

KELLEY BYRON R
Form 4
May 27, 2010

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
KELLEY BYRON R

2. Issuer Name and Ticker or Trading Symbol
**Regency Energy Partners LP
[RGNC]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

 Director 10% Owner
 Officer (give title below) Other (specify below)
Chairman, Chief Executive

(Last) (First) (Middle)

2001 BRYAN STREET, SUITE
3700

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
05/26/2010

DALLAS, TX 75201

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
				Code V	Amount	(A) or (D)	Price		
Common Units ⁽¹⁾	05/26/2010		M	46,667	A	(4)	142,886	D	
Common Units	05/26/2010		F	36,385 ⁽²⁾	D	\$	22.25	106,501	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Phantom Units ⁽³⁾	(4)	05/26/2010		M	46,667	05/26/2010	05/26/2010	Common Units ⁽⁴⁾	46,667

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KELLEY BYRON R 2001 BRYAN STREET SUITE 3700 DALLAS, TX 75201			Chairman, Chief Executive	

Signatures

/s/ Byron R.
Kelley

05/26/2010

**Signature of
Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The holder settled 100 percent of his phantom units for RGNC common units on the date of vesting.

(2) These common units were withheld to satisfy the applicable income and FICA tax liabilities upon the vesting of phantom units, as reported in Table II, and the vesting of 53,150 restricted common units.

(3) These Phantom Units were granted on May 27, 2009. 24,000 of the phantom units contractually convert into a variable number of common units based on total unitholder return over a three year period or upon a change in control. This transaction represents the vesting of the original grant of 24,000 market condition phantom units multiplied by a factor of 1.5 due to a change in control event on May 26, 2010 in accordance with the terms of the grant plus the remaining 10,667 service condition phantom units.

(4) Each Phantom Unit is the economic equivalent of one common unit representing a limited partner interest in Regency Energy Partners LP.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.