and risks incident to handling, storing, transporting and providing customers with natural gas, including adverse weather conditions, explosions,

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pollution, release of toxic substances, fires and other hazards, each of which could result in damage to or destruction of its facilities or damage to persons and property. If any of these events were to occur, PEPL Holdings could suffer substantial losses. Moreover, as a result, PEPL Holdings has been, and likely will be, a defendant in legal proceedings and litigation arising in the ordinary course of business. While PEPL Holdings maintains insurance against many of these risks to the extent and in amounts that it believes are reasonable, PEPL Holdings insurance coverages have significant deductibles and self-insurance levels, limits on maximum recovery, and do not cover all risks. There is also the risk that the coverages will change over time in light of increased premiums or changes in the terms of the insurance coverages that could result in PEPL Holdings decision to either terminate certain coverages, increase deductibles and self-insurance levels, or decrease maximum recoveries. In addition, there is a risk that the insurers may default on their coverage obligations. As a result, PEPL Holdings results of operations, cash flows or financial condition could be adversely affected if a significant event occurs that is not fully covered by insurance.

Terrorist attacks, such as the attacks that occurred on September 11, 2001, have resulted in increased costs, and the consequences of terrorism may adversely impact PEPL Holdings results of operations.

The impact that terrorist attacks, such as the attacks of September 11, 2001, may have on the energy industry in general, and on PEPL Holdings in particular, is not known at this time. Uncertainty surrounding military activity may affect PEPL Holdings operations in unpredictable ways, including disruptions of fuel supplies and markets and the possibility that infrastructure facilities, including pipelines, LNG facilities, gathering facilities and processing plants, could be direct targets of, or indirect casualties of, an act of terror or a retaliatory strike. PEPL Holdings may have to incur significant additional costs in the future to safeguard its physical assets.

PEPL Holdings may incur significant costs and liabilities as a result of pipeline integrity management program testing and any related pipeline repair, or preventative or remedial measures, as well as any future legislative and regulatory initiatives related to pipeline safety.

The U.S. Department of Transportation (DOT) has adopted regulations requiring pipeline operators to develop integrity management programs for transportation pipelines and certain gathering lines located where a leak or rupture could do the most harm in high consequence areas. The regulations require operators to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a high consequence area;
- improve data collection, integration and analysis;
- repair and remediate the pipeline as necessary; and
- implement preventive and mitigating actions.

In addition, states have adopted regulations similar to existing DOT regulations for intrastate gathering and transmission lines.

The DOT is continually proposing new pipeline safety rules and issuing pipeline safety advisories that impact our businesses. Additionally, Congress has been engaged in developing more stringent safety laws.

On January 3, 2012, the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, became effective. The law requires more stringent oversight of pipelines and increased civil penalties for violations of pipeline safety rules. The law requires numerous studies and/or the development of rules over the next two years covering the expansion of integrity management, use of automatic and remote-controlled shut-off valves, leak detection systems, sufficiency of existing regulation of gathering pipelines, use of excess flow valves,

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verification of maximum allowable operating pressure, incident notification, and other pipeline-safety related rules. The DOT has already sought comments on potential rules that address many areas of the newly adopted legislation. Any regulatory changes could have a material effect on PEPL Holdings operations through more stringent and comprehensive safety regulations, increased costs and higher penalties for the violation of those regulations.

The success of the pipeline business depends, in part, on factors beyond PEPL Holdings control.

Third parties own most of the natural gas transported and stored through the pipeline systems operated by PEPL Holdings. As a result, the volume of natural gas transported and stored depends on the actions of those third parties and is beyond PEPL Holdings control. Further, other factors beyond PEPL Holdings and those third parties control may unfavorably impact PEPL Holdings ability to maintain or increase current transmission and storage rates, to renegotiate existing contracts as they expire or to remarket unsubscribed capacity. High utilization of contracted capacity by firm customers reduces capacity available for interruptible transportation and parking services.

The expansion of PEPL Holdings pipeline systems by constructing new facilities subjects PEPL Holdings to construction and other risks that may adversely affect the financial results of the pipeline businesses.

PEPL Holdings may expand the capacity of its existing pipeline, storage and liquefied facilities by constructing additional facilities. Construction of these facilities is subject to various regulatory, development and operational risks, including:

- PEPL Holdings ability to obtain necessary approvals and permits from FERC and other regulatory agencies on a timely basis and on terms that are acceptable to it;

- the ability to access sufficient capital at reasonable rates to fund expansion projects, especially in periods of prolonged economic decline when PEPL Holdings may be unable to access capital markets;

- the availability of skilled labor, equipment, and materials to complete expansion projects;

- adverse weather conditions;

- potential changes in federal, state and local statutes, regulations, and orders, including environmental requirements that delay or prevent a project from proceeding or increase the anticipated cost of the project;

- impediments on PEPL Holdings ability to acquire rights-of-way or land rights or to commence and complete construction on a timely basis or on terms that are acceptable to it;

- PEPL Holdings ability to construct projects within anticipated costs, including the risk that the PEPL Holdings may incur cost overruns, resulting from inflation or increased costs of equipment, materials, labor, contractor productivity, delays in construction or other factors beyond its control, that PEPL Holdings may

not be able to recover from its customers;

the lack of future growth in natural gas supply and/or demand; and

the lack of transportation, storage and throughput commitments.

Any of these risks could prevent a project from proceeding, delay its completion or increase its anticipated costs. There is also the risk that a downturn in the economy and its potential negative impact on natural gas demand may result in either slower development in PEPL Holdings expansion projects or adjustments in the contractual commitments supporting such projects. As a result, new facilities could be delayed or may not achieve PEPL Holdings expected investment return, which may adversely affect PEPL Holdings business, financial condition, results of operations and cash flows.

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The inability to continue to access lands owned by third parties could adversely affect PEPL Holdings ability to operate and/or expand its pipeline and gathering and processing businesses.

The ability of PEPL Holdings to operate in certain geographic areas will depend on its success in maintaining existing rights-of-way and obtaining new rights-of-way. Securing additional rights-of-way is also critical to PEPL Holdings ability to pursue expansion projects. Even though PEPL Holdings generally has the right of eminent domain, PEPL Holdings cannot assure that it will be able to acquire all of the necessary new rights-of-way or maintain access to existing rights-of-way upon the expiration of the current rights-of-way or that all of the rights-of-way will be obtainable in a timely fashion. PEPL Holdings financial position could be adversely affected if the costs of new or extended rights-of-way materially increase or PEPL Holdings is unable to obtain or extend the rights-of-way timely.

Federal, state and local jurisdictions may challenge PEPL Holdings tax return positions.

The positions taken by PEPL Holdings and Southern Union in their tax return filings require significant judgment, use of estimates, and the interpretation and application of complex tax laws. Significant judgment is also required in assessing the timing and amounts of deductible and taxable items. Despite management s belief that PEPL Holdings tax return positions are fully supportable, certain positions may be challenged successfully by federal, state and local jurisdictions.

PEPL Holdings is subject to extensive federal, state and local laws and regulations regulating the environmental aspects of its business that may increase its costs of operations, expose it to environmental liabilities and require it to make material unbudgeted expenditures.

PEPL Holdings is subject to extensive federal, state and local laws and regulations regulating the environmental aspects of its business (including air emissions), which are complex, change from time to time and have tended to become increasingly strict. These laws and regulations have necessitated, and in the future may necessitate, increased capital expenditures and operating costs. In addition, certain environmental laws may result in liability without regard to fault concerning contamination at a broad range of properties, including currently or formerly owned, leased or operated properties and properties where PEPL Holdings disposed of, or arranged for the disposal of, waste.

PEPL Holdings is currently monitoring or remediating contamination at several of its facilities and at waste disposal sites pursuant to environmental laws and regulations and indemnification agreements. PEPL Holdings cannot predict with certainty the sites for which it may be responsible, the amount of resulting cleanup obligations that may be imposed on it or the amount and timing of future expenditures related to environmental remediation because of the difficulty of estimating cleanup costs and the uncertainty of payment by other potentially responsible parties.

Costs and obligations also can arise from claims for toxic torts and natural resource damages or from releases of hazardous materials on other properties as a result of ongoing operations or disposal of waste. Compliance with amended, new or more stringently enforced existing environmental requirements, or the future discovery of contamination, may require material unbudgeted expenditures. These costs or expenditures could have a material adverse effect on PEPL Holdings business, financial condition, results of operations or cash flows, particularly if such costs or expenditures are not fully recoverable from insurance or through the rates charged to customers or if they exceed any amounts that have been reserved.

An impairment of goodwill and intangible assets could reduce PEPL Holdings earnings.

As of September 30, 2013, PEPL Holdings consolidated balance sheet reflected $1.79 billion of goodwill. Goodwill is recorded when the purchase price of a business exceeds the fair value of the tangible and separately measurable

intangible net assets. Accounting principles generally accepted in the United States require PEPL Holdings to test goodwill for impairment on an annual basis or when events or circumstances occur,

indicating that goodwill might be impaired. Long-lived assets such as intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If PEPL Holdings determines that any of its goodwill or intangible assets were impaired, PEPL Holdings would be required to take an immediate charge to earnings with a correlative effect on partners capital and balance sheet leverage as measured by debt to total capitalization.

The use of derivative financial instruments could result in material financial losses by PEPL Holdings.

From time to time, PEPL Holdings has sought to reduce its exposure to fluctuations in commodity prices and interest rates by using derivative financial instruments and other risk management mechanisms and by its trading, marketing and/or system optimization activities. To the extent that PEPL Holdings hedges its commodity price and interest rate exposures, PEPL Holdings forgoes the benefits it would otherwise experience if commodity prices or interest rates were to change in its favor.

The accounting standards regarding hedge accounting are very complex, and even when PEPL Holdings engages in hedging transactions that are effective economically (whether to mitigate its exposure to fluctuations in commodity prices, or to balance its exposure to fixed and variable interest rates), these transactions may not be considered effective for accounting purposes. Accordingly, PEPL Holdings consolidated financial statements may reflect some volatility due to these hedges, even when there is no underlying economic impact at that point. It is also not always possible for PEPL Holdings to engage in a hedging transaction that completely mitigates its exposure to commodity prices. PEPL Holdings consolidated financial statements may reflect a gain or loss arising from an exposure to commodity prices for which PEPL Holdings is unable to enter into a completely effective hedge.

In addition, even though monitored by management, PEPL Holdings derivatives activities can result in losses. Such losses could occur under various circumstances, including if a counterparty does not perform its obligations under the derivative arrangement, the hedge is imperfect, commodity prices move unfavorably related to PEPL Holdings physical or financial positions or hedging policies and procedures are not followed.

The adoption of the Dodd-Frank Act could have an adverse effect on PEPL Holdings ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with its business, resulting in its operations becoming more volatile and its cash flows less predictable.

Congress has adopted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), a comprehensive financial reform legislation that establishes federal oversight and regulation of the over-the-counter derivatives market and entities, such as PEPL Holdings, that participate in that market. The legislation was signed into law by President Obama on July 21, 2010 and requires the U.S. Commodity Futures Trading Commission (CFTC), the SEC and other regulators to promulgate rules and regulations implementing the new legislation. While certain regulations have been promulgated and are already in effect, the rulemaking and implementation process is still ongoing, and PEPL Holdings cannot yet predict the ultimate effect of the rules and regulations on its business.

The Dodd-Frank Act expanded the types of entities that are required to register with the CFTC and the SEC as a result of their activities in the derivatives markets or otherwise become specifically qualified to enter into derivatives contracts. PEPL Holdings will be required to assess its activities in the derivatives markets, and to monitor such activities on an ongoing basis, to ascertain and to identify any potential change in its regulatory status.

Reporting and recordkeeping requirements also could significantly increase operating costs and expose PEPL Holdings to penalties for non-compliance. Certain CFTC recordkeeping requirements became effective on October 14, 2010, and additional recordkeeping requirements were phased in through April 2013. Beginning on December 31,

2012, certain CFTC reporting rules became effective, and additional reporting requirements will

be phased in through October 2013. These additional recordkeeping and reporting requirements may require additional compliance resources. Added public transparency as a result of the reporting rules may also have a negative effect on market liquidity which could also negatively impact commodity prices and PEPL Holdings ability to hedge.

The CFTC has also issued regulations to set position limits for certain futures and option contracts in the major energy markets and for swaps that are their economic equivalents. The CFTC s position limits rules were to become effective on October 12, 2012, but a United States District Court vacated and remanded the position limits rules to the CFTC. The CFTC has appealed that ruling and may propose a new position limits rule in the near future. It is uncertain at this time whether, when, and to what extent the CFTC s position limits rules will become effective.

The new regulations may also require PEPL Holdings to comply with certain margin requirements for its over-the-counter derivative contracts with certain CFTC- or SEC-registered entities that could require it to enter into credit support documentation and/or post significant amounts of cash collateral, which could adversely affect its liquidity and ability to use derivatives to hedge its commercial price risk; however, the proposed margin rules are not yet final and therefore the application of those provisions to PEPL Holdings is uncertain at this time. The financial reform legislation may also require the counterparties to PEPL Holdings derivative instruments to spin off some of their derivatives activities to a separate entity, which may not be as creditworthy as the current counterparty.

The new legislation also requires that certain derivative instruments be centrally cleared and executed through an exchange or other approved trading platform. Mandatory exchange trading and clearing requirements could result in increased costs in the form of additional margin requirements imposed by clearing organizations. On December 13, 2012, the CFTC published final rules regarding mandatory clearing of certain interest rate swaps and certain index credit default swaps and setting compliance dates for different categories of market participants, the earliest of which was March 11, 2013. The CFTC has not yet proposed any rules requiring the clearing of any other classes of swaps, including physical commodity swaps. Although there may be an exception to the mandatory exchange trading and clearing requirement that applies to PEPL Holdings trading activities, PEPL Holdings must obtain approval from its board of directors and make certain filings in order to rely on this exception. In addition, mandatory clearing requirements applicable to other market participants, such as swap dealers, may change the cost and availability of the swaps that PEPL Holdings uses for hedging.

Rules promulgated under the Dodd-Frank Act further defined forwards as well as instances where forwards may become swaps. Because the CFTC rules, interpretations, no-action letters, and case law are still developing, it is possible that some arrangements that previously qualified as forwards or energy service contracts may fall in the regulatory category of swaps or options. In addition, the CFTC s rules applicable to trade options may further impose burdens on PEPL Holdings ability to conduct its traditional hedging operations and could become subject to CFTC investigations in the future.

The new legislation and any new regulations could significantly increase the cost of derivative contracts (including through restrictions on the types of collateral PEPL Holdings is required to post), materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks PEPL Holdings encounters, reduce PEPL Holdings ability to monetize or restructure existing derivative contracts, and increase PEPL Holdings exposure to less creditworthy counterparties. If PEPL Holdings reduces its use of derivatives as a result of the legislation and regulations, its results of operations may become more volatile and its cash flows may be less predictable. Finally, if PEPL Holdings fails to comply with applicable laws, rules or regulations, it may be subject to fines, cease-and-desist orders, civil and criminal penalties or other sanctions.

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PEPL Holdings business could be affected adversely by union disputes and strikes or work stoppages by its unionized employees.

As of September 30, 2013, approximately 213 of Panhandle s 1,131 employees were represented by collective bargaining units under collective bargaining agreements. Any future work stoppage could, depending on the affected operations and the length of the work stoppage, have a material adverse effect on PEPL Holdings business, financial position, results of operations or cash flows.

PEPL Holdings is subject to risks associated with climate change.

It has been advanced that emissions of greenhouse gases (GHGs) are linked to climate change. Climate change and the costs that may be associated with its impact and the regulation of GHGs have the potential to affect PEPL Holdings business in many ways, including negatively impacting (i) the costs it incurs in providing its products and services, including costs to operate and maintain its facilities, install new emission controls on its facilities, acquire allowances to authorize its GHG emissions, pay any taxes related to GHG emissions, administer and manage a GHG emissions program, pay higher insurance premiums or accept greater risk of loss in areas affected by adverse weather and coastal regions in the event of rising sea levels, (ii) the demand for and consumption of its products and services (due to change in both costs and weather patterns), and (iii) the economic health of the regions in which it operates, all of which could have a material adverse effect on PEPL Holdings business, financial condition, results of operations and cash flows.

Federal regulatory initiatives relating to hydraulic fracturing could result in increased capital expenditures and operating costs, which may be significant.

Certain of our customers natural gas is developed from formations requiring hydraulic fracturing as part of the completion process. Fracturing is a process where water, sand, and chemicals are injected under pressure into subsurface formations to stimulate production. On April 17, 2012, the United States Environmental Protection Agency (the EPA) issued final rules that would establish new air emission controls for natural gas production and processing operations. Specifically, the EPA s proposed rule package includes New Source Performance Standards (NSPS) to address emissions of sulfur dioxide and volatile organic compounds (VOCs), and a separate set of emission standards to address hazardous air pollutants frequently associated with natural gas production and processing activities. The final rule will require the reduction of VOC emissions from natural gas production facilities by mandating the use of green completions for hydraulic fracturing by January 2015, which requires the operator to recover rather than vent the gas and NGLs that come to the surface during completion of the fracturing process. The rules also establish specific requirements regarding emissions from compressors, dehydrators, storage tanks and other production equipment. In addition, the rules establish new leak detection requirements for natural gas processing plants. However, in October 2012, several challenges to the EPA s rules were filed. In a January 16, 2013 unopposed motion to hold this litigation in abeyance, the EPA indicated that it may reconsider some aspects of the rules. Depending on the outcome of such proceedings, the rules may be modified or rescinded or the EPA may issue new rules. Additionally, on December 11, 2012, seven states submitted a notice of intent to sue the EPA to compel the agency to make a determination as to whether standards or performance limiting methane emissions from oil and gas sources is appropriate and if so, to promulgate performance standards for methane emissions from existing oil and gas sources. These rules will require PEPL Holdings to modify certain of its operations, including the possible installation of new equipment. Compliance with such rules will be required within three years of their effective date, and it could result in significant costs, including increased capital expenditures and operating costs, which may adversely impact PEPL Holdings business.

In addition, the U.S. Department of the Interior published a revised proposed rule on May 24, 2013 that would implement updated requirements for hydraulic fracturing activities on federal lands, including new requirements relating to public disclosure, well bore integrity and handling of flowback water. The opportunity for the public to comment on the revised proposed rule lapsed on August 23, 2013; therefore, the Department of Interior finalization of the revised proposed rule is not expected for some time.

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Climate change legislation or regulations restricting emissions of GHGs could result in increased operating costs and reduced demand for the natural gas that we transport, store or otherwise handle.

In December 2009, the EPA determined that emissions of carbon dioxide, methane and other GHGs present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the earth s atmosphere and other climatic changes. Based on these findings, the EPA has begun adopting and implementing regulations to restrict emissions of GHGs under existing provisions of the federal Clean Air Act. The EPA has recently adopted rules regulating GHG emissions under the Clean Air Act, one of which requires a reduction in emissions of GHGs from motor vehicles and another which regulates emissions of GHGs from certain large stationary sources, effective January 2, 2011. In November 2011, the EPA also adopted rules requiring companies with facilities that emit over 25,000 metric tons or more of carbon dioxide to report their GHG emissions to the EPA by September 30, 2012, a requirement with which PEPL Holdings timely complied.

In addition, the United States Congress has from time to time considered adopting legislation to reduce emissions of GHGs and almost one-half of the states have already taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Most of these cap and trade programs work by requiring major sources of emissions, such as electric power plants, or major producers of fuels, such as refineries and gas processing plants, to acquire and surrender emission allowances. The number of allowances available for purchase may be reduced over time in an effort to achieve the overall GHG emission reduction goal.

The adoption of legislation or regulatory programs to reduce emissions of GHGs could require PEPL Holdings to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory or reporting requirements. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, natural gas, NGLs, crude oil and refined products. Consequently, legislation and regulatory programs to reduce emissions of GHGs could have an adverse effect on PEPL Holdings business, financial condition and results of operations.

Some have suggested that one consequence of climate change could be increased severity of extreme weather, such as increased hurricanes and floods. If such effects were to occur, PEPL Holdings operations could be adversely affected in various ways, including damages to its facilities from powerful winds or rising waters, or increased costs for insurance. Another possible consequence of climate change is increased volatility in seasonal temperatures. The market for PEPL Holdings fuels is generally improved by periods of colder weather and impaired by periods of warmer weather, so any changes in climate could affect the market for the fuels that PEPL Holdings produces. Despite the use of the term global warming as a shorthand for climate change, some studies indicate that climate change could cause some areas to experience temperatures substantially colder than their historical averages. As a result, it is difficult to predict how the market for PEPL Holdings fuels could be affected by increased temperature volatility, although if there is an overall trend of warmer temperatures, it would be expected to have an adverse effect on PEPL Holdings business.

PEPL Holdings is subject to risks resulting from the moratorium in 2010 on and the resulting increased costs of offshore deepwater drilling.

The United States Department of Interior (the DOI) implemented a six-month moratorium on offshore drilling in water deeper than 500 feet in response to the blowout and explosion on April 20, 2010 at the British Petroleum Plc deepwater well in the Gulf of Mexico. The offshore drilling moratorium was implemented to permit the DOI to review the safety protocols and procedures used by offshore drilling companies, which review will enable the DOI to recommend enhanced safety and training needs for offshore drilling companies. The moratorium was lifted in October

2010. Additionally, the United States Bureau of Ocean Energy Management (formerly the United States Mineral Management Service) has been fundamentally restructured by the DOI with the intent of providing enhanced oversight of onshore and offshore drilling operations for regulatory compliance

enforcement, energy development and revenue collection. Certain enhanced regulatory mandates have been enacted with additional regulatory mandates expected. The new regulatory requirements will increase the cost of offshore drilling and production operations. The increased regulations and cost of drilling operations could result in decreased drilling activity in the areas serviced by PEPL Holdings. Furthermore, the imposed moratorium did result in some offshore drilling companies relocating their offshore drilling operations for currently indeterminable periods of time to regions outside of the United States. Business decisions to not drill in the areas serviced by PEPL Holdings resulting from the increased regulations and costs could result in a reduction in the future development and production of natural gas reserves in the vicinity of PEPL Holdings facilities, which could adversely affect PEPL Holdings business, financial condition, results of operations and cash flows.

The costs of providing postretirement health care benefits and related funding requirements are subject to changes in other postretirement fund values and fluctuating actuarial assumptions and may have a material adverse effect on PEPL Holdings financial results. In addition, the passage of the Patient Protection and Affordable Care Act in 2010 could significantly increase the cost of providing health care benefits for PEPL Holdings employees.

PEPL Holdings provides postretirement healthcare benefits to certain of its employees. The costs of providing postretirement health care benefits and related funding requirements are subject to changes in postretirement fund values and fluctuating actuarial assumptions that may have a material adverse effect on PEPL Holdings future financial results. In addition, the passage of the Patient Protection and Affordable Care Act of 2010 could significantly increase the cost of health care benefits for its employees. While certain of the costs incurred in providing such postretirement healthcare benefits are recovered through the rates charged by PEPL Holdings regulated businesses, PEPL Holdings may not recover all of its costs and those rates are generally not immediately responsive to current market conditions or funding requirements. Additionally, if the current cost recovery mechanisms are changed or eliminated, the impact of these benefits on operating results could significantly increase.

PEPL Holdings is subject to risks related to cybersecurity.

PEPL Holdings is subject to cybersecurity risks and may incur increasing costs in connection with its efforts to enhance and ensure security and in response to actual or attempted cybersecurity attacks.

Substantial aspects of PEPL Holdings business depend on the secure operation of its computer systems and websites. Security breaches could expose PEPL Holdings to a risk of loss, misuse or interruption of sensitive and critical information and functions, including its own proprietary information and that of its customers, suppliers and employees and functions that affect the operation of the business. Such losses could result in operational impacts, reputational harm, competitive disadvantage, litigation, regulatory enforcement actions, and liability. While PEPL Holdings devotes substantial resources to maintaining adequate levels of cybersecurity, there can be no assurance that it will be able to prevent all of the rapidly evolving types of cyber attacks. Actual or anticipated attacks and risks may cause PEPL Holdings to incur increasing costs for technology, personnel and services to enhance security or to respond to occurrences.

If PEPL Holdings security measures are circumvented, proprietary information may be misappropriated, its operations may be disrupted, and its computers or those of its customers or other third parties may be damaged. Compromises of PEPL Holdings security may result in an interruption of operations, violation of applicable privacy and other laws, significant legal and financial exposure, damage to its reputation, and a loss of confidence in its security measures.

PEPL Holdings business is highly regulated.

PEPL Holdings transportation and storage business is subject to regulation by federal, state and local regulatory authorities. FERC, the DOT and various state and local regulatory agencies regulate the interstate

pipeline business. In particular, FERC has authority to regulate rates charged by PEPL Holdings for the transportation and storage of natural gas in interstate commerce. FERC also has authority over the construction, acquisition, operation and disposition of these pipeline and storage assets. In addition, the U.S. Coast Guard has oversight over certain issues including the importation of LNG.

PEPL Holdings rates and operations are subject to extensive regulation by federal regulators as well as the actions of Congress and state legislatures and, in some respects, state regulators. PEPL Holdings cannot predict or control what effect future actions of regulatory agencies may have on its business or its access to the capital markets. Furthermore, the nature and degree of regulation of natural gas companies has changed significantly during the past several decades and there is no assurance that further substantial changes will not occur or that existing policies and rules will not be applied in a new or different manner. Should new and more stringent regulatory requirements be imposed, PEPL Holdings business could be unfavorably impacted and PEPL Holdings could be subject to additional costs that could adversely affect its financial condition or results of operations if these costs are not ultimately recovered through rates.

PEPL Holdings transportation and storage business is also influenced by fluctuations in costs, including operating costs such as insurance, postretirement and other benefit costs, wages, outside contractor services costs, asset retirement obligations for certain assets and other operating costs. The profitability of regulated operations depends on the business ability to collect such increased costs as a part of the rates charged to its customers. To the extent that such operating costs increase in an amount greater than that for which revenue is received, or for which rate recovery is allowed, this differential could impact operating results. The lag between an increase in costs and the ability of PEPL Holdings to file to obtain rate relief from FERC to recover those increased costs can have a direct negative impact on operating results. As with any request for an increase in rates in a regulatory filing, once granted, the rate increase may not be adequate. In addition, FERC may prevent the business from passing along certain costs in the form of higher rates. Competition may prevent the recovery of increased costs even if allowed in rates.

FERC may also exercise its authority to initiate proceedings to review rates that it believes may not be just and reasonable. FERC has recently exercised this authority with respect to several other pipeline companies, as it had in 2007 with respect to Southwest Gas. If FERC were to initiate a proceeding against PEPL Holdings and find that its rates at that time were not just and reasonable due to a lower rate base, reduced or disallowed operating costs, or other factors, the applicable maximum rates PEPL Holdings is allowed to charge customers could be reduced and the reduction could potentially have a material adverse effect on PEPL Holdings business, financial condition, results of operations or cash flows. In 2010, in response to an intervention and protest filed by BG LNG Services (BGLS) regarding its rates with Trunkline LNG applicable to certain LNG expansions, FERC determined that there was no reason at that time to expend FERC s resources on a new rate review proceeding with respect to Trunkline LNG even though cost and revenue studies provided by PEPL Holdings to FERC indicated Trunkline LNG s revenues were in excess of its associated cost of service. However, since the current fixed rates expire at the end of 2015 and revert to tariff rate for these LNG expansions as well as the base LNG facilities for which rates were set in 2002, a rate review proceeding could be initiated at that time and result in significant revenue reductions if the cost of service remains lower than revenues. For additional related information, see Management s Discussion and Analysis of Financial Condition and Results of Operations Regulatory Trunkline LNG Cost and Revenue Study.

A rate reduction is also a possible outcome with any Section 4 rate case proceeding for the regulated entities of PEPL Holdings, including any rate case proceeding required to be filed as a result of a prior rate case settlement. A regulated entity s rate base, upon which a rate of return is allowed in the derivation of maximum rates, is primarily determined by a combination of accumulated capital investments, accumulated regulatory basis depreciation, and accumulated deferred income taxes. Such rate base can decline due to capital investments being less than depreciation over a period of time, or due to accelerated tax depreciation in excess of regulatory basis depreciation.

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The pipeline business of PEPL Holdings is subject to competition.

The interstate pipeline and storage business of PEPL Holdings competes with those of other interstate and intrastate pipeline companies in the transportation and storage of natural gas. The principal elements of competition among pipelines are rates, terms of service and the flexibility and reliability of service. Natural gas competes with other forms of energy available to PEPL Holdings customers and end-users, including electricity, coal and fuel oils. The primary competitive factor is price. Changes in the availability or price of natural gas and other forms of energy, the level of business activity, conservation, legislation and governmental regulations, the capability to convert to alternate fuels and other factors, including weather and natural gas storage levels, affect the demand for natural gas in the areas served by PEPL Holdings.

Substantial risks are involved in operating a natural gas pipeline system.

Numerous operational risks are associated with the operation of a complex pipeline system. These include adverse weather conditions, accidents, the breakdown or failure of equipment or processes, the performance of pipeline facilities below expected levels of capacity and efficiency, the collision of equipment with pipeline facilities (such as may occur if a third party were to perform excavation or construction work near the facilities) and other catastrophic events beyond PEPL Holdings control. In particular, PEPL Holdings pipeline system, especially those portions that are located offshore, may be subject to adverse weather conditions, including hurricanes, earthquakes, tornadoes, extreme temperatures and other natural phenomena, making it more difficult for PEPL Holdings to realize the historic rates of return associated with these assets and operations. A casualty occurrence might result in injury or loss of life, extensive property damage or environmental damage. Insurance proceeds may not be adequate to cover all liabilities or expenses incurred or revenues lost.

Fluctuations in energy commodity prices could adversely affect the business of PEPL Holdings.

If natural gas prices in the supply basins connected to the pipeline systems of PEPL Holdings are higher than prices in other natural gas producing regions able to serve PEPL Holdings customers, the volume of natural gas transported by PEPL Holdings may be negatively impacted. Natural gas prices can also affect customer demand for the various services provided by PEPL Holdings.

The pipeline business of PEPL Holdings is dependent on a small number of customers for a significant percentage of its sales.

PEPL Holdings top two customers accounted for 43% of its 2012 revenue. The loss of any one or more of these customers could have a material adverse effect on PEPL Holdings business, financial condition, results of operations or cash flows.

The success of PEPL Holdings depends on the continued development of additional natural gas reserves in the vicinity of its facilities and its ability to access additional reserves to offset the natural decline from existing sources connected to its system.

The amount of revenue generated by PEPL Holdings ultimately depends upon its access to reserves of available natural gas. As the reserves available through the supply basins connected to PEPL Holdings system naturally decline, a decrease in development or production activity could cause a decrease in the volume of natural gas available for transmission. If production from these natural gas reserves is substantially reduced and not replaced with other sources of natural gas, such as new wells or interconnections with other pipelines, and certain of PEPL Holdings assets are consequently not utilized, PEPL Holdings may have to accelerate the recognition and settlement of asset retirement

obligations. Investments by third parties in the development of new natural gas reserves or other sources of natural gas in proximity to PEPL Holdings facilities depend on many factors beyond PEPL Holdings control. Revenue reductions or the acceleration of asset retirement obligations resulting from the decline of natural gas reserves and the lack of new sources of natural gas may have a material adverse effect on PEPL Holdings business, financial condition, results of operations and cash flows.

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The pipeline revenues of PEPL Holdings are generated under contracts that must be renegotiated periodically.

The pipeline revenues of PEPL Holdings are generated under natural gas transportation contracts that expire periodically and must be replaced. Although PEPL Holdings will actively pursue the renegotiation, extension and/or replacement of all of its contracts, it cannot assure that it will be able to extend or replace these contracts when they expire or that the terms of any renegotiated contracts will be as favorable as the existing contracts. If PEPL Holdings is unable to renew, extend or replace these contracts, or if PEPL Holdings renews them on less favorable terms, it may suffer a material reduction in revenues and earnings.

Risks Related to the Merger

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

The Merger is subject to review by the Antitrust Division of the Department of Justice (the Antitrust Division) and the Federal Trade Commission (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. We and PVR can provide no assurance that all required regulatory clearances will be obtained. If a governmental authority asserts objections to the Merger, we may be required to divest some assets in order to obtain antitrust clearance. There can be no assurance 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 we are not required to commit to dispositions of assets in order to obtain regulatory clearance unless such dispositions do not exceed specified thresholds that are, individually and in the aggregate, immaterial to PVR, us or the expected benefits of the Merger. If we must take such actions, it could be detrimental to us 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.

Even if the parties receive early termination of the statutory waiting period under the HSR Act or the waiting period expires, 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. We may not prevail and may incur significant costs in defending or settling any action under the antitrust laws.

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.

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We 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 we 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 us or PVR as a result of the Merger, which could negatively affect our and PVR s respective revenues, earnings and cash available for distribution, as well as the market price of our common units and the PVR common units, regardless of whether the Merger is completed.

Under the terms of the Merger Agreement, we and PVR are subject to certain restrictions on the conduct of our businesses prior to completing the Merger, which may adversely affect our and PVR s ability to execute certain of our respective 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.

We and PVR will incur substantial transaction-related costs in connection with the Merger.

We 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 our and PVR s businesses. 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 our and PVR s businesses in the expected time frame may adversely affect the future results of the combined organization, and, consequently, the value of our common units.

The success of the proposed Merger will depend, in part, on our ability to realize the anticipated benefits and synergies from combining our and PVR s businesses. 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 a decline in the market value of our common units.

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 price of our common units and the future business and financial results of us 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 price of our common units and the respective future business and financial results of us 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 a decline in the price of our 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; and

the attention of our and PVR s management 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 complaints have been filed against us, our general partner and PVR, 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 lawsuits against PVR and the current directors of PVR s general partner, among other defendants. Among other remedies, the plaintiffs seek to enjoin the transactions contemplated by the Merger Agreement. The outcome of any such litigation is uncertain. If a dismissal is not granted or a settlement is not reached, 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 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.

The number of our outstanding 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 November 1, 2013, we had approximately 210.7 million common units outstanding. We will issue approximately 141.5 million common units in connection with the Merger. Accordingly, the aggregate dollar amount required to pay the current per unit quarterly distribution on all of our common units will increase, which could increase the likelihood that we will not have sufficient funds to pay the current level of quarterly distributions to all of our unitholders. Using a $0.47 per common unit distribution (the amount we will pay on November 14, 2013 to holders of record as of November 4, 2013), the aggregate cash distribution paid to our unitholders totaled approximately $104.5 million, including a distribution of $4.1 million to Regency GP in respect of its ownership of the our incentive distribution rights. Our combined pro forma distribution with respect to the third fiscal quarter of 2013, had the Merger been completed prior to such distribution, would have resulted in $0.47 per unit being distributed on approximately 352 million of our common units, or a total of approximately $171.9 million including distributions in respect of our incentive distribution rights. As a result, we would be required to distribute an additional $67.4 million per quarter in order to maintain the distribution level of $0.47 per common unit payable with respect to the third fiscal quarter of 2013.

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 Internal Revenue Service (the IRS) with respect to the U.S. federal income tax consequences of the Merger. Instead, we and PVR are relying on the opinions of our 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.

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EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

In connection with the sale of the private notes on April 30, 2013, we, Regency Finance, the guarantors and PEPL Holdings entered into a registration rights agreement with the initial purchasers of the private notes, which requires us to file a registration statement under the Securities Act with respect to the exchange notes and, upon the effectiveness of the registration statement, offer to the holders of the private notes the opportunity to exchange their private notes for a like principal amount of exchange notes. The exchange notes will be issued without a restrictive legend and generally may be reoffered and resold without registration under the Securities Act.

The registration rights agreement provides that we must use our commercially reasonable best efforts to consummate the exchange offer not later than 365 days after the original issuance of the private notes. The registration rights agreement further provides that we must file a shelf registration statement for the resale of the notes under certain circumstances and use our commercially reasonable best efforts to cause such registration statement to become effective under the Securities Act and to keep such registration statement effective for a period of one year, or such shorter period that will terminate when all notes covered by the shelf registration statement have been sold.

For each private note surrendered to us pursuant to the exchange offer, the holder of such private note will receive an exchange note having a principal amount equal to that of the surrendered private note. Interest payments on the exchange notes will be made semi-annually in cash, on May 1 and November 1 of each year. The registration rights agreement also provides an agreement to include in the prospectus for the exchange offer certain information necessary to allow a broker-dealer who holds private notes that were acquired for its own account as a result of market-making activities or other trading activities (other than private notes acquired directly from us or one of our affiliates) to exchange such private notes pursuant to the exchange offer and to satisfy the prospectus delivery requirements in connection with resales of exchange notes received by such broker-dealer in the exchange offer. We agreed to use commercially reasonable efforts to maintain the effectiveness of the exchange offer registration statement for these purposes for a period of 180 days after the completion of the exchange offer, which period may be extended under certain circumstances.

The preceding agreement is needed because any broker-dealer who acquires private notes for its own account as a result of market-making activities or other trading activities is required to deliver a prospectus meeting the requirements of the Securities Act. This prospectus covers the offer and sale of the exchange notes pursuant to the exchange offer and the resale of exchange notes received in the exchange offer by any broker-dealer who held private notes acquired for its own account as a result of market-making activities or other trading activities (other than private notes acquired directly from us or one of our affiliates).

Holders that are broker-dealers may be deemed underwriters within the meaning of the Securities Act in connection with any resale of exchange notes acquired in the exchange offer. Holders that are broker-dealers must acknowledge that they acquired their private notes in market-making activities or other trading activities and must deliver a prospectus when they resell the exchange notes they acquire in the exchange offer in order not to be deemed an underwriter.

Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the exchange notes issued in exchange for private notes may be offered for resale, resold and otherwise transferred by any exchange note holder without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

such holder is not an affiliate of ours within the meaning of Rule 405 under the Securities Act;

such exchange notes are acquired in the ordinary course of the holder s business; and

the holder does not intend to participate in the distribution of such exchange notes.

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Any holder who tenders in the exchange offer with the intention of participating in any manner in a distribution of the exchange notes:

- cannot rely on the position of the staff of the SEC set forth in Exxon Capital Holdings Corp., SEC No-Action Letter (April 13, 1988); Morgan Stanley & Co. Inc., SEC No-Action Letter (June 5, 1991); Shearman & Sterling, SEC No-Action Letter (July 2, 1993) or similar interpretive letters; and

- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

If, as stated above, a holder cannot rely on the position of the staff of the SEC set forth in Exxon Capital Holdings Corporation or similar interpretive letters, any effective registration statement used in connection with a secondary resale transaction must contain the selling security holder information required by Item 507 of Regulation S-K under the Securities Act.

Each holder of the private notes (other than certain specified holders) who desires to exchange private notes for the exchange notes in the exchange offer will be required to make the representations described below under Procedures for Tendering Your Representations to Us.

In the event that (i) we determine that the exchange offer registration provided for in the registration rights agreement is not available or the exchange offer may not be completed as soon as practicable after the last exchange date because it would violate any applicable law or applicable interpretations of the SEC, (ii) the exchange offer is not for any other reason completed by the Target Registration Date (as defined below) or (iii) upon receipt of a written request (a Shelf Request) from any initial purchaser representing that it holds registrable securities (as defined in the registration rights agreement) that are or were ineligible to be exchanged in the exchange offer, we will use commercially reasonable efforts to cause to be filed as soon as practicable after such determination, date or Shelf Request, as the case may be, a shelf registration statement providing for the sale of all the registrable securities by the holders thereof and to have such shelf registration statement become effective.

If (i) on or prior to the time the exchange offer is completed existing law or SEC interpretations are changed such that the exchange notes would not generally be freely transferable after the exchange offer without further registration under the Securities Act; (ii) the exchange offer registration statement is not declared effective by 180 days after the issue date of the private notes or (iii) the exchange offer has not been completed within 30 business days of the exchange offer registration statement being declared effective, then we will use our commercially reasonable efforts to file and to have become effective a shelf registration statement relating to resales of the exchange notes and to keep that shelf registration statement effective until the date that the exchange notes cease to be registrable securities (as defined in the registration rights agreement), including when all exchange notes covered by the shelf registration statement have been sold pursuant to the shelf registration statement. We will, in the event of such a shelf registration, provide to each participating holder of exchange notes copies of a prosp