

CROSSTEX ENERGY, INC.
&
CROSSTEX ENERGY GP, LLC

GOVERNANCE GUIDELINES

Adopted May 6, 2010

Each of the Board of Directors of (i) Crosstex Energy, Inc. (the “Corporation”) and (ii) Crosstex Energy GP, LLC (“CEGP”), the sole general partner of the sole general partner of Crosstex Energy, L.P. (the “Partnership”), have adopted these Governance Guidelines. The Corporation and CEGP are hereinafter sometimes referred to collectively and/or individually as the “Company.”

1. Director Qualifications

The Board of Directors (the “Board”) will have a majority of directors who meet the criteria for independence required by the NASDAQ Global Select Market. Annually the Board will assess the composition of the Board as a whole. This assessment will include the qualifications under applicable independence standards and other standards applicable to the Board and its committees, as well as consideration of skills and experience in the context of the needs of the Board. The Board will determine the skills and characteristics that candidates for election to the Board should possess, both generally and as specifically needed based on the composition and needs of the Board from time to time.

No director should serve on so many other public or private company boards that his or her ability to devote the time and attention to duties to the Board or to the Company’s affairs would be compromised. Directors should advise the Chairman of the Board and the Chairman of the Governance Committee in advance of accepting an invitation to serve on another public company’s board.

A director who changes his or her principal employment or responsibility that he or she held when last elected to the Board (other than a change anticipated and disclosed to the Board at the time of nomination for the last election) should notify the Chairman and the chair of the Governance Committee and volunteer to resign from the Board. It is not the sense of the Board that every such change in position by a director should necessarily result in the director’s stepping down from the Board, but the Board should have the opportunity to review the continued appropriateness of Board membership under the circumstances.

2. Director Responsibilities

The Company’s business is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer (“CEO”) and the oversight of the Board. The core responsibility of directors is to exercise their fiduciary duty to act in the best interest of the Company and its owners. In discharging that obligation, directors are entitled to rely on the honesty and integrity of the Company’s senior executives and its outside advisors and auditors. The directors are also entitled to protections for their service to the Company, including

directors' and officers' liability insurance and indemnification as provided in the Company's organizational documents.

Directors are expected to meet as frequently as necessary to properly discharge their responsibilities, including attending Board meetings and meetings of committees on which they serve. Information and data that is important to the Board's understanding of the business to be conducted at a Board or committee meeting should ordinarily be distributed in writing to the directors before the meeting and directors should review these materials in advance of the meeting. Directors are expected to devote the time needed to review materials, attend meetings and do such other things as reasonably required to discharge their duties.

The Board has no policy requiring either that the positions of the Chairman of the Board and of the CEO be separate or that they be occupied by the same individual. The Board believes that this issue is properly addressed as part of the succession planning process and that it is in the best interest of the Company for the Board to fill all of the Director and executive officer positions, including the Chairman of the Board and CEO, based on circumstances at the time, including the Board composition, skills, and experience at the time. If the position of Chairman is occupied by the CEO, then the Board will designate an independent director as the "Lead Independent Director" to Chair the Board's executive sessions and take such other actions appropriate for the position.

The Board must meet at least four times per year. Additional meetings may be scheduled as necessary or appropriate in light of circumstances. The Chairman of the Board, together with the CEO and the Corporate Secretary, will prepare an annual schedule of meetings for the Board and the standing committees.

The Chairman of the Board and the CEO (or the Chairman and the Lead Independent Director, as applicable) will together establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

The non-management directors will meet in executive session without management participation at least quarterly. The directors meeting in executive session will not constitute a meeting of a committee of the Board and therefore no action will be taken, although the participating directors may make recommendations for consideration by the full Board. These meetings will be chaired by the Chairman of the Board (if an independent director) or the Lead Independent Director (if appointed) or otherwise by an independent director elected by the other independent directors present at the meeting. If the Company's non-management directors include directors who are not independent, the Company's independent directors will meet separately in executive session not less than once a year.

The Board believes that management should speak for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that Board members would do this with the

knowledge of management, and absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

3. Communication with the Board

Interested parties may communicate directly with the independent directors by submitting a communication in an envelope marked “Confidential” addressed to the “Independent Members of the Board of Directors” in care of the Company’s Corporate Secretary. Access to non-management directors will be accessible through the Company’s web site.

4. Board Committees

The Boards of the Corporation and CEGP will each have an Audit Committee, a Compensation Committee, a Governance Committee, and a Finance Committee. In addition, the Board of CEGP will have a Conflicts Committee. If required by applicable law or listing rules, all of the members of these committees will be independent directors under the standards established by NASDAQ and applicable securities laws. Members of each committee will be appointed by the Board.

Each committee will have a charter. The charter will set forth the purposes, goals and responsibilities of the committees, committee structure and committee reporting obligations. The Board may delegate its duties and discharge its responsibilities through its committees, all in accordance with and subject to the limitations in the committee charters.

The Chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee’s charter. The Chairman of each committee will develop the committee’s agenda.

The Board may from time to time establish or maintain additional committees as necessary or appropriate.

Any director may attend any committee meeting even if the director is not a member of the committee so long as the Board or the committee has not determined the director has a conflict with any matter being discussed at the meeting or that it is otherwise inappropriate for the director to attend the meeting.

5. Director Access to Officers, Employees and other Advisers

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or made directly by the director. The directors will use their judgment to make contacts in a manner that does not disrupt the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications (including e-mail) between a director and an officer or employee of the Company. The Board welcomes regular attendance at each Board meeting by senior officers of the Company. To the extent they consider it necessary or appropriate, directors also have access to the Company's independent advisors using the same procedures.

6. Director Compensation

The Governance Committee, in accordance with the policies and principles set forth in its charter, will determine or recommend to the Board the form and amount of director compensation. Directors who are Company employees will not be separately compensated for their services as directors. The Governance Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with or provides other indirect forms of compensation to a director or an organization with which the director is affiliated.

7. Director Orientation and Continuing Education

Each new director should participate in an orientation program, which should be conducted promptly after his or her initial election or appointment. This orientation will include presentations by senior management to familiarize new directors with the Company's operations, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors. Other directors are also welcome to attend any of these orientation programs.

The Board believes it is appropriate for directors, at their discretion, to have access to educational programs related to their duties as directors on an ongoing basis to enable them to better perform their duties and to recognize and deal appropriately with issues that arise. The Company will provide appropriate funding for any such program in which a director wishes to participate.

8. CEO Evaluation and Management Succession

The Compensation Committee will conduct an annual review of the CEO's performance and make a recommendation of the CEO's compensation based on this evaluation. With a view to ensuring that the CEO is providing appropriate leadership for the Company in the long- and short-term, the Board will review the Compensation Committee's report and approve or modify its recommendation.

The Board, with the assistance of the Compensation Committee, should identify and periodically update the qualities and characteristics necessary for an effective CEO. The Board recognizes that advance planning for contingencies such as the departure, death or disability of the CEO or other top executives is also critical so that, in the event of an untimely vacancy, the Company has in place an emergency succession plan to facilitate the transition to both interim and longer-term leadership. The designation of the CEO, as in the case of other executive officers, is a decision for the Board.

9. Annual Performance Evaluation

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The assessment should focus on the Board's contribution to the Company and should specifically focus on areas for potential improvement.

10. Conflicts with Agreements

These Governance Guidelines do not alter, amend or repeal any provision of the limited partnership agreement of the Partnership, the limited liability company agreement of CEGP, or the Certificate of Incorporation or Bylaws of the Corporation; and, to the extent of any conflict or inconsistency, the provisions contained in the constituent documents will control.
