

LEGACY RESERVES LP
Form DEF 14A
March 30, 2012

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

SCHEDULE 14A

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

Legacy Reserves LP
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

(3) Filing Party:

(4) Date Filed:

**303 W. Wall, Suite 1400
Midland, Texas 79701**

March 30, 2012

To Our Limited Partners:

You are cordially invited to attend the 2012 Annual Meeting of Unitholders of Legacy Reserves LP to be held on May 9, 2012 commencing at 10:30 a.m. local time at the Midland Petroleum Club located at 501 W. Wall, Midland, Texas 79701. Proxy materials, which include a Notice of the Meeting, proxy statement and proxy card, are enclosed with this letter. The attached proxy statement is first being mailed to unitholders of Legacy Reserves LP on or about March 30, 2012. We have also enclosed our 2011 Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

The board of directors of our general partner has called this Annual Meeting for you to consider and act upon:

- (1) The election of seven directors nominated to our general partner's board of directors to serve until the next Annual Meeting of Unitholders; and
- (2) The ratification of the appointment of our selection of BDO USA, LLP as independent registered public accounting firm of the Partnership for the fiscal year ending December 31, 2012.

The current board of directors of our general partner unanimously recommends that you approve the election of the directors nominated to our general partner's board and ratify the appointment of BDO USA, LLP as our independent registered public accounting firm.

Your vote is important to us and our business. Even if you plan to attend the meeting, you are requested to sign, date and return the proxy card in the enclosed envelope or vote on the internet or by telephone as instructed. If you attend the meeting after having returned the enclosed proxy card (or voted by internet or telephone), you may revoke your proxy, if you wish, and vote in person. A proxy may also be revoked at any time before it is exercised by giving written notice to, or filing a duly exercised proxy bearing a later date with, our Secretary. If you would like to attend and your units are not registered in your own name, please ask the broker, trust, bank or other nominee that holds the units to provide you with evidence of your unit ownership.

We look forward to seeing you at the meeting.

Sincerely,

Cary D. Brown
Chairman of the Board, President and Chief Executive Officer
Legacy Reserves GP, LLC, general partner of
Legacy Reserves LP

**303 W. Wall, Suite 1400
Midland, Texas 79701**

**NOTICE OF THE 2012
ANNUAL MEETING OF UNITHOLDERS**

The Annual Meeting of the Unitholders of Legacy Reserves LP, or the Partnership, will be held on Wednesday, May 9, 2012, at 10:30 a.m. local time at the Midland Petroleum Club located at 501 W. Wall, Midland, Texas 79701 for the following purposes:

1. To elect seven (7) directors to the board of directors of our general partner, each to serve until the next Annual Meeting of Unitholders;
2. To ratify the appointment of BDO USA, LLP as independent registered public accountants of the Partnership for the fiscal year ending December 31, 2012; and
3. To transact any other business as may properly come before the Annual Meeting or any adjournment thereof, including, without limitation, the adjournment of the annual meeting in order to solicit additional votes from unitholders in favor of adopting the foregoing proposals.

Only unitholders of record at the close of business on March 19, 2012, are entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof. A list of such unitholders will be open to examination, during regular business hours, by any unitholder for at least ten days prior to the Annual Meeting, at our offices at 303 W. Wall, Suite 1400, Midland, Texas 79701. Unitholders holding at least a majority of the outstanding units representing limited partner interests are required to be present or represented by proxy at the meeting to constitute a quorum.

YOUR VOTE IS IMPORTANT

Your broker cannot vote your units on your behalf until it receives your voting instructions. For your convenience, internet and telephone voting are available. The instructions for voting by internet or telephone are set forth on your proxy card. If you prefer, you may vote by mail by completing your proxy card and returning it in the enclosed postage-paid envelope. If you do attend the meeting and prefer to vote in person, you may do so.

Please note that space limitations make it necessary to limit attendance at the meeting to unitholders, though each unitholder may be accompanied by one guest. Admission to the meeting will be on a first-come, first-served basis. Registration will begin at 9:30 a.m. Each unitholder may be asked to present valid picture identification, such as a driver's license or passport. Unitholders holding units in brokerage accounts must bring a copy of a brokerage statement reflecting unit ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

By Order of the Board of Directors,

Cary D. Brown
Chairman of the Board, President and Chief Executive Officer
Legacy Reserves GP, LLC, general partner of
Legacy Reserves LP

Midland, Texas
March 30, 2012

**Proxy Statement for the
Annual Meeting of Unitholders of
LEGACY RESERVES LP
To Be Held on Wednesday, May 9, 2012**

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING	1
The Annual Meeting	1
Voting and Proxy Procedures	2
Quorum and Required Votes	3
Additional Questions and Information	4
PROPOSAL 1 ELECTION OF DIRECTORS	5
Board of Directors	5
Voting	5
Recommendation and Proxies	5
Nominees for Election	6
CORPORATE GOVERNANCE	13
Management of Legacy Reserves LP	13
Board of Directors	13
Director Independence	13
Leadership Structure of the Board	14
Risk Oversight	14
Code of Ethics	18
COMPENSATION DISCUSSION AND ANALYSIS	18
Introduction	18
Executive Summary	19
Corporate Governance	23
Executive Officer Compensation Strategy and Philosophy	24
Components of Compensation	25
Amended and Restated Legacy Reserves LP Long-Term Incentive Plan (LTIP)	34
COMPENSATION COMMITTEE REPORT	36
EXECUTIVE COMPENSATION	37
Summary Compensation Table	37
Grants of Plan-Based Awards for Fiscal Year 2011	39
Outstanding Equity Awards at 2011 Fiscal Year-End	39
Employment Agreements	40
Option Exercises and Units Vested in 2011	45
Equity Compensation Plan Information	45
DIRECTOR COMPENSATION	46
Director Compensation for the 2011 Fiscal Year	46
MANAGEMENT	47
Executive Officers	47
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	48
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	50
Distributions and Payments to Our General Partner and Its Affiliates	50
Transactions with Related Persons	51
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	52
PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	53
Vote Required for Approval	54
AUDIT COMMITTEE REPORT FOR FISCAL YEAR 2011	55
OTHER MATTERS	56
Section 16(a) Beneficial Ownership Reporting Compliance	56
Unitholder Proposals	56
Communications with Directors or the Board of Directors	56
Availability of Annual Report	56

Legacy Reserves LP
303 W. Wall, Suite 1400
Midland, Texas 79701

PROXY STATEMENT
FOR THE 2012 ANNUAL MEETING OF UNITHOLDERS
TO BE HELD ON MAY 9, 2012

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

The Annual Meeting

Definitions:

Unless otherwise indicated, the terms Partnership, Legacy, we, our, and us are used in this proxy statement to refer to Legacy Reserves LP together with our subsidiaries. The terms board and board of directors refer to our general partner's board of directors.

What is a proxy statement and why is it important?

We hold a meeting of unitholders annually. This year's meeting will be held on May 9, 2012. Our board of directors is seeking your proxy to vote at the 2012 Annual Meeting of Unitholders (Annual Meeting). This proxy statement contains important information about the Partnership and each of the matters to be voted on at the meeting. We are mailing this proxy statement to unitholders on or about March 30, 2012. Please read these materials carefully so that you have the information you need to make informed decisions.

You do not need to attend the Annual Meeting to vote. Instead, you may simply complete, sign and return the enclosed proxy card, vote on the internet or by telephone as provided on your proxy card.

When and where is the Annual Meeting?

The 2012 Annual Meeting of Unitholders of Legacy Reserves LP will be held on Wednesday, May 9, 2012, at 10:30 a.m., local time, at the Midland Petroleum Club located at 501 W. Wall, Midland, Texas 79701.

The Petroleum Club of Midland is located on the southwest corner of Wall Street and Marienfeld in downtown Midland. From the Midland International Airport, exit the airport on the south side and cross over and merge onto Business 20 East, which turns into Wall Street. The Petroleum Club is 10 miles east of the airport and is a white, two story building. There is parking behind the building. For your convenience, the Petroleum Club phone number is (432) 682-2557.

What am I being asked to vote upon?

You are being asked to (1) approve the election of the directors nominated to our general partner's board of directors to serve until the next Annual Meeting of Unitholders; (2) ratify the appointment of the firm of BDO USA, LLP as independent registered public accountants of the Partnership for the fiscal year ending December 31, 2012; and (3) consider and vote upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Voting and Proxy Procedures

Who may vote at the Annual Meeting?

Only unitholders of record at the close of business on March 19, 2012, the record date for the Annual Meeting, are entitled to receive notice of and to participate in the Annual Meeting. If you were a unitholder of record on that date, you will be entitled to vote all of the units representing limited partner interests of Legacy Reserves LP, each referred to as a unit, that you held on that date at the Annual Meeting, or any postponements or adjournments of the Annual Meeting.

It is critical that you instruct your broker how you wish to vote your units on Proposal 1. Absent instructions from you, the bank or broker may not vote your units on this proposal and your units will be considered broker non-votes, which will have no effect on the outcome of the proposal for consideration at the annual meeting.

What are the voting rights of the holders of Units?

Each unit is entitled to one vote on all matters. Your proxy card indicates the number of units that you owned as of the record date.

Who is soliciting my proxy?

Our general partner's board of directors on behalf of the Partnership is soliciting proxies to be voted at the Annual Meeting.

What different methods can I use to vote?

By Written Proxy. Whether you plan to attend the Annual Meeting or not, we urge you to complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. Returning the proxy card will not affect your right to attend the Annual Meeting and vote in person.

By Internet. Go to the website set forth on the proxy card and follow the on-screen instructions. You will need the control number contained on your proxy card. Voting by internet is the fastest and lowest cost medium of voting your proxy.

By Telephone. Please dial the toll-free telephone number set forth on the proxy card and follow the audio instructions. You will need the control number contained on your proxy card.

If you properly follow the instructions above in time to vote, your proxy (Micah C. Foster and James R. Lawrence are the individuals named as proxies on your proxy card) will vote your units as you have directed. Unless otherwise directed by you, your proxy will vote your units:

- **For** the election of the seven director nominees proposed by our general partner's board of directors; and
- **For** the ratification of the appointment of BDO USA, LLP as our independent registered accounting firm.

If any other matter is presented, it is the intention of the persons named in the enclosed proxy card to vote proxies held by them in accordance with their best judgment. At the time this proxy statement was first mailed to unitholders, we knew of no matters that needed to be acted on at the Annual Meeting other than those discussed in this proxy statement.

In Person. All unitholders of record may vote in person at the Annual Meeting. If you plan to attend the Annual Meeting and vote in person, we will give you a ballot when you arrive. However, if your units are held in the name of your broker, bank or other nominee, you must bring an account statement or letter from the nominee indicating that you were the beneficial owner of the units on the record date.

How may I revoke my signed proxy card?

You may revoke your proxy card or change your vote at any time before your proxy is voted at the Annual Meeting. You can do this in one of three ways:

- You can send a written notice in advance of the meeting to our Secretary at 303 W. Wall, Suite 1400, Midland, Texas 79701, stating that you would like to revoke your proxy.
- You can complete and submit a later-dated proxy card.
- You can attend the Annual Meeting and vote in person. Your attendance at the Annual Meeting will not alone revoke your proxy unless you vote at the meeting as described below.
- If you have instructed a broker to vote your units, you must follow directions received from your broker to change those instructions.

You may change your internet vote as often as you wish by following the procedures for internet voting. The last known vote in the internet voting system as of 11:59 p.m. Eastern Time on May 8, 2012 will be counted.

You may change your telephone vote as often as you wish by following the procedures for telephone voting. The last known vote in the telephone voting system as of 11:59 p.m. Eastern Time on May 8, 2012 will be counted.

What does it mean if I get more than one proxy card?

It indicates that your units are held in more than one account, such as two brokerage accounts registered in different names. You should complete each of the proxy cards to ensure that all of your units are voted. We encourage you to register all of your brokerage accounts in the same name and address for better service. You should contact your broker, bank or nominee for more information. Additionally, our transfer agent, Computershare Trust Company, N.A., can assist you if you want to consolidate multiple accounts registered in your name by contacting our transfer agent at P.O. Box 43078, Providence, RI 02940-3078, Telephone: (781) 575-4238.

Quorum and Required Votes

How many votes are needed to hold the meeting?

A majority of the outstanding units as of the record date must be represented at the meeting in order to hold the meeting and conduct business. This is called a quorum. As of March 19, 2012, the record date, there were 47,920,179 units outstanding held by approximately 87 holders of record. Unitholders are entitled to one vote, exercisable in person or by proxy, for each unit held by such Unitholder on the record date. Our partnership agreement does not provide for cumulative voting.

Units are counted as present at the Annual Meeting if:

- the unitholder is present and votes in person at the meeting,
- the unitholder has properly submitted a proxy card, or
- under certain circumstances, the unitholder's broker votes the units.

Who will count the vote?

Representatives of Computershare Trust Company, N.A., our transfer agent, will tabulate the votes.

How many votes are required to approve the proposals?

The affirmative vote of holders of a plurality of the votes cast at the meeting is required to elect directors. Abstentions and broker non-votes will not be taken into account in determining the outcome of the election of directors (Proposal 1).

The affirmative vote of holders of a majority of the units entitled to vote and present in person or by proxy at the meeting is required for the ratification of our appointment of the independent registered public accounting firm for the fiscal year ending December 31, 2012 (Proposal 2) and any other matters that properly come before the meeting.

How are abstentions and broker non-votes counted?

Abstentions and broker non-votes are included in determining whether a quorum is present.

Abstentions and broker non-votes will not be taken into account in determining the outcome of the election of directors.

For the purpose of determining whether a proposal other than the election of directors has received a majority vote, abstentions are included in the vote totals with the result that an abstention will have the same effect as a vote against.

With respect to the approval of auditors, brokers have the discretionary authority to vote on this proposal. Therefore, to the extent of any broker non-votes on Proposal 2, these will have the same effect as a vote against the proposal.

How are proxies solicited?

Proxies may be solicited by mail, telephone, or other means by our general partner's officers, directors and our employees. No additional compensation will be paid to these individuals in connection with proxy solicitations. We will pay for distributing and soliciting proxies and will reimburse banks, brokers and other custodians their reasonable fees and expenses for forwarding proxy materials to unitholders.

Additional Questions and Information

If you would like additional copies of this proxy statement (which copies will be provided to you without charge) or if you have questions, including the procedures for voting your units, you should contact:

Legacy Reserves LP
303 W. Wall, Suite 1400
Midland, Texas 79701
Attention: Kyle A. McGraw
Director, Executive Vice President, Chief Development Officer and Secretary

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE ANNUAL MEETING OF UNITHOLDERS TO BE HELD ON MAY 9, 2012.**

The Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2011 are available at <http://www.legacylp.com/annual-proxy.cfm>.

PROPOSAL 1

ELECTION OF DIRECTORS

Board of Directors

The Amended and Restated Limited Liability Company Agreement of our general partner provides that our general partner's board of directors will consist of a number of directors as determined from time to time by resolution adopted by a majority of directors then in office, but shall not be less than seven nor more than nine. Currently, our general partner's board of directors has seven directors. Each of the nominees for election to the board of directors is currently a director of Legacy Reserves GP, LLC. If elected at the annual meeting, each of the nominees will be elected to hold office for a one year term and thereafter until his successor has been elected and qualified, or until his earlier death, resignation or removal.

Voting

Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the annual meeting. Units represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such units will be voted for the election of such substitute nominee as may be nominated by our general partner's board of directors. Each person nominated for election has agreed to serve if elected, and we have no reason to believe that any nominee will be unable to serve.

Recommendation and Proxies

The board of directors recommends a vote FOR each of the nominees named below.

The persons named in the enclosed proxy card will vote all units over which they have discretionary authority FOR the election of the nominees named below. Although our general partner's board of directors does not anticipate that any of the nominees will be unable to serve, if such a situation should arise prior to the meeting, the appointed persons will use their discretionary authority pursuant to the proxy and vote in accordance with their best judgment.

Set forth below is biographical information regarding each director nominee and information regarding the specific experience, qualifications, attributes and skills that qualify the nominees to serve on the board of directors. Each of the director nominees is an existing director standing for re-election for a one-year term expiring at the 2013 Annual Meeting.

Nominees for Election

Name	Principal Occupation	Age	Director Since
Cary D. Brown	<p>Mr. Brown is Chairman of the board of directors of our general partner and President and Chief Executive Officer of our general partner and has served as Chairman and Chief Executive Officer since our founding in October 2005. Mr. Brown was appointed President effective March 16, 2012. Prior to October 2005, Mr. Brown co-founded two businesses, Moriah Resources, Inc. and Petroleum Strategies, Inc. Moriah Resources, Inc. was formed in 1992 to acquire oil and natural gas reserves. Petroleum Strategies, Inc. was formed in 1991 to serve as a qualified intermediary in connection with the execution of Section 1031 transactions for major oil companies, public independents and private oil and natural gas companies. Mr. Brown has served as Executive Vice President of Petroleum Strategies, Inc. since its inception in 1991. Mr. Brown served as an auditor for Grant Thornton in Midland, Texas from January 1991 to June 1991 and for Touche Ross in Houston, Texas from June 1989 to December 1990. In 1995, Mr. Brown also co-founded and organized, with his father Dale A. Brown, The Executive Oil Conference which is held in Midland, Texas and draws over 300 oil and natural gas industry professionals each year. Mr. Brown has a Bachelor of Business Administration degree, with honors, from Abilene Christian University.</p>	45	October 2005

The board determined that Mr. Brown should be nominated to our board of directors due to his pertinent experience, qualifications, attributes and skills, which include: the knowledge and experience attained through 22 years of experience in the oil and natural gas industry and 20 years of experience in the Permian Basin.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

Name	Principal Occupation	Age	Director Since
Kyle A. McGraw	<p>Mr. McGraw is a member of the board of directors of our general partner and also serves as the Executive Vice President, Chief Development Officer and Secretary of our general partner. Mr. McGraw was appointed as Executive Vice President, Chief Development Officer and Secretary effective March 16, 2012, and has served as a director since our founding in October 2005. Mr. McGraw previously served as Executive Vice President of Business Development and Land of our general partner from our founding in October 2005 to March 2012. Mr. McGraw joined Brothers Production Company in 1983, and has served as its General Manager since 1991 and became President in 2003. Mr. McGraw is a registered professional engineer (inactive status) in the state of Texas. Mr. McGraw has a Bachelor of Science degree in Petroleum Engineering from Texas Tech University.</p>	52	October 2005

The board determined that Mr. McGraw should be nominated to our board of directors due to his pertinent experience, qualifications, attributes and skills, which include: the knowledge and experience attained through 29 years of experience in the oil and natural gas industry in the Permian Basin, experience as a petroleum engineer and managerial and executive experience attained through his service with Brothers Production Company where he has served in numerous capacities including reservoir and production engineering, acquisition evaluation and land management.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

Name	Principal Occupation	Age	Director Since
Dale A. Brown	<p>Mr. Brown is a member of the board of directors of our general partner and has served in such capacity since our founding in October 2005. Mr. Brown has been President of Moriah Resources, Inc. since its inception in 1992 and President of Petroleum Strategies, Inc. since he co-founded it in 1991 with his son, Cary D. Brown. Since 2005, Mr. Brown has been a principal in the Moriah Group, including Managing General Partner of Moriah Investment Partners. The Moriah Group invests in real estate and non-oil and gas production business ventures. Additionally, Mr. Brown co-founded and organized, with Mr. Cary Brown, The Executive Oil Conference, which has been held annually in Midland, TX since 1995. Mr. Brown is a retired certified public accountant. Mr. Brown has a Bachelor of Science degree in Accounting from Pepperdine University.</p>	69	October 2005

The board determined that Mr. Brown should be nominated to our board of directors due to his pertinent experience, qualifications, attributes and skills, which include: financial literacy and experience as a Certified Public Accountant (retired at age 65) since 1967; the knowledge and experience attained through his service in the petroleum industry since 1972 and managerial experience attained through his service with Moriah Resources prior to contribution of its assets as part of the formation transactions of Legacy in connection with its private equity offering in 2006.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

Name	Principal Occupation	Age	Director Since
G. Larry Lawrence	<p>Mr. Lawrence has been a member of the board of directors of our general partner since May 1, 2006. Mr. Lawrence is Chief Financial Officer and Vice President - Finance of Natural Gas Services Group (NGSG), a public company that provides small to medium horsepower compression equipment to the natural gas industry, and has served in this position since July 2011. Previously, Mr. Lawrence served as Controller of NGSG from September 2010 to January 2011 before being promoted to Treasurer, Manager of Accounting and Principal Accounting Officer of NGSG in January 2011. From June 2006 to September 2010, Mr. Lawrence was self-employed as a management consultant doing business as Crescent Consulting. From September 2006 to August 2009, he served as Chief Financial Officer on a contract basis for Lynx Operating Company, a private company engaged in oil and gas operations with a primary business focus on gas processing. From May 2004 through April 2006, Mr. Lawrence served as Controller of Pure Resources, an exploration and production company and a wholly-owned subsidiary of Unocal Corporation which was acquired by Chevron Corporation. From June 2000 through May 2004, Mr. Lawrence was a practice manager of the Parson Group, LLC, a financial management consulting firm whose services included Sarbanes Oxley engagements with oil and natural gas industry clients. From 1973 through May 2000, Mr. Lawrence was employed by Atlantic Richfield Company, a public oil and gas company (ARCO) where he most recently (from 1993 through 2000) served as Controller of ARCO Permian. Mr. Lawrence has a Bachelor of Arts degree in Accounting, with honors, from Dillard University.</p>	60	May 2006

The board determined that Mr. Lawrence should be nominated to our board of directors due to his pertinent experience, qualifications, attributes and skills, which include: financial expertise and experience as a chief financial officer and controller, Sarbanes Oxley consulting expertise, and financial reporting expertise and the knowledge and experience attained through his years of service in the preparation of publicly audited financial statements.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

Name	Principal Occupation	Age	Director Since
William D. (Bill) Sullivan	<p>Mr. Sullivan was appointed to the board of directors of our general partner upon completion of our private equity offering on March 15, 2006. Since May 2004, Mr. Sullivan has served as a director and since May 2009 as a non-executive Chairman of the board of directors of SM Energy Company, a publicly traded exploration and production company (formerly known as St. Mary Land & Exploration Company). Mr. Sullivan has served as director of Targa Resources GP, LLC (the general partner of Targa Resource Partners LP) since February 14, 2007. Targa is principally in the gas and gas liquids gathering, processing and logistics services business. Mr. Sullivan has served as a director of TETRA Technologies, Inc. since August 2007. TETRA is principally in the oilfield services business. Mr. Sullivan has served as a director of Compressco Partners GP, LLC, the general partner of Compressco Partners, L.P., since Compressco Partners completed its initial public offering in June 2011. Compressco Partners is a provider of wellhead compression-based production enhancement services and is a majority owned subsidiary of TETRA. From 1981 through August 2003, Mr. Sullivan was employed in various capacities by Anadarko Petroleum Corporation, most recently as Executive Vice President, Exploration and Production. Mr. Sullivan has been retired for the past six years. Mr. Sullivan has a Bachelor of Science degree in Mechanical Engineering, with high honors, from Texas A&M University.</p>	55	March 2006

The board determined that Mr. Sullivan should be nominated to our board of directors due to his significant management experience in mid-stream oil and natural gas operations and in the exploration and production of oil and natural gas. Mr. Sullivan also has substantial experience in executive compensation matters and in serving on the boards of publicly held corporations and publicly traded limited partnerships operating in the oil and natural gas industry.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

Name	Principal Occupation	Age	Director Since
William R. Granberry	<p>Mr. Granberry was appointed to the board of directors of our general partner on January 23, 2008. Mr. Granberry has been a member of the board of directors of The Williams Companies, Inc. (an integrated gas company with exploration and production, midstream, and gas pipeline operations) from November 2005 to December 2011. In January 2012 he became a member of the board of directors of WPX Energy, Inc., which was spun off from The Williams Companies Inc. He has been a member of Compass Operating Company, LLC, a small, private oil and gas exploration, development and producing company with properties in West Texas and Southeast New Mexico since October 2004. From 1999 through September 2004, he managed investments and consulted with oil and gas companies. He invested in and became a board member of Just4Biz.com (a start-up internet company engaged in online office supply) in 1999 and served as Interim CEO for brief periods in 2000 and 2001. Just4Biz.com filed for bankruptcy in May 2001. From January 1996 to May 1999, Mr. Granberry was President and Chief Operating Officer of Tom Brown, Inc., a public oil and gas company with exploration, development, acquisition and production activities throughout the central United States. Mr. Granberry earned Bachelor of Science and Master of Science degrees in Petroleum Engineering from the University of Texas and upon graduation, worked for Amoco Production Company for 16 years.</p>	69	January 2008

The board determined that Mr. Granberry should be nominated to our board of directors due to his pertinent experience, qualifications, attributes and skills, which include: expertise in the oil and gas industry which was attained through his 46 years of service in engineering and service in executive positions with companies ranging from a large global energy company to small independents.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

Name	Principal Occupation	Age	Director Since
Kyle D. Vann	<p>Mr. Vann was appointed to the board of directors of our general partner upon completion of our private equity offering on March 15, 2006. From 1970 through 1979, Mr. Vann was employed in the refining division of Exxon Company USA, and from 1979 through January 2001, Mr. Vann was employed by Koch Industries. From February 2001 through December 2004, Mr. Vann served as Chief Executive Officer of Entergy Koch, LP, an energy trading and transportation company. Mr. Vann continues to serve Entergy as a consultant and serves on the board and consults with Texon, LP, a private petroleum transportation company. On May 8, 2006, Mr. Vann was appointed to the board of directors of Crosstex Energy, L.P., a publicly traded midstream master limited partnership. In November 2009, Mr. Vann joined the advisory board of Haddington Ventures, LLC - a private equity firm. From January 2009 through June 2010, Mr. Vann served as an advisory board member for Enexus, LLC, which is a subsidiary of Entergy Corporation. Mr. Vann has a Bachelor of Science degree in Chemical Engineering, with honors, from the University of Kansas. Mr. Vann serves on the Board of Advisors for the School of Engineering at the University of Kansas, which selected him to receive its Distinguished Engineering Service Award in 2012.</p>	64	March 2006

The board determined that Mr. Vann should be nominated to our board of directors due to his pertinent experience, qualifications, attributes and skills, which include: the knowledge and experience attained through 41 years of service in the commodity trading business and his background and expertise in risk assessment and leadership in the energy sector.

CORPORATE GOVERNANCE

Management of Legacy Reserves LP

The directors and officers of Legacy Reserves GP, LLC, as our general partner, manage our operations and activities. Our general partner is not elected by our unitholders and will not be subject to re-election on a regular basis in the future. Other than through their ability to elect directors of our general partner as described below, unitholders will not be entitled to directly or indirectly participate in our management or operation.

Our general partner owes a fiduciary duty to our unitholders. Our general partner will be liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically nonrecourse to it. Our general partner therefore may cause us to incur indebtedness or other obligations that are nonrecourse to it.

The limited liability company agreement of our general partner provides for a board of directors of not less than seven and not more than nine members.

Our unitholders, including affiliates of our general partner, are entitled to annually elect all of the directors of our general partner. Directors of our general partner hold office until the earlier of their death, resignation, removal or disqualification or until their successors have been elected and qualified.

Board of Directors

During the fiscal year ended December 31, 2011, our general partner's board of directors held twelve meetings. It is the policy of our general partner's board of directors to encourage directors to attend each meeting of unitholders. All of our seven directors attended the Annual Meeting held in 2011.

Director Independence

The board of directors of our general partner has an audit committee of three directors who meet the independence and experience standards established by the NASDAQ Global Select Market, or NASDAQ, and the Securities Exchange Act of 1934, as amended, or Exchange Act. The audit committee reviews our external financial reporting, recommends engagement of our independent auditors and reviews procedures for internal auditing and the adequacy of our internal accounting controls. The board of directors of our general partner also has a compensation committee, consisting of three independent members, that administers the Legacy Reserves LP Long-Term Incentive Plan, or LTIP.

Four members of the board of directors of our general partner serve on the nominating, governance and conflicts committee that will nominate candidates to serve on the board of directors of our general partner, review and determine other governance matters, and review specific matters that the board believes may involve conflicts of interest. In this context, the nominating, governance and conflicts committee will determine if the resolution of the conflict of interest is fair and reasonable to the unitholders. The members of the nominating, governance and conflicts committee may not be officers or employees of our general partner or directors, officers, or employees of its affiliates, and must meet the independence and experience standards established by any national securities exchange on which our securities may be listed and the Exchange Act and other federal securities laws. Under NASDAQ listing standards, the board of directors must affirmatively determine that a director is independent. Any matters approved by the nominating, governance and conflicts committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders.

The board annually reviews all relevant business relationships any director may have with Legacy and the independence standards established by the NASDAQ. As a result of its annual review and nomination process, the board has determined that none of Messrs. Granberry, Lawrence, Sullivan and Vann has a material relationship with the Partnership and, as a result, such directors are determined to be independent. Although not required under NASDAQ listing standards, we currently have a majority of independent directors on the board of directors of our general partner.

Independent members of the board of directors of our general partner serve as the members of the audit (Messrs. Lawrence (chairman), Granberry and Sullivan), compensation (Messrs. Vann (chairman), Granberry and Sullivan) and nominating, governance and conflicts (Messrs. Granberry (chairman), Lawrence, Sullivan and Vann) committees.

The audit committee met six times, the compensation committee met six times, and the nominating, governance and conflicts committee met two times during 2011.

Leadership Structure of the Board

As prescribed by the Amended and Restated Limited Liability Company Agreement of our general partner, the Chairman of the board of directors has the power to preside at all meetings of the board. Mr. C. Brown serves as Chairman of our board and as our Chief Executive Officer. The board believes that the combination of the Chairman and CEO roles is appropriate in the current circumstances, however, such approach is not established as a policy and the nominating, governance and conflicts committee will re-evaluate this approach periodically.

The nominating, governance and conflicts committee believes that Mr. C. Brown's history as one of the Partnership's founders and his strategic experience make him the appropriate leader of the board. In November 2010, the committee discussed and considered the appointment of an independent lead director and determined not to appoint one. It is the nominating, governance and conflicts committee's view that Mr. C. Brown in his dual capacity as Chairman of the board and Chief Executive Officer will serve as an effective communication link between the board and management and there is no need for an independent lead director at this time. The nominating, governance and conflicts committee will re-evaluate its view on the board's leadership structure periodically.

Risk Oversight

While it is the job of management to assess and manage our risk, the board and its audit committee (each where applicable) discuss the guidelines and policies that govern the process by which risk assessment and management is undertaken and evaluate reports from various functions with the management team on risk assessment and management. The board interfaces regularly with management and receives periodic reports that include updates on operational, financial, legal and risk management matters. The audit committee assists the board in oversight of the integrity of our financial statements and our compliance with legal and regulatory requirements including those related to the health, safety and environmental performance of Legacy. The audit committee also reviews and assesses the performance of our internal audit function and our independent auditors. The board receives regular reports from the audit committee. We do not believe that the board's role in risk oversight has an effect on the board's leadership structure.

Evaluation of Compensation Risk

Our compensation committee has reviewed our employee compensation programs and overall compensation structure and internal controls. There are several design features of our compensation policy that reduce the likelihood of excessive risk-taking:

- Annual cash incentive opportunities are contingent upon several carefully-designed objective operational and financial measures (50%) as well as the compensation committee's discretion as to whether and in what amount to award the remaining 50% of the target cash incentive compensation;
- Our compensation policy is designed to provide a balanced mix of cash and equity and short- and long-term incentives;
- The potential payouts pursuant to our annual cash incentives are subject to reasonable maximum limits; and
- Internal controls are in place to assure that payments and awards are consistent with actions approved by the compensation committee.

Taking into consideration the factors above, the compensation committee does not believe that there is a reasonable likelihood that Legacy's compensation policy could have a material adverse effect on Legacy.

Audit Committee

Membership

The audit committee has been established in accordance with Rule 10A-3 promulgated under the Exchange Act. The board of directors of our general partner has appointed Messrs. Lawrence, Sullivan, and Granberry as members of the audit committee. Mr. Lawrence serves as the chairman of the committee. Each of the members of the audit committee has been determined by the board of directors to be independent under NASDAQ's standards for audit committee members to serve on its audit committee. In addition, the board of directors has determined that at least one member of the audit committee (Mr. Lawrence) has such accounting or related financial management expertise sufficient to qualify such person as the audit committee financial expert in accordance with Item 407 of Regulation S-K and NASDAQ requirements.

Responsibilities

The audit committee assists the general partner's board of directors in overseeing:

- our accounting and financial reporting processes;
- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the qualifications and independence of our independent auditors; and
- the performance of our internal audit function and our independent auditors.

The audit committee is also charged with making regular reports to the board of directors of the general partner and preparing any reports that may be required under NASDAQ listing standards or SEC rules.

Charter

The board of directors of our general partner has adopted a charter for the audit committee, a copy of which is available on our website at www.legacylp.com. Please note that the preceding Internet address is for information purposes only and is not intended to be a hyperlink. Accordingly, no information found or provided at that Internet address or at our website in general is intended or deemed to be incorporated by reference herein.

Compensation Committee

Membership

The compensation committee consists of three members of the board of directors, Messrs. Vann, Granberry and Sullivan, all of whom have been determined by the board of directors of our general partner to be independent under NASDAQ listing standards. In addition, each member of the compensation committee qualifies as a non-employee director within the meaning of Rule 16b-3 promulgated under the Exchange Act, and as an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. Mr. Vann is the chairman of the compensation committee.

Responsibilities

The committee's responsibilities under its charter are to:

- evaluate and/or develop the compensation policies applicable to the executive officers of our general partner, which are required to include guidance regarding the specific relationship of performance to executive compensation;

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

- review and approve on an annual basis the corporate goals and objectives with respect to compensation for the Chief Executive Officer;
- evaluate at least once a year the Chief Executive Officer's performance in light of established goals and objectives;

- determine and approve the Chief Executive Officer's compensation;
- make recommendations to the board with respect to the compensation to be paid to the general partner's other executive officers based on the approval of the compensation committee of the Chief Executive Officer's report and recommendation;
- periodically review the compensation paid to non-employee directors (including board and committee chairpersons) and to make recommendations to the board regarding any adjustments;
- review and make recommendations to the board with respect to our incentive compensation and other unit-based plans;
- assist the full board with respect to the administration of the incentive compensation and other unit-based plans; and
- prepare and publish an annual executive compensation report.

Charter

The board of directors has adopted a charter for the compensation committee, a copy of which is available on our website at www.legacylp.com. Please note that the preceding Internet address is for information purposes only and is not intended to be a hyperlink. Accordingly, no information found or provided at that Internet address or at our website in general is intended or deemed to be incorporated by reference herein.

Nominating, Governance and Conflicts Committee

Membership

The nominating, governance and conflicts committee consists of Messrs. Granberry, Lawrence, Sullivan and Vann. Mr. Granberry serves as the chairman of the committee. The board of directors has determined that all members of the nominating and governance committee are independent under NASDAQ listing standards. The purpose of the committee is to:

- identify, recruit, evaluate and recommend individuals for election to the board and the committees thereof as well as to fill any vacancies, consistent with criteria approved by the board;
- develop and oversee the general partner's policies and procedures regarding compliance with applicable laws and regulations relating to the honest and ethical conduct of the general partner's directors, officers and employees, and senior financial officers (as well as the sole responsibility for granting any waivers thereunder);
- evaluate annually, based on input from the entire board, the performance of the general partner's Chief Executive Officer and report the results of the evaluation to the compensation committee; and
- oversee the evaluations of the board, the committees of the board and management.

Responsibilities

In addition to the purposes of the committee listed above, the duties of the nominating, governance and conflicts committee include:

- develop a process to be used by the committee in identifying and evaluating candidates for membership on the board and its committees;
- annually present to the board a list of nominees recommended for election to the board at the annual meeting of unitholders;
- adopt a policy regarding the consideration of any director candidates recommended by unitholders of the Partnership and the procedures to be followed by such unitholders in making such recommendations;

- adopt a process for unitholders of the Partnership to send communications to the board; and

- recommend general matters for consideration by the board including but not limited to (i) the structure of board meetings; (ii) director retirement policies; (iii) director and officer insurance policy requirements; (iv) policies regarding the number of boards on which a director may serve; (v) director orientation and training; and (vi) the role of the general partner's executive officers and the outside directorships of such directors.

Further, the nominating, governance and conflicts committee, at the request of the board of directors of our general partner, will review specific matters that the board of directors of our general partner believes may involve a conflict of interest. The committee will determine if the resolution of the conflict of interest is fair and reasonable to the unitholders. Any matters approved by the committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders.

Director Nominations

Under our amended and restated agreement of limited partnership, unitholders desiring to suggest a board nominee must give prior written notice to our Secretary regarding the persons to be nominated. The notice must be received at our principal executive offices at the address shown on the cover page within the specified period and must be accompanied by the information and documents specified in the amended and restated agreement of limited partnership. A copy of the amended and restated agreement of limited partnership may be obtained by writing to our Secretary at the address shown on the cover page of this proxy statement.

Recommendations by unitholders for directors to be nominated at the 2013 annual meeting of unitholders must be in writing and include sufficient biographical and other relevant information such that an informed judgment as to the proposed nominee's qualifications can be made and the name address and the class and number of units owned by such unitholder. Recommendations must be accompanied by a notarized statement executed by the proposed nominee consenting to be named in the proxy statement, if nominated, and to serve as a director, if elected. Notice and the accompanying information must be received at our principal executive office at the address shown on the cover page of this proxy statement no later than January 9, 2013 and no earlier than December 26, 2012.

The amended and restated agreement of limited partnership does not affect any unitholder's right to request inclusion of proposals in our proxy statement pursuant to Rule 14a-8 promulgated under the Exchange Act. Rule 14a-8 specifies what constitutes timely submission for a unitholder proposal to be included in our proxy statement. Under the SEC's proxy solicitation rules, in order to be considered for inclusion in the proxy materials for the 2013 annual meeting of unitholders, proposals must be received by our Secretary at our principal offices in Midland, Texas by January 9, 2013. Unitholders are urged to review all applicable rules and consult legal counsel before submitting a nomination or proposal to us.

Nomination Criteria

The nominating, governance and conflicts committee is responsible for assessing the skills and characteristics that candidates for election to our general partner's board of directors should possess, as well as the composition of our general partner's board of directors as a whole. The assessments include qualifications under applicable independence standards and other standards applicable to our general partner's board of directors and its committees as well as consideration of skills and experience in the context of the needs of our general partner's board of directors. Each candidate must meet certain minimum qualifications including:

- the ability to dedicate sufficient time, energy and attention to the performance of her or his duties, taking into consideration the nominee's service on other public company boards; and
- skills and expertise complementary to the skills and expertise of the existing members of our general partner's board of directors in this regard the board of directors will consider its need for operational managerial, financial, governmental affairs or other relevant expertise.

The nominating, governance and conflicts committee may also consider the ability of a prospective candidate to work with the then existing interpersonal dynamics of our general partner's board of directors and the candidate's ability to contribute to the collaborative culture among the members of the board of directors of our general partner.

The nominating, governance and conflicts committee will also evaluate each nominee based upon a consideration of diversity, age, skills and experience in the context of the needs of the general partner's board of directors. The committee does not have a policy with regard to the consideration of diversity in identifying director nominees. Diversity, including diversity of experience, professional expertise, gender, race and age, is one factor considered in evaluating a nominee.

Based on this initial evaluation, the committee will determine whether to interview the candidate, and if warranted, will recommend that one or more of its members, other members of our general partner's board of directors or senior management, as appropriate, interview the candidate in person or by telephone. After completing this evaluation and interview process, the committee ultimately determines its list of nominees and submits it to the full board of directors of our general partner for consideration and approval.

Charter

Our general partner's board of directors has adopted a charter for the nominating, governance and conflicts committee, a copy of which is available on our website at www.legacylp.com. Please note that the preceding Internet address is for information purposes only and is not intended to be a hyperlink. Accordingly, no information found or provided at that Internet address or at our website in general is intended or deemed to be incorporated by reference herein.

Code of Ethics

The board of directors of our general partner has adopted a Code of Ethics and Business Conduct applicable to officers, directors of our general partner and our employees including the principal executive officer, principal financial officer, principal accounting officer and controller, or those persons performing similar functions, of our general partner. The Code of Ethics and Business Conduct is available on our website at www.legacylp.com and in print to any unitholder who requests it. Amendments to or waivers from the Code of Ethics and Business Conduct will also be available on our website and reported as may be required under SEC rules; however, any technical, administrative or other non-substantive amendments to the Code of Ethics and Business Conduct may not be posted. Please note that the preceding Internet address is for information purposes only and is not intended to be a hyperlink. Accordingly, no information found or provided at that Internet address or at our website in general is intended or deemed to be incorporated by reference herein.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of compensation arrangements of the named executive officers of our general partner, Legacy Reserves GP, LLC, should be read together with the compensation tables and related disclosures set forth below.

Introduction

Our general partner manages our operations and activities through its board of directors. Under our amended and restated agreement of limited partnership, we reimburse our general partner for direct and indirect general and administrative expenses incurred on our behalf including the compensation of our general partner's executive officers. Our general partner has not incurred any reimbursable expenses related to the compensation of our general partner's executive officers for their management of us. Currently, our general partner's executive officers are employed by our wholly owned subsidiary, Legacy Reserves Services, Inc., and are directly compensated for their management of us pursuant to their employment agreements. The compensation amounts disclosed in this section and under "Executive Compensation" reflect the total compensation paid to the executive officers of our general partner. Please read "Executive Compensation" Employment Agreements.

Executive Summary

We are an independent oil and natural gas limited partnership headquartered in Midland, Texas, and are focused on the acquisition and development of oil and natural gas properties primarily located in the Permian Basin, Mid-Continent and Rocky Mountain regions of the United States. Our compensation policy, as adopted by the compensation committee and approved by the board of directors in September 2009 and amended in February 2010 and March 2012 (the compensation policy) is designed to make our executive officers' total compensation comparable to that of similarly-sized exploration and production companies that operate in the Permian Basin, Mid-Continent and Rocky Mountain regions as well as other publicly traded limited partnerships. The goals of our compensation policy are to:

- align the compensation of the executive officers with unitholder return;
- provide financial incentives to our executive officers for performance, achievement of goals and enhancement of unitholder value;
- drive and support the long-term goal of sustainable growth in unit distributions and total unitholder return by paying for performance; and
- enable the Partnership to attract and retain highly qualified executive officers.

In meeting the goal of sustainable growth, we intend to invest in our long-term opportunities while meeting our short-term commitments.

To achieve these goals, our total compensation to our executive officers is comprised of base salary, cash incentive compensation (cash bonus) and equity-based incentive compensation, as shown in the charts below that illustrate the allocation of compensation opportunities between salary, annual cash bonuses and annual grants of equity to our Chief Executive Officer and other named executive officers (NEOs) with respect to fiscal year 2011. Base salaries in the charts below are represented by annualized base salaries that were effective from March 1, 2011 through Feb. 29, 2012.

Chief Executive Officer

Average Other NEOs

19

Cash Incentive Compensation. With respect to fiscal year 2011, the maximum total annual cash bonus (subjective plus objective component) expressed as a percentage of annual salary for each named executive officer was as follows: Mr. C. Brown: 110%; Mr. Pruett: 100%; Mr. Horne: 80%; Mr. McGraw: 70%; and Mr. Morris: 60%.

Subjective Component of Cash Incentive Compensation (50%). In determining 2011 cash incentive awards, our compensation committee conducted a subjective evaluation of prior fiscal year individual officer and Partnership performance for 50% of maximum cash incentive compensation.

Objective Component of Cash Incentive Compensation (50%). The remaining 50% of maximum cash incentive compensation was objectively determined in accordance with the objective criteria set forth in our compensation policy, which are based on our results and the achievement of operational and financial goals and objectives during the prior fiscal year and are designed to align the incentive compensation of each executive officer with unitholder return by rewarding performance that maintains or grows distributions and increases EBITDA.

Set forth below are the EBITDA and cash distribution growth targets used to determine the objective portion of each executive officer's cash bonus. Achievement of less than 85% of Target EBITDA or failure to maintain the prior cash distribution level, respectively, will result in no cash bonus awarded with respect to that particular performance measure.

Performance Measure	Weight	Performance Level/Percent Earned			
EBITDA	50%	< 85% of Target	85% of Target	100% of Target	115% of Target
		0%	30%	75%	100%
Growth in Cash Distributions Per Unit	50%	< 0% Growth	0% Growth	7.5% Growth	15% Growth
		0%	50%	75%	100%

Equity-Based Incentive Compensation. We believe meaningful equity participation by each named executive officer to be a strong motivating factor that will result in significant increases in value and in growth. With respect to 2011, the maximum total annual equity-based compensation expressed as a percentage of annual salary for each named executive officer was as follows: Mr. C. Brown: 250%; Mr. Pruett: 200%; Mr. Horne: 150%; Mr. McGraw: 125%; and Mr. Morris: 100%.

Subjective Component of Equity-Based Incentive Compensation (40%). The service-based component of equity-based compensation is determined by a subjective evaluation of prior fiscal year performance by the compensation committee. Equity-based compensation awarded under this component and associated distribution equivalent rights vest ratably over a three-year period and are not subject to any performance criteria.

Objective Component of Equity-Based Incentive Compensation (60%). The objective or performance-based component, awarded as phantom units and associated distribution equivalent rights, is designed to reward our executive officers for their long-term performance and to align their interest with those of our unitholders.

The objective component is granted at the maximum amount each year but is subject to 1/3 vesting each year in accordance with an objective performance-related formula (as set forth under "Calculation of Vesting of Objective Component of Equity-Based Compensation" below) based on our absolute total unitholder return each year and our total unitholder return each year compared to the total unitholder returns of a group of our peers as well as the total unitholder returns of a broader group of MLPs. If none or only a portion of phantom units of a particular tranche vest as a result of target levels not being met, the unvested portion of phantom units will be forfeited.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

Set forth in the table below is a summary of the maximum amounts of awards available with respect to fiscal 2011 to each named executive officer, expressed as a percentage of each of such executive officer's applicable base salary.

Named Executive Officer	Maximum Cash Bonus Opportunity as a Percentage of 2011 Annual Salary(1)			Maximum Value of Phantom Units as a Percentage of 2011 Annual Salary(1)		
	Subjective	Objective	Total	Subjective	Objective	Total
Cary D. Brown(2) <i>Chairman of the Board, President and Chief Executive Officer</i>	55%	55%	110%	100%	150%	250%
Steven H. Pruett(3) <i>Former President, Chief Financial Officer and Secretary</i>	50%	50%	100%	80%	120%	200%
Paul T. Horne(4) <i>Executive Vice President and Chief Operating Officer</i>	40%	40%	80%	60%	90%	150%
Kyle A. McGraw(4) <i>Director, Executive Vice President, Chief Development Officer and Secretary</i>	35%	35%	70%	50%	75%	125%
William M. Morris(5) <i>Vice President - Information Technology and Tax, Former Chief Accounting Officer</i>	30%	30%	60%	40%	60%	100%

- (1) Salaries effective March 1, 2011.
- (2) Mr. C. Brown was appointed as President effective March 16, 2012, and continues to serve as Chairman and Chief Executive Officer.
- (3) Mr. Pruett resigned as President, Chief Financial Officer and Secretary effective March 16, 2012.
- (4) Effective March 16, 2012, Mr. Horne was promoted to Executive Vice President and Chief Operating Officer from Executive Vice President of Operations, while Mr. McGraw was promoted to Executive Vice President, Chief Development Officer and Secretary from Executive Vice President of Business Development and Land.
- (5) Mr. Morris resigned as Chief Accounting Officer effective April 1, 2012, but remains with the Partnership as Vice President - Information Technology and Tax.

Factors Considered. In determining the compensation paid to our named executive officers in 2011 under each component of their total compensation, the compensation committee considered the following achievements, among other things, during 2011 by the Partnership:

- Paid distributions per unit of \$0.53, \$0.54, \$0.545, and \$0.55 attributable to the first, second, third and fourth quarters of 2011, respectively, with a coverage ratio of 1.14 for the year (after deducting \$71.6 million of development capital expenditures in 2011), versus a goal of growing cash distributions to \$0.55 per unit attributable to the fourth quarter of 2011 with a coverage ratio of 1.2 times for the year (after deducting \$47 million of development capital expenditures in 2011);
- Acquired \$136.7 million of producing properties in 27 transactions at better than targeted cash flow metrics and also acquired \$5.5 million of undeveloped prospective acreage in the Permian Basin, versus a goal of acquiring \$200 million of producing properties at targeted cash flow metrics;

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

- Generated EBITDA of \$202 million with \$71.6 million of development capital expenditures versus a goal of \$191 million of EBITDA with \$47 million of development capital expenditures;

- Improved our organizational depth and capabilities throughout the Partnership (including our business development, land and accounting departments) and hired a Mid-Continent business unit leader, versus a goal of improving organizational depth and capabilities;
- Raised net proceeds of \$106.7 million in our November 2011 follow-on equity offering and \$2.3 million in our newly established at-the-market (ATM) equity program, and ended the year with a debt to LTM EBITDA ratio of approximately 1.7 times, versus a goal sourcing the public equity (follow-on and ATM) and debt markets in a favorable manner as needed to execute our business plan while maintaining a debt to EBITDA ratio of less than 3.0 times;
- Extended our credit agreement on favorable terms in March 2011 to a five-year, \$1 billion facility with a \$500 million borrowing base that was subsequently increased in the fall of 2011 to \$550 million, versus a goal of extending our credit agreement on favorable terms to a five-year, \$1 billion facility with a \$500 million borrowing base; and
- Experienced only one, minor lost-time accident versus a goal of zero lost-time accidents.

Primarily based on these achievements and the performance criteria set forth in our compensation policy, we awarded our named executive officers the following incentive compensation with respect to 2011 under each element of our compensation policy:

- 80% of the subjective component of cash bonus to each of Messrs. C. Brown, Pruet and McGraw, and 85% to each of Messrs. Horne and Morris;
- 75.24% of the objective component of cash bonus;
- 85% of the subjective component of equity-based compensation (subject to three year vesting in equal annual portions); and
- 32.27% of each of the second one-third tranche of the objective component of the equity based compensation grant made in 2010 and the first one-third tranche of the objective component of the equity based compensation made in 2011.

2012 Phantom Unit Grant. Additionally, in February 2012, the compensation committee awarded each executive officer's objective phantom unit grant at the applicable percentage as prescribed in our compensation policy. This 2012 phantom unit grant vests ratably over a three year period, starting on February 18, 2013, in an amount based on prior year Partnership performance. None or only a portion of such phantom units may vest. Unvested phantom units will be forfeited and associated accrued DERs will not be paid.

2012 Modification to Compensation Policy

On March 1, 2012, the board, upon recommendation of the compensation committee, approved modifications to the 2012 subjective and objective components of the equity-based incentive compensation arrangements for Messrs. Horne and McGraw, and approved modifications to the 2012 subjective and objective components of the cash incentive compensation arrangement for Mr. McGraw. In addition, the compensation committee approved Mr. Brown's modified cash and equity-based incentive compensation arrangements. These modifications to the Partnership's compensation policy are set forth in the table below.

Named Executive Officer	2012 Salary	Maximum Cash Bonus Opportunity as a Percentage of Annual Salary			Maximum Value of Phantom Units as a Percentage of Annual Salary		
		Objective	Subjective	Total	Objective	Subjective	Total
Cary D. Brown <i>Chairman of the Board, President and Chief Executive Officer</i>	\$450,000	65%	65%	130%	165%	110%	275%
Paul T. Horne <i>Executive Vice President and Chief Operating Officer</i>	\$300,000	40%	40%	80%	105%	70%	175%
Kyle A. McGraw <i>Director, Executive Vice President, Chief Development Officer and Secretary</i>	\$300,000	40%	40%	80%	105%	70%	175%

Corporate Governance**Compensation Committee Authority**

Executive officer compensation is administered by the compensation committee of the board of directors of our general partner, which is currently composed of three members, Messrs. Vann, Granberry and Sullivan. The board of directors appoints the compensation committee members and delegates to the compensation committee the direct responsibility for, among other things, determining and approving the Chief Executive Officer's compensation, recommending compensation for the general partner's other named executive officers, establishing equity and non-equity incentive plans, and administering our LTIP.

The board of directors has determined that each committee member is independent under NASDAQ listing standards, SEC rules and the relevant securities laws, and that each member qualifies as a non-employee director within the meaning of Rule 16-3 promulgated under the Exchange Act, and as an outside director as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended. The compensation committee met six times in 2011.

Role of Compensation Experts in Determining 2011 Executive Officer Compensation

The compensation committee is authorized to obtain, at the Partnership's expense, compensation surveys, reports on the design and implementation of compensation programs for directors, officers, and employees and other data and documentation as the compensation committee considers appropriate. In addition, the compensation committee has the sole authority to retain and terminate any outside counsel or other experts or consultants engaged to assist it in the evaluation of compensation of our directors and executive officers, including the sole authority to approve such consultants' fees and other retention terms.

The compensation committee retained BDO USA, LLP (BDO) as a compensation consultant for 2011. BDO was engaged to provide a study of compensation programs related to named executive officers and outside directors offered by a broad peer group of exploration and production companies and publicly traded limited partnerships. The compensation committee charged BDO with undertaking this study to ascertain how the members of this peer group structure their compensation and to assist the compensation committee in

establishing and maintaining an appropriate compensation program to better enable the Partnership to attract and retain highly qualified executive officers and to further align the interests of our executive officers with those of our unitholders.

Selection of Compensation Comparative Data

As discussed in greater detail below, central to our compensation philosophy is the alignment of the interests of our named executive officers with the interests of our unitholders. It is the goal of our compensation philosophy to provide financial incentives to our executive officers to focus on business strategies designed to increase the distributions we pay to our unitholders. In addition to comparing compensation packages of our named executive officers and outside directors with the compensation of their counterparts within our peer group of exploration and production companies and publicly traded limited partnerships, other specific performance levels or benchmarks, as described in the compensation policy, were used in 2011 to establish the compensation packages of our named executive officers and outside directors.

In 2011, our peer group included Clayton Williams Energy, Inc., Concho Resources, Inc., Resolute Energy Corp., SM Energy Co., Whiting Petroleum Corp., Breitburn Energy Partners L.P., Copano Energy, L.L.C., Encore Energy Partners LP, EV Energy Partners, LP, Linn Energy, LLC, Pioneer Southwest Energy Partners L.P., and Vanguard Natural Resources, LLC (Vanguard). Encore Energy Partners LP, which was included in our peer group, was merged into Vanguard effective December 1, 2011. Our peer group is determined by the compensation committee at the beginning of each fiscal year to ensure that the peer group's size and composition produces relevant information for the compensation committee's consideration. If any company in the peer group ceases to be publicly traded during any performance period, the compensation committee will adjust the composition of the peer group as it deems appropriate.

Decision-Making Process and Role of Executive Officers

Compensation decisions for executive officers involve both objective and subjective criteria. In 2011, the compensation committee consultant first provided information to the compensation committee regarding competitive market data. The second component of the decision making process was our Chief Executive Officer providing a written overview of performance by the Partnership, including an overview of the performance by each named executive officer other than himself, in light of established operational and financial goals and objectives. After reviewing this written overview, the compensation committee met with the Chief Executive Officer in order to ask questions regarding the information set forth in the written overview and to gather any additional information needed in order to make recommendations to the board of directors regarding the compensation of the named executive officers other than the Chief Executive Officer.

In determining the compensation of the Chief Executive Officer, the compensation committee took into account the information provided by the compensation committee consultant. The compensation committee then evaluated the Chief Executive Officer's performance in light of established operational and financial goals and objectives and determined as a committee, together with any other independent directors participating in the process, the Chief Executive Officer's compensation.

Executive Officer Compensation Strategy and Philosophy

Our compensation policy is designed to make our executive officers total compensation comparable to that of similarly-sized exploration and production companies that operate in the Permian Basin, Mid-Continent and Rocky Mountain regions as well as other publicly traded limited partnerships.

Our executive officer compensation strategy is designed to:

- align the compensation of the executive officers with unitholder return;
- provide financial incentives to our executive officers for performance, achievement of goals and enhancement of unitholder value;

- drive and support the long-term goal of sustainable growth in unit distributions and total unitholder return by paying for performance; and
- enable the Partnership to attract and retain highly qualified executive officers.

In meeting the goal of sustainable growth, we intend to invest in our long-term opportunities while meeting our short-term commitments. As all our executive officers hold units in the Partnership, we have attempted to maintain competitive levels of compensation while focusing on the growth of our business and distributions. Through this approach, our executives receive cash and equity compensation for the market value of their services and their performance is further rewarded through the distributions they receive on their holdings of our units, which creates alignment of interests with our unitholders.

At our named executive officers' 2011 compensation levels and due to our organizational structure, we did not believe that Internal Revenue Code Section 162(m) would be applicable and accordingly, did not consider it in setting 2011 compensation levels.

Components of Compensation

Named Executive Officer Compensation

Total compensation to our executive officers is comprised of base salary, cash incentive compensation (cash bonus) and equity-based incentive compensation.

2011 Performance Goals and Objectives

For the 2011 performance year, the operational and financial goals and objectives were as follows:

- Grow cash distributions to \$0.55 per unit attributable to the fourth quarter of 2011 with a coverage ratio of 1.2 times for the year (after deducting \$47 million of development capital expenditures in 2011);
- Acquire \$200.0 million of producing properties at targeted cash flow metrics;
- Generate \$191 million of EBITDA with \$47 million of development capital expenditures;
- Improve organizational depth and capabilities;
- Source the public equity (follow-on offerings and ATM program) and debt markets in a favorable manner as needed to execute our business plan while maintaining a debt to EBITDA ratio of less than 3.0 times;
- Extend our credit agreement on favorable terms to a five-year, \$1 billion facility with a \$500 million borrowing base; and
- Experience zero lost-time accidents.

These goals and objectives, as supplemented by more detailed supporting goals and objectives put forth by our named executive officers, provided a framework for the compensation committee to assess our 2011 performance and to determine named executive officers' compensation. Relative weight is not assigned to any or all of these goals and objectives. Additionally, the various financial goals were based on various assumptions, with the understanding that our actual financial performance would be assessed based on factors considered relevant by the compensation committee at the time named executive officer compensation was reviewed and determined.

2011 Performance Assessment

The compensation committee assessed the 2011 performance of executive officers for purposes of the determination of the subjective components of cash incentive compensation and equity-based incentive compensation (as set forth in the compensation policy) based on the attainment of the foregoing goals and objectives and the performance-related factors that it considered to be relevant.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

Among other things, the compensation committee considered the following achievements by the Partnership and the executive officers:

- Paid distributions per unit of \$0.53, \$0.54, \$0.545 and \$0.55 attributable to the first, second, third and fourth quarters of 2011, respectively, with a coverage ratio of 1.14 for the year (after deducting \$71.6 million of development capital expenditures in 2011);
- Acquired \$136.7 million of producing properties in 27 transactions at better than targeted cash flow metrics and also acquired \$5.5 million of undeveloped prospective acreage in the Permian Basin;
- Generated EBITDA of \$202 million with \$71.6 million of development capital expenditures;
- Improved our organizational depth and capabilities throughout the Partnership (including our business development, land and accounting departments) and hired a Mid-Continent business unit leader;
- Raised net proceeds of \$106.7 million in our November 2011 follow-on equity offering and \$2.3 million in our newly established ATM equity program, and ended the year with a debt to LTM EBITDA ratio of approximately 1.7 times;
- Extended our credit agreement on favorable terms in March 2011 to a five-year, \$1 billion facility with a \$500 million borrowing base that was subsequently increased in the fall of 2011 to \$550 million; and
- Experienced only one, minor lost-time accident.

Primarily based on these achievements, the compensation committee awarded to Mr. Brown 80% of the subjective component of the cash bonus and 85% of the subjective component of equity-based incentive compensation and recommended to the board that the executive officers other than Mr. Brown be awarded 80% (Messrs. Pruett and McGraw) and 85% (Messrs. Horne and Morris) of the subjective component of the cash bonus and 85% of the subjective component of equity-based incentive compensation at the individual levels set forth in subsequent sections.

Base Salaries

Overview

We pay base salary to attract talented executives and provide a fixed base of cash compensation. The compensation committee determines and approves the Chief Executive Officer's compensation including salary based on a review of the Chief Executive Officer's performance in light of established corporate goals and objectives. The compensation committee, with the assistance of the compensation committee consultant and input of the Chief Executive Officer, also makes recommendations to the board of directors as a whole with respect to the compensation including base salary to be paid to the other executive officers of our general partner.

It is the intent of the compensation committee to have the base salaries of our named executive officers reviewed on an annual basis as well as at the time of a promotion or other material change in responsibilities.

2011 Base Salary Determinations

The compensation committee determined the Chief Executive Officer's 2011 salary as follows, and, upon recommendation of the compensation committee, the board of directors determined 2011 salaries for the remaining executive officers as follows, all effective March 1, 2011: Mr. C. Brown: \$400,000; Mr. Pruett: \$320,000; Mr. McGraw: \$252,000; Mr. Horne: \$269,000; and Mr. Morris: \$236,000.

2012 Base Salary Determinations

Effective March 1, 2012, base salaries were increased as follows: Mr. Brown: \$450,000, Messrs. Horne and McGraw: \$300,000. On February 28, 2012, James R. Lawrence was appointed as Interim Chief Financial Officer effective March 16, 2012, and will continue in his roles as Vice President - Finance and Treasurer. On March 1, 2012, the board, upon recommendation of the compensation committee, increased Mr. Lawrence's

annual base salary to \$210,000, effective March 16, 2012. Also on March 1, 2012, Micah C. Foster was appointed by the board as Chief Accounting Officer effective April 1, 2012, and will continue in his role as Controller. On March 1, 2012, the board, upon recommendation of the compensation committee, increased Mr. Foster's annual base salary to \$180,000, effective April 1, 2012.

Cash Incentive Compensation (Cash Bonus)

Overview

As a component of total compensation, the compensation committee chooses to pay annual incentives to drive the achievement of key results and to recognize individuals based on their contributions to those results. The compensation committee recognizes that short-term results contribute to achieving long-term goals. The amount of annual incentives is based upon our results and the achievement of operational and financial goals and objectives. The range and target amounts are recommended to the compensation committee by our Chief Executive Officer.

In determining cash incentive awards, a subjective evaluation of prior fiscal year individual officer and Partnership performance (subjective criteria) and our results and the achievement of operational and financial goals and objectives during the prior fiscal (objective criteria) are considered.

The objective and subjective components of the cash incentive compensation each comprise 50% of the maximum bonus available expressed as a percentage of annual salary for each executive officer, as set forth in the following table for fiscal year 2011.

Named Executive Officer	Title	Maximum Cash Bonus Opportunity as a Percentage of Annual Salary		
		Subjective	Objective	Total
Cary D. Brown	Chairman of the Board, President and Chief Executive Officer	55%	55%	110%
Steven H. Pruett(1)	Former President, Chief Financial Officer and Secretary	50%	50%	100%
Paul T. Horne	Executive Vice President and Chief Operating Officer	40%	40%	80%
Kyle A. McGraw	Director, Executive Vice President, Chief Development Officer and Secretary	35%	35%	70%
William M. Morris(2)	Vice President - Information Technology and Tax, Former Chief Accounting Officer	30%	30%	60%

(1) Mr. Pruett resigned as President, Chief Financial Officer and Secretary effective March 16, 2012.

(2) Mr. Morris resigned as Chief Accounting Officer effective April 1, 2012, but remains with the Partnership as Vice President - Information Technology and Tax.

Objective Component of Cash Bonus

The objective component (up to 50% of the annual cash incentive compensation) is based on two measures of equal weight:

- EBITDA (as defined in the Partnership's revolving credit facility); and
- Growth in cash distributions per unit.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

The percentage levels that may be earned each year are based on the ranges of performance levels with respect to each target as set forth in the following table, as determined by straight-line interpolation. Our executive officers will not receive a cash bonus (with respect to either of the two performance measures) under this objective component unless the Partnership maintains its cash distribution per unit or achieves EBITDA that is at least 85% of the target EBITDA for the year.

Performance Measure	Weight	Performance Level/Percentage Earned			
EBITDA	50%	< 85% of Target	85% of Target	100% of Target	115% of Target
		0%	30%	75%	100%
Growth in Cash Distributions Per Unit	50%	< 0% Growth	0% Growth	7.5% Growth	15% Growth
		0%	50%	75%	100%

These objective measures are intended to align the cash incentive compensation of each executive officer with unitholder return by rewarding performance that maintains or grows distributions and increases EBITDA. The respective target levels of EBITDA and growth in cash distributions per unit, respectively, for purposes of the annual cash bonus determination only, will be set by the compensation committee at the beginning of each year after considering management's recommendation.

During 2011, the Partnership achieved EBITDA of \$202.0 million, or 105.8% of the \$191.0 million target EBITDA, resulting in a Percentage Earned (pursuant to the table above) of 84.6% (weighted at 50% or 42.3%) and distribution growth in 2011 was 4.76%, resulting in a Percentage Earned of 65.9% (weighted at 50% or 32.9%), resulting in bonus amounts at 75.24% of the Objective Factor (as set forth in the table below).

Subjective Cash Award

Each executive officer was awarded the cash bonuses in the amounts determined by the percentage of maximum levels available, as set forth under % of Subjective Factor Earned in the table below, and the potential maximum level of the subjective component of cash incentive compensation for 2011 (the Subjective Factor as set forth below).

Based on Legacy's and the individual executive officers' accomplishments and performances as set forth above, under the caption 2011 Performance Assessment, the board, based on the compensation committee's recommendation, set the subjective portion of the cash bonus as shown in the following table.

The chart below illustrates the 2011 cash incentive award for each named executive officer in accordance with the performance level/percentage earned calculation set forth in the compensation policy:

Named Executive Officer	Subjective			Objective			Cash Incentive Amount(b)	Total Cash Incentive
	2011 Salary(a)	Subjective Factor	% of Subjective Factor Earned	Bonus Amount	Objective Factor	% of Objective Factor Earned		
Cary D. Brown	\$400,000	55%	80%	\$176,000	55%	75.24%	\$165,528	\$341,528
Steven H. Pruet	\$320,000	50%	80%	\$128,000	50%	75.24%	\$120,384	\$248,384
Paul T. Horne	\$269,000	40%	85%	\$ 91,460	40%	75.24%	\$ 80,958	\$172,418
Kyle A. McGraw	\$252,000	35%	80%	\$ 70,560	35%	75.24%	\$ 66,362	\$136,922
William M. Morris	\$236,000	30%	85%	\$ 60,180	30%	75.24%	\$ 53,270	\$113,450

(a) Effective March 1, 2011.

(b) The amounts are determined by using a weighted earned percentage of 75.24% of the Objective Factor as determined in accordance with the formula set forth in the compensation policy. See Cash Incentive Compensation (Cash Bonus) Objective Component of Cash Bonus above.

Equity-Based Incentive Compensation

Overview

We provide performance-based equity-based incentive compensation opportunities to our executive officers as part of the compensation program because we believe that this element of compensation ties the interests of our executive officers directly to the interests of our unitholders. We also believe that equity-based incentive compensation serves as an important retention tool.

More specifically, the equity-based incentive compensation program adopted by the board of directors and compensation committee of our general partner is designed to reward our named executive officers for their long-term performance by aligning grants of phantom units with associated distribution equivalent rights, or DERs, with the growth of distributions to unitholders. The DERs entitle the recipient of the award with a payment equivalent to the amount of per unit distribution payable to unitholders.

We consider equity-based incentive compensation to be an important element of our compensation program for named executive officers. We believe meaningful equity participation by each named executive officer to be a strong motivating factor that will result in significant increases in value and in growth. This belief is reflected in the aggregate awards of phantom units that have been made to named executive officers that did not already have a significant interest in our units. Our award structure for long-term equity-based incentives employs a mix of subjective (weighted at 40% of total) and objective measures (weighted at 60% of total) as set forth below.

Subjective or Service-Based Component. The subjective or service-based component is determined by a subjective evaluation of prior fiscal year performance and, with respect to each executive officer, may be awarded up to the maximum percentage of annual salary as set forth in the table below. Once granted, the only condition to vesting will be that the executive officer remain in the service of the Partnership until the end of the respective vesting period. The vesting of service-based equity-based awards, once granted, is not subject to the attainment of any performance criteria.

Objective or Performance-Based Component. The objective or performance-based component is granted each year at the maximum percentage listed in the table below, but the amount vested each year for the three-year vesting period is determined on each vesting date in accordance with a formula (as set forth under *Calculation of Vesting of Objective Component of Equity-Based Compensation* below) based on the objective total unitholder return and relative performance measures (described below) achieved during the fiscal year prior to the applicable vesting date. If none or only a portion of phantom units of a particular tranche vest as a result of target levels not being met, the unvested portion of phantom units of a particular tranche will be forfeited.

All equity-based incentive compensation awards are phantom units, with associated DERs, up to the maximum amounts reflected as percentages of annual salary as set forth in the following table.

Named Executive Officer	Title	Maximum Value of Phantom Units as a Percentage of Annual Salary		
		Subjective	Objective	Total
Cary D. Brown	Chairman of the Board, President and Chief Executive Officer	100%	150%	250%
Steven H. Pruett	Former President, Chief Financial Officer and Secretary	80%	120%	200%
Paul T. Horne	Executive Vice President and Chief Operating Officer	60%	90%	150%
Kyle A. McGraw	Director, Executive Vice President, Chief Development Officer and Secretary	50%	75%	125%
William M. Morris	Vice President - Information Technology and Tax, Former Chief Accounting Officer	40%	60%	100%

A phantom unit is a notional unit that entitles the holder upon vesting to receive cash valued at the closing price of units on the vesting date, or, at the discretion of the compensation committee, the same number of Partnership units. The number of phantom units granted is determined by dividing the dollar amount of the intended grant value by the average closing price of Partnership units over the 20 trading days preceding the date of grant in the case of the subjective unit grant. In the case of the objective unit grant, the average closing price of Partnership units is calculated for the 20 trading day period ended the last trading day prior to January 1st in the year of the grant. All phantom unit grants vest over a three-year period, with each tranche to vest on the first, second and third anniversary of the initial grant date, as applicable. With respect to the objective component only, the actual number vested will be determined based on the three-step formula set forth below.

With respect to all phantom unit grants, DERs accumulate and accrue based on the assumed 100% vesting of each tranche. With respect to the objective component only, the actual amounts payable are based solely on the number of vested underlying phantom units.

Calculation of Vesting of Objective Component of Equity-Based Compensation

At the vesting date of each one-third tranche of the objective or performance-based component of equity-based compensation, the number of phantom units to vest each year is determined based on the following three-step process, with the total vested amount for each year to be determined by adding the values arrived at in Step 1 and Step 2.

Step 1: 50% of the performance-based award will be a function of the Total Unitholder Return for the Partnership (Legacy TUR) and the ordinal rank of the Legacy TUR among such upstream master limited partnership (MLP) peer companies as determined by the compensation committee at the beginning of each fiscal year (Peer Group). The Legacy TUR or the Total Unitholder Return for any entity in the Peer Group for any performance period means the percentage increase in the value of a \$100 investment in a unit or common unit purchased at the average closing price of such a unit or common unit over the 20 trading days prior to January 1 of the year with respect to which the grant is made, assuming distributions are reinvested in additional fractional units or common units on the date they are declared based on the closing price of units or common units on the date of such reinvestment, and assuming such investment is liquidated on the January 1 immediately following the fiscal year with respect to which the grant is made, at a price that is the average price of the unit or common unit over the 20 trading days prior to the liquidation. The following matrix will be used to determine the Legacy TUR vs. Peer Group portion of the award. The total grant value to vest each year is the sum of the results derived from each of the two grids shown below.

1st or 2nd	25%	40%	60%	75%	85%	100%
3rd or 4th	15%	35%	50%	60%	75%	85%
5th or 6th	0%	15%	35%	50%	60%	75%
7th or 8th	0%	0%	15%	25%	40%	50%
	<8.0%	8.0%	12.0%	15.0%	17.5%	20%+
	Legacy TUR					

* For the 2011 performance period, the Peer Group consists of Breitburn Energy Partners L.P., EV Energy Partners, L.P., Linn Energy, LLC, Pioneer Southwest Energy Partners L.P. and Vanguard. Encore Energy Partners LP was previously a member of the Peer Group but was merged into Vanguard effective December 1, 2011. If any company in the Peer Group ceases to be publicly traded during any performance period, the compensation committee will adjust the composition of the Peer Group as it deems appropriate.

To determine the performance-based awards earned for this Legacy TUR vs. Peer Group component, the percentage determined in accordance with the performance grid (using straight-line interpolation between the percentages given above) is multiplied by 50% and multiplied by the maximum number of phantom units available for vesting that particular year.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

Step 2: 50% of the performance-based award will be a function of the Legacy TUR and the percentile rank of the Partnership among a group of MLPs included in the Alerian MLP Index (such group of MLPs as determined by the compensation committee, excluding publicly traded general partners of MLPs and shipping companies) (the Adjusted Alerian Index). The following matrix will be used to determine the Legacy TUR vs. Adjusted Alerian Index portion of the award.

90th %ile	30%	50%	60%	75%	85%	100%
75th %ile	15%	40%	50%	60%	75%	85%
50th %ile	0%	25%	40%	50%	60%	75%
25th %ile	0%	15%	25%	40%	50%	60%
<25th %ile	0%	0%	0%	15%	30%	50%
	<8.0%	8.0%	12.0%	15.0%	17.5%	20%+
	Legacy TUR					

** Adjusted Alerian Index means a subset of companies included in the Alerian MLP Index as determined by the compensation committee and excludes publicly traded general partners of MLPs and shipping companies, as of the beginning of each fiscal year. The calculation of the Adjusted Alerian Index along with calculation of percentile results and the Legacy TUR percentile ranking is subject to third-party review.

To determine the performance-based awards earned on this Legacy TUR vs. Adjusted Alerian Index component, the percentage earned in accordance with the above matrix (using straight-line interpolation between the percentages set forth in the matrix) is multiplied by 50% and multiplied by the maximum number of phantom units available for vesting that particular year.

Step 3: The respective award values arrived at by performing the calculations set forth in Step 1 and Step 2 above will be added to determine the total vested portion of the performance-based equity award with respect to a particular fiscal year.

2012 Phantom Unit Grants

On February 1, 2012, in accordance with the compensation policy, the compensation committee approved the following phantom unit awards and associated DERs for Mr. Cary Brown. With respect to the remaining named executive officers, the compensation committee recommended the following phantom unit awards and associated DERs to the board and the board, on February 2, 2012, approved such awards:

Named Executive Officer	2012 Phantom Unit Grants (and associated DERs)				Objective Performance-Based Grant	
	2011 Salary	Subjective Grant (Based on 2011 Performance)		Phantom Units(b)	Objective Factor(a)	Maximum Phantom Units(c)
		Subjective Factor(a)	Subjective Award			
Cary D. Brown	\$400,000	100%	85%	11,872	150%	22,043
Steven H. Pruettt(d)	\$320,000	80%	85%	7,608	120%	14,107
Paul T. Horne	\$269,000	60%	85%	4,797	90%	8,894
Kyle A. McGraw	\$252,000	50%	85%	3,745	75%	6,943
William M. Morris	\$236,000	40%	85%	2,806	60%	5,202

(a) Represents percentage of 2011 salary effective March 1, 2011.

(b) Phantom units vest 1/3 each anniversary beginning on February 18, 2013.

(c) Based on the 20-day trading average prior to January 1, 2012, or \$27.22. Vesting is subject to performance criteria. Represents maximum number of phantom units available to vest in one-third tranches over the next three years starting February 18, 2013, pending attainment of specified performance criteria. Unvested phantom units will be forfeited.

(d) Mr. Pruett resigned effective March 16, 2012. As a result, all his unvested phantom units were forfeited.

Subjective or Service-Based Component. Based upon the rationale set forth in 2011 Performance Assessment set forth above, each executive officer was awarded the 85% of the potential subjective component of equity-based incentive compensation for 2011. The number of subjective phantom units granted are based on the 20-day trading average ended on the last trading day prior to February 1, 2012 (Mr. C. Brown), or \$28.64, and February 2, 2012 (Messrs. Pruett, Horne, McGraw and Morris), or \$28.60. The only condition to vesting will be that the award recipient remains in the service of the Partnership until the end of the respective vesting period. The vesting of service-based equity-based awards, once granted, is not subject to the attainment of any performance criteria.

Objective Equity Compensation. The number of phantom units for the objective component of equity-based incentive compensation was granted as prescribed by the compensation policy at the maximum level, in an amount based on the average closing price of Partnership units for the 20 trading day period ended the last trading day prior to January 1, 2012, or \$27.22. As set forth in the compensation policy, the objective or performance-based component is granted each year at the maximum percentage listed in the table above but the amount vested each year for the three-year vesting period will be determined on each vesting date in accordance with a formula based on the objective total unitholder return measures achieved during the fiscal year prior to the applicable vesting date. If none or only a portion of phantom units of a particular one-third tranche vest as a result of target levels not being met, such number of phantom units will be forfeited.

2011 Phantom Unit Grants

On February 18, 2011, in accordance with the compensation policy, the compensation committee approved the following phantom unit awards and associated DERs for Mr. Cary Brown, and, with respect to the remaining named executive officers, recommended the following phantom unit awards to the board and the board approved such awards:

Named Executive Officer	2011 Phantom Unit Grants (and associated DERs)					Objective Performance-Based Grant	
	2010 Salary	Subjective Grant (Based on 2010 Performance)		Phantom Units(b)	Objective Factor(a)	Maximum	
		Subjective Factor(a)	Subjective Award			Phantom Units(c)	
Cary D. Brown	\$364,000	100%	100%	12,385	150%	20,192	
Steven H. Pruett(d)	\$292,000	80%	100%	7,948	120%	12,959	
Paul T. Horne	\$258,000	60%	100%	5,267	90%	8,587	
Kyle A. McGraw	\$242,000	50%	100%	4,117	75%	6,712	
William M. Morris	\$227,000	40%	100%	3,089	60%	5,037	

(a) Represents percentage of 2010 salary effective March 1, 2010.

(b) Phantom units vest 1/3 each anniversary. The first one-third tranche of each of these subjective phantom unit grants vested on February 18, 2012.

(c) Subject to performance criteria. Represents maximum number of phantom units available to vest in one-third tranches over the next three years starting February 18, 2012, pending attainment of specified performance criteria. Unvested phantom units will be forfeited. In accordance with the performance criteria, 32.27% of the first one-third tranche of these phantom unit grants vested on February 18, 2012, and the remaining phantom units of the first one-third tranche were forfeited.

(d) Mr. Pruett resigned effective March 16, 2012. As a result, all his unvested phantom units were forfeited.

2010 Phantom Unit Grants

On February 18, 2010, the compensation committee approved the following phantom unit awards for Mr. Cary Brown, and, with respect to the remaining named executive officers, recommended the following phantom unit awards to the board and the board approved such awards:

Named Executive Officer	2009 Salary	2010 Phantom Unit Grants (and associated DERs)						
		Subjective Grant (Based on 2009 Performance)	Objective Performance-Based Grant	Maximum	Subjective Factor(a)	Subjective Award	Phantom Units(b)	Objective Factor(a)	Phantom Units(c)
Cary D. Brown	\$325,000	100%	100%	16,193	150%	25,848		
Steven H. Pruett(d)	\$275,000	80%	100%	10,962	120%	17,497		
Paul T. Horne	\$250,000	60%	100%	7,474	90%	11,930		
Kyle A. McGraw	\$235,000	50%	100%	5,855	75%	9,345		
William M. Morris	\$220,000	40%	100%	4,385	60%	6,999		

- (a) Represents percentage of 2009 salary.
- (b) Phantom units vest 1/3 each anniversary. The second one-third tranche of each of these phantom unit grants vested on February 18, 2012.
- (c) Subject to performance criteria. Represents maximum number of phantom units available to vest in one-third tranches over the next three years starting February 18, 2011, pending attainment of specified performance criteria. Unvested phantom units will be forfeited. In accordance with such performance criteria, 100% of the first one-third tranche of these phantom unit grants vested on February 18, 2011.
- (d) Mr. Pruett resigned effective March 16, 2012. As a result, all his unvested phantom units were forfeited.

2012 Objective Phantom Unit Vesting

In accordance with the calculation of the objective component of equity compensation as set forth in the Compensation Policy, the first tranche of phantom units granted to each executive officer on February 18, 2011 and the second tranche of phantom units granted to each executive officer on February 18, 2010 vested on February 18, 2012 in the amounts set forth below.

The Performance Factor is determined based on the Partnership's performance during 2011 as measured by the Partnership's absolute total unitholder return (TUR), the Partnership's TUR compared to the TUR of an index of other MLPs, and the Partnership's TUR ranking among its peer group.

2012 Phantom Unit Vesting

Executive Officer	Objective Grant Maximum Phantom Units		
	Subject to Vesting(1)	Performance Factor(2)	Phantom Units Vested
Cary D. Brown	15,347	32.27%	4,952
Steven H. Pruett	10,152	32.27%	3,276
Paul T. Horne	6,839	32.27%	2,206
Kyle A. McGraw	5,352	32.27%	1,727
William M. Morris	4,012	32.27%	1,295

- (1) Represents one-third of the total phantom units granted pursuant to the objective component of the Compensation Policy.

- (2) Based on the Partnership's total unitholder return for 2011 of 8.6%, Legacy ranking of third among its Peer Group (as defined in the Compensation Policy) in total unitholder return and a 50.0 percentile rank of the Partnership's total unitholder return among the Adjusted Alerian MLP Index (as defined in the Compensation Policy).

Amended and Restated Legacy Reserves LP Long-Term Incentive Plan (LTIP)

Long-term incentive compensation awards are administered through our LTIP adopted in March 2006 and amended and restated on August 17, 2007. The plan is administered by the compensation committee and permits the grant of awards resulting in the issuance of an aggregate of 2,000,000 units. The purpose of the plan is to promote the interests of our unitholders by encouraging our employees, directors and other service providers to acquire or increase their equity interest in us, thereby giving them the added incentive to work toward our continued growth and success. The plan permits awards of unit grants, restricted units, phantom units, unit options, unit appreciation rights, performance based units and other forms of equity compensation.

As of December 31, 2011, grants of awards, net of forfeitures, covering 1,614,191 units have been made including 197,684 restricted units, 266,014 unit options, 753,844 unit appreciation rights, 323,031 phantom units and 73,618 units issued to directors. We selected these types of awards because of the expectation by most of our employees as well as our directors that part of their compensation would be derived from the growth in value of Partnership units.

Our general partner's board of directors, or its compensation committee, in its discretion may terminate, suspend or discontinue the LTIP at any time with respect to any award that has not yet been granted. Our general partner's board of directors, or its compensation committee, also has the right to alter or amend the LTIP or any part of the plan from time to time, including increasing the number of units that may be granted, subject to unitholder approval as required by the exchange upon which the units are listed at that time. However, no change in any outstanding grant may be made that would materially impair the rights of the participant without the consent of the participant.

Unit Grants

The LTIP permits the grant of units. A unit grant is a grant of units that vests immediately upon issuance.

Restricted Units and Phantom Units

A restricted unit is a unit that is subject to forfeiture prior to the vesting of the award. A phantom unit is a notional unit that entitles the grantee to receive a unit upon the vesting of the phantom unit or, in the discretion of the compensation committee, cash equivalent to the value of a unit. The compensation committee may make grants under the plan of restricted units and phantom units to employees, consultants and directors containing such terms, consistent with the plan, as the compensation committee shall determine. The compensation committee will determine the period over which the restricted units and phantom units granted to employees, consultants and directors will vest. The compensation committee may base vesting upon the achievement of specified financial objectives or on the grantee's completion of a period of service. In addition, the restricted units and phantom units will vest upon a change of control of the Partnership or our general partner, unless provided otherwise by the compensation committee in the award agreement.

If the grantee's employment, service relationship or membership on the board of directors terminates for any reason, the grantee's restricted units and phantom units will be automatically forfeited unless, and to the extent, the compensation committee provides otherwise in the award agreement or waives (in whole or in part) any such forfeiture. Units to be delivered in connection with the grant of restricted units or upon the vesting of phantom units may be units acquired by us on the open market, or from any other person, or we may issue new units, or any combination of the foregoing. Our general partner is entitled to reimbursement by us for the cost incurred in acquiring units. Thus, the cost of the restricted units and the delivery of units upon the vesting of phantom units will be borne by us. If we issue new units in connection with the grant of restricted units or upon vesting of the phantom units, the total number of units outstanding will increase. The compensation committee, in its discretion, may provide for tandem distribution rights with respect to restricted units and grant tandem

distribution equivalent rights with respect to phantom units that entitle the holder to receive cash equal to any cash distributions made on units prior to the vesting of a restricted or phantom unit, however, any such cash distributions will accumulate and accrue based on the assumed 100% vesting of any such restricted or phantom units but will not be payable until such vesting occurs. The actual amounts payable pursuant to such tandem distribution rights or tandem distribution equivalent rights will be based solely on the number of underlying restricted or phantom units that actually vest.

Unit Options and Unit Appreciation Rights

The LTIP permits the grant of options covering units and the grant of unit appreciation rights. A unit appreciation right is an award that, upon exercise, entitles the participant to receive the excess of the fair market value of a unit on the exercise date over the exercise price established for the unit appreciation right. Such excess may be paid in units, cash, or a combination thereof, as determined by the compensation committee in its discretion. The compensation committee will be able to make grants of unit options and unit appreciation rights under the plan to employees, consultants and directors containing such terms as the committee shall determine consistent with the plan. Unit options and unit appreciation rights may not have an exercise price that is less than the fair market value of the units on the date of grant. In general, unit options and unit appreciation rights granted will become exercisable over a period determined by the compensation committee. In addition, the unit options and unit appreciation rights will become exercisable upon a change in control of the Partnership or our general partner, unless provided otherwise by the committee in the award agreement. The compensation committee, in its discretion may grant tandem distribution equivalent rights with respect to unit options and unit appreciation rights.

Upon exercise of a unit option (or a unit appreciation right settled in units), we will acquire units on the open market or from any other person or we may issue new units, or any combination of the foregoing. If we issue new units upon exercise of the unit options (or a unit appreciation right settled in units), the total number of units outstanding will increase, and our general partner will pay us the proceeds it receives from an optionee upon exercise of a unit option. The availability of unit options and unit appreciation rights is intended to furnish additional compensation to employees, consultants and directors and to align their economic interests with those of unitholders.

Unit Option Practices

Although our LTIP permits us to award options under a variety of circumstances, we have not granted unit options since early 2007 and do not anticipate granting any further unit options. We have not back-dated any option awards. The option grants we have made to date had an exercise price that corresponded with the offering price to purchasers of our units in a private offering we conducted in March 2006, the price at which our units traded on the Portal Market, the price to the public of our units in our January 2007 initial public offering, or the market value of our units at the close of trading on the date of the grant. Any option grants we may make in the future will have an exercise price equal to the market value of our units at the close of trading on the date of the grant. We have chosen to replace the use of unit options in the future with unit appreciation rights to reduce the administrative costs associated with unit options.

Perquisites and Other Personal Benefits

We maintain a 401(k) plan. The plan permits eligible full-time employees, including named executive officers, to make voluntary, pre-tax contributions to the plan up to a specified percentage of compensation, subject to applicable tax limitations. We may make a discretionary matching contribution to the plan for each eligible employee equal to 6.0% of an employee's annual compensation not in excess of \$245,000 for 2009, 2010 and 2011, subject to applicable tax limitations. Eligible employees who elect to participate in the plan are generally vested in any matching contribution after commencement of employment with the company. The plan is intended to be qualified under Section 401(a) of the Internal Revenue Code so that contributions to the plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the plan, and so that contributions, if any, will be deductible when made.

We maintain an employee benefit plan that provides our employees with the opportunity to enroll in our health, dental and life insurance plans. We pay all of our employees' health and life insurance premiums. Our dental plan requires the employee to pay a portion of the premium, and we pay the remainder. We provide these benefits so that we will remain competitive in the employment market and offer the benefits to all employees on the same basis.

Phantom Unit Grants Under Previous Compensation Policy

2009 Phantom Unit Grants. In accordance with the compensation policy in effect for 2008, the compensation committee approved the following grants of phantom units with associated DERs to our named executive officers on January 29, 2009:

Named Executive Officer	Phantom Units with associated DERs
Cary D. Brown	11,760
Steven H. Pruett	11,760
Kyle A. McGraw	9,800
Paul T. Horne	9,800
William M. Morris	5,880

The phantom units vest annually in one-third increments, beginning on the first anniversary of the grant date, over a three-year period. The first, second and third one-third tranches of each of these phantom unit grants vested on January 29, 2010, January 29, 2011 and January 29, 2012, respectively.

Unit Ownership Guidelines

We do not currently have any policy or guideline that requires a specified ownership of our units by our directors or executive officers or unit retention guidelines applicable to equity-based awards granted to directors and executive officers. Although we do not have a policy requiring ownership, each of our named executive officers directly or indirectly owns units.

As of December 31, 2011, our named executive officers as a group beneficially owned 6,784,890 units. Our named executive officers beneficially own approximately 14.2% of our 47,907,179 issued and outstanding units.

COMPENSATION COMMITTEE REPORT

The compensation committee of the board of directors of Legacy Reserves GP, LLC held six meetings during fiscal year 2011. The compensation committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based upon such review, the related discussions and such other matters deemed relevant and appropriate by the compensation committee, the compensation committee has recommended to the board of directors of Legacy Reserves GP, LLC that the Compensation Discussion and Analysis be included in this proxy statement.

Members of the compensation committee of the board of directors of Legacy Reserves GP, LLC:

Kyle D. Vann (Chairman)
William R. Granberry
William D. Sullivan

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the aggregate compensation awarded to, earned by or paid to our named executive officers serving at December 31, 2009, 2010 and 2011 and reflects the total compensation paid to the executive officers of our general partner.

Name and Principal Position	Year	Salary	Bonus	Unit	Option	All Other	Total
		(\$)(a)	(\$)	Awards	Awards	Compensation	
		(\$)(b)	(\$)	(\$)(b)	(\$)	(\$)	(\$)
Cary D. Brown(h) <i>Chairman of the Board, President and Chief Executive Officer</i>	2009	\$325,000	\$408,549	\$107,140	\$	\$63,342(c)	\$904,031
	2010	\$357,500	\$340,500	\$617,504	\$	\$51,472(c)	\$1,366,976
	2011	\$394,000	\$341,528	\$536,988	\$	\$71,826(c)	\$1,344,342
Steven H. Pruettt(i) <i>Former President, Chief Financial Officer and Secretary</i>	2009	\$275,000	\$299,269	\$107,140	\$	\$63,342(d)	\$744,751
	2010	\$289,167	\$248,317	\$418,013	\$	\$51,472(d)	\$1,006,969
	2011	\$315,333	\$248,384	\$344,619	\$	\$62,720(d)	\$971,056
Kyle A. McGraw(j) <i>Director, Executive Vice President, Chief Development Officer and Secretary</i>	2009	\$235,000	\$163,742	\$89,283	\$	\$57,417(e)	\$545,442
	2010	\$240,833	\$144,058	\$223,263	\$	\$47,785(e)	\$655,939
	2011	\$250,333	\$136,922	\$178,503	\$	\$51,606(e)	\$617,364
Paul T. Horne(j) <i>Executive Vice President and Chief Operating Officer</i>	2009	\$250,000	\$222,650	\$89,283	\$	\$57,417(f)	\$619,350
	2010	\$256,667	\$175,523	\$285,010	\$	\$47,785(f)	\$764,985
	2011	\$267,167	\$172,418	\$228,365	\$	\$54,982(f)	\$722,932
William M. Morris(k) <i>Vice President - Information Technology and Tax, Former Chief Accounting Officer</i>	2009	\$220,000	\$128,249	\$53,570	\$	\$41,421(g)	\$443,240
	2010	\$225,833	\$115,824	\$167,211	\$	\$30,520(g)	\$539,388
	2011	\$234,500	\$113,450	\$133,942	\$	\$41,687(g)	\$523,579

(a) For 2009, executive salaries were kept at the level effective since September 1, 2008. Annual salary increases for 2010 and 2011 became effective on March 1, 2010 and March 1, 2011, respectively.

(b) Phantom units were granted to officers on January 29, 2009, February 18, 2010 and February 18, 2011. The amount shown reflects the grant date fair value of these awards based upon the Financial Accounting Standards board's authoritative guidance relating to stock compensation. The assumptions used in calculating these amounts are incorporated by reference to Note 13 - Unit Based Compensation to the financial statements in our annual report on Form 10-K filed with the SEC on February 23, 2012. In the prior years Summary Compensation Table, based on then prevailing rules, the value of these awards reflected the grant date fair value of the amounts expensed each year, for financial reporting purposes. On December 16, 2009, the SEC adopted a final rule that requires reporting all stock and option awards granted during the fiscal year at the full grant date fair value. The value for each of the three years in this Summary Compensation Table reflects the full grant date fair value. Assuming all performance and service conditions are met at the maximum possible level, the grant date fair value of the unit awards granted in 2011 pursuant to the compensation policy for each named executive officer is as follows: Mr. C. Brown: \$818,010; Mr. Pruettt: \$524,975; Mr. McGraw: \$271,917; Mr. Horne: \$347,874; and Mr. Morris: \$204,044.

(c) Reflects for 2009: \$14,700 of 401(k) employer matching contributions, \$13,698 of health, life and disability insurance premiums and \$34,944 of unit distributions received by Mr. Brown on his unvested phantom units. Reflects for 2010: \$14,700 of 401(k) employer matching contributions, \$14,641 of health, life and disability

insurance premiums and \$22,131 of unit distributions received by Mr. Brown on his unvested phantom units. Reflects for 2011: \$14,700 of 401(k) employer matching contributions, \$18,342 of health, life and disability insurance premiums and \$38,784 of unit distributions received by Mr. Brown on his phantom units.

37

- (d) Reflects for 2009: \$14,700 of 401(k) employer matching contributions, \$13,698 of health, life and disability insurance premiums and \$34,944 of unit distributions received by Mr. Pruett on his unvested phantom units. Reflects for 2010: \$14,700 of 401(k) employer matching contributions, \$14,641 of health, life and disability insurance premiums and \$22,131 of unit distributions received by Mr. Pruett on his unvested phantom units. Reflects for 2011: \$14,700 of 401(k) employer matching contributions, \$18,677 of health, life and disability insurance premiums and \$29,343 of unit distributions received by Mr. Pruett on his phantom units.
- (e) Reflects for 2009: \$14,600 of 401(k) employer matching contributions, \$13,698 of health, life and disability insurance premiums and \$29,119 of unit distributions received by Mr. McGraw on his unvested phantom units. Reflects for 2010: \$14,700 of 401(k) employer matching contributions, \$14,641 of health, life and disability insurance premiums and \$18,444 of unit distributions received by Mr. McGraw on his unvested phantom units. Reflects for 2011: \$14,700 of 401(k) employer matching contributions, \$18,370 of health, life and disability insurance premiums and \$18,536 of unit distributions received by Mr. McGraw on his phantom units.
- (f) Reflects for 2009: \$14,700 of 401(k) employer matching contributions, \$13,698 of health, life and disability insurance premiums and \$29,119 of unit distributions received by Mr. Horne on his unvested phantom units. Reflects for 2010: \$14,700 of 401(k) employer matching contributions, \$14,641 of health, life and disability insurance premiums and \$18,444 of unit distributions received by Mr. Horne on his unvested phantom units. Reflects for 2011: \$14,700 of 401(k) employer matching contributions, \$18,825 of health, life and disability insurance premiums and \$21,457 of unit distributions received by Mr. Horne on his phantom units.
- (g) Reflects for 2009: \$6,080 of unit distributions received by Mr. Morris on his unvested restricted units, \$14,693 of 401(k) employer matching contributions, \$3,176 of health, life and disability insurance premiums and \$17,472 of unit distributions received by Mr. Morris on his unvested phantom units. Reflects for 2010: \$14,338 of 401(k) employer matching contributions, \$5,896 of health, life and disability insurance premiums and \$11,066 of unit distributions received by Mr. Morris on his unvested phantom units. Reflects for 2011: \$14,700 of 401(k) employer matching contributions, \$14,292 of health, life and disability insurance premiums and \$12,695 of unit distributions received by Mr. Morris on his phantom units.
- (h) Mr. C. Brown was appointed as President effective March 16, 2012, and continues to serve as Chairman of the Board and Chief Executive Officer.
- (i) Mr. Pruett resigned from the Partnership effective March 16, 2012.
- (j) Effective March 16, 2012, Mr. Horne was promoted to Executive Vice President and Chief Operating Officer from Executive Vice President of Operations, while Mr. McGraw was promoted to Executive Vice President, Chief Development Officer and Secretary from Executive Vice President of Business Development and Land.
- (k) Mr. Morris resigned as Chief Accounting Officer effective April 1, 2012, but remains with the Partnership as Vice President - Information Technology and Tax.

Grants of Plan-Based Awards for Fiscal Year 2011

The following table sets forth the payments that may be made under our LTIP.

Name	Grant Date	Date Taken Action	Estimated Future Payouts Under Equity Incentive Plan Awards (in Units)			Unit Awards: Number of Units(c)	All Other Awards or Securities Underlying Awards of Unit and Option	Exercise Price of Option	Grant Date Fair Value of Unit and Option
			Threshold	Target	Maximum				
Cary D. Brown	2/18/11	2/18/11		10,096	20,192	12,385	\$	\$ 536,988	
Steven H. Pruett(d)	2/18/11	2/18/11		6,480	12,959	7,948	\$	\$ 344,619	
Kyle A. McGraw	2/18/11	2/18/11		3,356	6,712	4,117	\$	\$ 178,503	
Paul T. Horne	2/18/11	2/18/11		4,294	8,587	5,267	\$	\$ 228,365	
William M. Morris	2/18/11	2/18/11		2,519	5,037	3,089	\$	\$ 133,942	

- (a) Reflects grants made in fiscal year 2011.
- (b) Reflects the date on which the compensation committee was deemed to take action in making a grant of unit options.
- (c) Phantom units vest annually in one-third increments beginning on the first anniversary of their respective grant dates and are payable in cash or, at the discretion of the compensation committee, in units. For 2011, the numbers granted reflects the subjective portion of the compensation policy.
- (d) Mr. Pruett resigned effective March 16, 2012. As a result, all unvested phantom units were forfeited.

Outstanding Equity Awards at 2011 Fiscal Year-End

The following table reflects all of the outstanding equity awards held by our named executive officers as of December 31, 2011.

Name	Equity Incentive Plan Awards	
	Number of Unearned Units That Have Not Vested (#)(a)	Market Value of Unearned Units That Have Not Vested (\$)(b)
Cary D. Brown	64,524	\$ 1,822,158
Steven H. Pruett(c)	43,800	\$ 1,236,912
Kyle A. McGraw	24,229	\$ 684,227
Paul T. Horne	30,057	\$ 848,810
William M. Morris	17,675	\$ 499,142

- (a) Includes the phantom units that were granted on January 29, 2009, 74,718 phantom units that were granted on February 18, 2010, and February 18, 2011 which vest annually in one-third increments, beginning on the first anniversary of the grant date, over a three-year period. Also includes 101,233 phantom units that were granted on February 18, 2010 and 2011, which represent the maximum number of phantom units available to vest in one-third tranches over the next three years starting February 18, 2012, pending attainment of specified performance criteria. Unvested phantom units

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

will be forfeited. In accordance with such performance criteria, 100% of the first one-third tranche of the 2010 phantom unit grants vested on February 18, 2011 and 32.27% of the first one-third tranche of the 2011 phantom unit grants and the second one-third tranche of the 2010 phantom unit grants vested on February 18, 2012.

- (b) Reflects the value of phantom units based on the closing price of our units on the NASDAQ Global Select Market on December 31, 2011 of \$28.24.
- (c) Mr. Pruett resigned effective March 16, 2012. As a result, all his unvested phantom units were forfeited.

39

Employment Agreements

Through our wholly-owned subsidiary Legacy Reserves Services, Inc., we have employment agreements with Messrs. Brown, Horne, McGraw and Foster. These agreements establish that the executive officers are employed by Legacy Reserves Services, Inc. The agreements with Messrs. Brown, Horne and McGraw became effective upon the completion of our private placement on March 15, 2006, and Mr. Foster's employment agreement is effective April 1, 2012. All agreements are terminable either by the executive or by us at any time.

Base Salaries

2008-2009. On August 26, 2008, the board of directors of our general partner approved increased salaries for each of the named executive officers effective September 1, 2008, as follows: Mr. Brown, \$325,000; Mr. Pruett, \$275,000; Mr. McGraw, \$235,000; Mr. Horne, \$250,000; and Mr. Morris, \$220,000.

2009-2010. On September 21, 2009, at the recommendation of the compensation committee, the board of directors of our general partner determined that the 2009 salary levels for the named executive officers would remain at the 2008 levels until the compensation committee and the board had the opportunity to redesign the executive compensation policy and fully determine 2009 performance. As a result, the board determined that a decision as to salary levels would be deferred until the first quarter of 2010.

2010-2011. On January 11, 2010, the compensation committee of our general partner approved an increased salary for Mr. Brown of \$364,000 effective March 1, 2010. On February 18, 2010, at the recommendation of the compensation committee, the board of directors of our general partner approved increased salaries for each of the other named executive officers effective March 1, 2010, as follows: Mr. Pruett, \$292,000; Mr. McGraw, \$242,000; Mr. Horne, \$258,000; and Mr. Morris, \$227,000.

2011-2012. On February 15, 2011, the compensation committee of our general partner approved an increased salary for Mr. Brown of \$400,000 effective March 1, 2011. On February 18, 2011, upon the recommendation of the compensation committee, the board of directors approved the following increased salaries for each of our named executive officers effective March 1, 2011, as follows: Mr. Pruett, \$320,000; Mr. Horne, \$269,000; Mr. McGraw, \$252,000 and Mr. Morris, \$236,000.

2012-2013. On February 1, 2012, the compensation committee of our general partner approved an increased salary for Mr. Brown of \$425,000 effective March 1, 2012. On February 2, 2012, upon the recommendation of the compensation committee, the board of directors approved salaries for each of the other named executive officers effective March 1, 2012 as follows: Mr. Pruett, \$335,000; Mr. Horne, \$300,000; Mr. McGraw, \$280,000; and Mr. Morris, \$236,000. Mr. Pruett resigned from the Partnership effective March 16, 2012 and Mr. Morris resigned as Chief Accounting Officer effective April 1, 2012. On February 28, 2012, the board appointed James R. Lawrence as Interim Chief Financial Officer effective March 16, 2012 and, on March 1, 2012, increased his base salary to \$210,000 effective March 16, 2012. On March 1, 2012, the board appointed Micah C. Foster as Chief Accounting Officer effective April 1, 2012 and increased his base salary to \$180,000 effective upon such date. Also, the compensation committee increased Mr. Brown's salary to \$450,000 effective March 1, 2012 and the board of directors, upon recommendation of the compensation committee, increased Mr. McGraw's salary to \$300,000 effective March 1, 2012.

The employment agreements provide that each executive officer is entitled to participate in equity and non-equity incentive programs that we may establish from time to time and incentive compensation will be paid at the discretion of the board of directors of our general partner. See Compensation Discussion and Analysis Components of Compensation Named Executive Officer Compensation.

Intellectual Property and Non-Compete Clauses

The employment agreements with each of our named executive officers require that the executive officer must promptly disclose and assign any individual rights that he may have in any intellectual property and business opportunities to us. For purposes of the employment agreements, intellectual property includes inventions, discoveries, processes, designs, methods, substances, articles, computer programs, or improvements and business opportunities include business ideas, prospects, proposals or other opportunities pertaining to

the lease, acquisition, exploration, production, gathering or marketing of hydrocarbons and related products and the exploration potential of geographical areas on which hydrocarbon exploration prospects are located. Under the non-compete provisions of these agreements, the executive officers are prohibited from engaging or participating, with any person or entity, in any activity pertaining to the leasing, acquiring, exploring, producing, gathering or marketing of hydrocarbons during the term of the executive officer's employment and the executive officer may not invest in any other such business unless prior approval is granted in writing by our general partner's board of directors. The non-compete provisions limit the executives' right to engage in these activities for a period of 90 days after termination of employment in counties where we do business, 90 days in adjacent counties, and limit investment to \$500,000 in publicly traded companies engaged in similar businesses for a period of one year after termination unless such competitive activity is approved in writing by a majority of the independent directors of our general partner's board of directors. The employment agreements also prohibit the executive officer from soliciting any of our employees or customers for two years following termination.

The employment agreements prohibit the executive officers from engaging in or participating in any publicly traded partnership or limited liability company or privately held company contemplating an initial public offering as a limited partnership or a limited liability company that is in direct competition with us for one year following the termination of employment.

The non-compete provisions contained in the employment agreements will not apply to investments by the executive officers made prior to the effective date of their respective employment agreements, provided that the investments were identified in the employment agreement. In addition, the non-compete provisions will not apply if we terminate the executive officer's employment within one year following a change of control.

Severance and Change in Control Payments

Pursuant to the terms of the employment agreements, we may be obligated to make severance payments to our named executive officers following the termination of their employment. These benefits are described below under **Benefits Payable Upon Termination or Change in Control**.

In the event that any payments to which any named executive officer is entitled become subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then the board shall provide for the payment of, or otherwise reimburse the executive for the amount of the excise tax. These gross-up payments will be in an amount such that, after payment by the named executive officer of all taxes, including any income tax or excise tax imposed on the gross-up payments, the named executive officer retains an amount equal to the payment before any excise tax is imposed. The gross-up payments, if applicable, will be in addition to any payments made below under **Severance Benefits** or **Change in Control Benefits**. Additionally, to the extent any payments to which any named executive officer is entitled is deemed to constitute non-qualified deferred compensation subject to Section 409A of the Internal Revenue Code, then we will have the discretion to adjust the terms of such payment or benefit as we deem necessary to comply with the requirements of Section 409A to avoid the imposition of any additional tax or other penalty or interest with respect to such payment or benefit under Section 409A.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

Benefits Payable Upon Termination or Change in Control

The following table presents, for each named executive officer, the potential post-employment payments and payments upon a change in control as of December 31, 2011. Set forth below the table is a description of certain post-employment arrangements with our named executive officers, including the severance benefits and change in control benefits to which they are entitled under their employment agreements.

Named Executive Officer	Benefit	Before Change in	After Change in
		Control w/o Cause or for	Control w/o Cause or for
		Good Reason	Good Reason
Cary D. Brown	Severance(a)	\$ 800,000	\$ 1,200,000
	Bonus(b)	\$ 682,028	\$ 1,023,042
	Benefits(c)	\$ 31,350	\$ 47,025
	Unit Options(d)	\$	\$
	Phantom Units(e)	\$ 1,822,158	\$ 1,822,158
	Estimated Tax Gross-Ups(f)(g)	\$ 820,780	\$ 1,058,920
Steven H. Pruett(h)	Severance(a)	\$ 640,000	\$ 960,000
	Bonus(b)	\$ 496,701	\$ 745,052
	Benefits(c)	\$ 32,038	\$ 48,057
	Unit Options(d)	\$	\$
	Phantom Units(e)	\$ 1,236,912	\$ 1,236,912
	Estimated Tax Gross-Ups(f)(g)	\$ 569,977	\$ 753,885
Kyle A. McGraw	Severance(a)	\$ 504,000	\$ 756,000
	Bonus(b)	\$ 280,980	\$ 421,470
	Benefits(c)	\$ 32,038	\$ 48,057
	Unit Options(d)	\$	\$
	Phantom Units(e)	\$ 684,227	\$ 684,227
	Estimated Tax Gross-Ups(f)(g)	\$ 330,801	\$ 459,364
Paul T. Horne	Severance(a)	\$ 538,000	\$ 807,000
	Bonus(b)	\$ 347,941	\$ 521,912
	Benefits(c)	\$ 32,734	\$ 49,101
	Unit Options(d)	\$	\$
	Phantom Units(e)	\$ 848,810	\$ 848,810
	Estimated Tax Gross-Ups(f)(g)	\$ 400,438	\$ 544,998
William M. Morris(h)	Severance(a)	\$ 472,000	\$ 708,000
	Bonus(b)	\$ 229,274	\$ 343,911
	Benefits(c)	\$ 24,082	\$ 36,123
	Unit Options(d)	\$	\$
	Phantom Units(e)	\$ 499,142	\$ 499,142
	Estimated Tax Gross-Ups(f)(g)	\$	\$

- (a) If terminated without cause, or executive terminates with good reason, executive is entitled to an amount equal to two years' annual salary payable in 24 monthly payments, or three years' annual salary if termination occurs within one year of a change of control.
- (b) Executives are entitled to an average of bonus paid over past two years plus the pro-rata bonus earned in the year of termination but unpaid at the time of termination.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

- (c) Executives are entitled to COBRA benefits for the shorter of the severance period or the time at which executive receives substantially similar benefits from a subsequent employer.
- (d) All named executive officers exercised all of their outstanding options on March 11, 2010.
- (e) Reflects the market value on December 31, 2011 of the unvested phantom units granted on January 29, 2009, February 18, 2010 and February 18, 2011.
- (f) Assumes a federal income tax rate of 35%, an excise tax rate under Section 4999 of the Internal Revenue Code of 20% and a Medicare tax rate of 1.45% and that no payments will constitute reasonable compensation under Section 280G(b)(4) of the Internal Revenue Code.
- (g) Assumes that the executive is entitled to a full reimbursement by the Partnership of (i) any excise taxes that are imposed upon the executive as a result of a change in control, (ii) any income and excise taxes that are imposed upon the executive as a result of reimbursement of the excise tax amount and (iii) any additional income and excise taxes that are imposed upon executive as a result of the reimbursement to the executive of any excise or income taxes.
- (h) Mr. Pruett resigned from the Partnership effective March 16, 2012. As a result he is no longer entitled to any severance benefits and his unvested phantom unit grants are forfeited. Mr. Morris resigned as Chief Accounting Officer effective April 1, 2012. Pursuant to a mutual termination and release of his employment agreement, Mr. Morris is no longer entitled to any severance benefits.

Severance Benefits

Under the employment agreements, we may be obligated to make severance payments following the termination of each executive officer's employment if we terminate him without cause or he terminates his employment for good reason, subject to certain cure periods. Cause is defined under each employment agreement as:

- the executive officer's conviction of or plea of *nolo contendere* to any felony or crime or offense causing substantial harm to the Partnership, general partner, or its direct or indirect subsidiaries, or involving acts of theft, fraud, embezzlement, moral turpitude or similar conducts;
- the executive officer's repeated intoxication by alcohol or drugs during the performance of his duties;
- the executive officer's malfeasance in the conduct of the executive's duties including, but not limited to willful and intentional misuse or diversion of any funds, embezzlement or fraudulent or willful material misrepresentations or concealments on any written reports;
- the executive officer's material failure to perform the duties of his employment consistent with his position, expressly including the provisions of the employment agreements or material failure to follow or comply with the reasonable and lawful written directives of the board;
- a material breach of the employment agreement; or
- a material breach by the executive officer of written policies of the Partnership, the general partner, or any of our direct or indirect subsidiaries.

Each named executive officer will have a 15 day cure period prior to termination for cause under these agreements.

Good reason is defined under each employment agreement as:

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

- a reduction in the executive officer's base salary;
- the relocation of the executive officer's primary place of employment to a location more than 20 miles from Midland, Texas; or
- any material reduction in the executive officer's title, authority or responsibilities.

If the employment of any named executive officer is terminated by us for cause or by the executive officer without good reason, we are not obligated to make any severance payments to the executive officer. The amount that an executive officer is entitled to receive upon a termination of his employment by us without cause or by the executive officer with good reason is based on the executive officer's salary and his incentive compensation. Under the severance provisions of each executive officer's employment agreement, they are each entitled to severance pay in the amount of two years' of annual base salary payable monthly at the highest rate in effect at any time during the 36 month period prior to termination, a lump sum payment equal to the average annual bonus of the two years preceding the termination and an amount equal to the executive's pro-rata bonus for the fiscal year in which the termination occurs, such pro-rata bonus amount to be paid in a lump sum within 30 days following the date of termination. In addition, the executive officers are entitled to the full costs of the executive's COBRA continuation coverage for the shorter of the severance period or the time when the executive receives substantially similar benefits from a subsequent employer. In addition, Messrs. Brown and McGraw would have the right to exercise one demand registration right each.

Change in Control Benefits

Pursuant to the employment agreements, we may be required to make payments to named executive officers upon a change in control, which occurs upon any of the following:

- the acquisition by any individual or entity of beneficial ownership of 35% or more of either (i) the then-outstanding equity interests of the Partnership or (ii) the combined voting power of the then-outstanding voting securities of the Partnership entitled to vote generally in the election of directors, provided that the following will not constitute a change of control: any acquisitions from or by the Partnership; any acquisition by a Partnership employee benefit plan; any business combination (x) where persons owning more than 50% of the outstanding equity interests in the Partnership own substantially the same percentages of the entity resulting from such business combination, (y) where no person owns more than 35% of the combined entity, except to the extent such ownership existed prior to the combination, or (z) any combination where at least a majority of the members of the board of the combined entity were also members of board of directors of the Partnership's general partner at the time of initial execution of any acquisition agreement;
- where individuals who constitute the board at the time of the agreement cease to constitute at least a majority of the board, unless an individual becoming a director subsequent to the date of the agreement was approved by a vote of at least a majority of the directors then comprising the board, excluding any individual whose election occurs as a result of an actual or threatened election contest;
- consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Partnership or any of its subsidiaries, a sale or other disposition of all assets or equity interests of another entity by the Partnership or any of its subsidiaries unless all or substantially all of the individuals and entities that were the beneficial owners of the outstanding equity and voting securities immediately prior to such transaction beneficially own more than 50% of the then-outstanding equity interests and the combined voting power of the then-outstanding voting securities entitled to vote after such business transaction in substantially the same proportions as their ownership immediately prior to such transaction, no person beneficially owns 35% or more of the entity resulting from such transaction, except to the extent that such ownership existed prior to the transaction, and at least a majority of the members of the board of directors of the corporation or equivalent body of any other entity resulting from such transactions were members of the board at the time of the execution of the initial agreement or of the action of the board providing for such transaction; or
- consummation of a complete liquidation or dissolution of the Partnership.

If a termination without cause or by the executive officer with good reason occurs within one year following a change in control, the executive officer will be entitled to a payment of 36 months of his annual base salary determined at the highest rate in effect at any time during the 36 month period prior to termination, payable in a lump sum within 30 days. In addition, the executive will be entitled to receive the average annual bonus of the two years preceding the termination, an amount equal to the executive's pro-rata bonus for the

fiscal year in which the termination occurs (such pro-rata bonus amount to be paid in a lump sum within 30 days following the date of termination) and the full costs of the executive's COBRA continuation coverage for the shorter of the severance period or the time when the executive receives substantially similar benefits from a subsequent employer.

Option Exercises and Units Vested in 2011

None of our executive officers exercised options during 2011. On January 29, 2011, one-third of the phantom units granted to the named executive officers on January 29, 2009 vested. On February 4, 2011, one-third of the phantom units granted to the named executive officers on February 4, 2008 vested. On February 18, 2011, one-third of the phantom units granted on February 18, 2010 vested at 100%.

Name	Unit Awards	
	Number of Units	Value Realized
	Acquired On Vesting	On Vesting
	(#)	\$(a)
Cary D. Brown	20,174	\$ 605,422
Steven H. Pruett	15,646	\$ 467,770
Kyle A. McGraw	10,201	\$ 303,553
Paul T. Horne	11,602	\$ 346,143
William M. Morris	6,875	\$ 205,066
	64,498	\$ 1,927,954

- (a) Represents the cash payments made to each of the named executive officers upon vesting of the limited 1/3 third tranche of the February 4, 2008, limited 1/3 second tranche of the January 29, 2009 phantom unit grant and limited 1/3 first tranche of the February 18, 2010 phantom unit grant.

Equity Compensation Plan Information

The following table provides information as of December 31, 2011 with respect to the units that may be issued under our existing equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(b)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plan
Equity compensation plans not approved by security holders(a)	815,416	\$ 17.00	649,268
Total	815,416	\$ 17.00	649,268

- (a) Please read Compensation Discussion and Analysis Components of Compensation Equity-Based Incentive Compensation for a description of the material features of the plan, including the awards that may be granted under the plan. This plan did not require approval by our limited partners since it was adopted prior to our initial public offering.
- (b) Includes phantom units, unit options and unit appreciation rights. These phantom units will be settled in cash unless the compensation committee determines that they should be settled in units. These UARs will be settled in cash or, at the discretion of the compensation committee, in units.

DIRECTOR COMPENSATION

Officers or employees of our general partner and its affiliates who also serve as directors of our general partner did not receive additional compensation for their board service in 2011. In accordance with this policy, neither Cary D. Brown nor Kyle A. McGraw received any compensation for their service as a director in 2011. Each non-employee director and independent director was entitled to receive an annual retainer of \$40,000 and up to \$1,000 for each board of directors and committee meeting less than one hour and \$1,500 for each board of directors and committee meeting in excess of one hour for each meeting in excess of the four quarterly meetings scheduled each year.

Each non-employee director receives an annual grant of units valued at \$100,000, generally corresponding to the service period between each annual election of the board members. In accordance with this policy, Messrs. Dale A. Brown, Granberry, Lawrence, Sullivan, and Vann received grants of 1,630 units on May 11, 2011 and 1,885 units on August 26, 2011 for their service on our general partner's board of directors during the period of May 2011 to May 2012.

In 2011, in addition to the annual retainer and units paid to board members, the chairmen of our audit, conflicts, compensation, and nominating and governance committees each received an annual retainer for their additional service. Effective March 8, 2011, the board of directors combined the nominating and governance and conflicts committees. For 2011, Mr. Lawrence received \$25,000 as chairman of the audit committee, Mr. Granberry received \$10,000 as chairman of the nominating, governance and conflicts committee and Mr. Vann received \$15,000 as chairman of the compensation committee.

Our general partner's directors are eligible to receive awards under the LTIP but do not participate in any non-equity incentive plan, pension plan, or deferred compensation plan. Each non-employee director and independent director is reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees. Each director will be indemnified by us for actions associated with being a director to the fullest extent permitted under Delaware law.

The following table sets forth the aggregate compensation awarded to, earned by or paid to our general partner's directors during 2011.

Director Compensation for the 2011 Fiscal Year

	Year	Fees		Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Compensation		Total (\$)
		Earned or Paid in Cash	Unit Awards			Deferred Compensation	All Other Compensation	
		\$(a)	\$(b)	(\$)	(\$)	Earnings	(\$)	
Dale A. Brown	2011	\$ 48,500	\$100,000					\$ 148,500
William R. Granberry	2011	\$ 71,000	\$100,000					\$ 171,000
G. Larry Lawrence	2011	\$ 85,000	\$100,000					\$ 185,000
William D. Sullivan	2011	\$ 61,000	\$100,000					\$ 161,000
Kyle D. Vann	2011	\$ 59,500	\$100,000					\$ 159,500

- (a) For 2011, Mr. Lawrence received \$25,000 as chairman of the audit committee, Mr. Granberry received \$10,000 as chairman of the nominating, governance and conflicts committee, and Mr. Vann received \$15,000 as chairman of the compensation committee.
- (b) On May 11, 2011, each non-employee director was awarded a unit grant valued at \$50,000, or 1,630 units and on August 26, 2011 was awarded a unit grant valued at \$50,000, or 1,885 units, for an aggregate grant amount valued at \$100,000.

MANAGEMENT

Executive Officers

The following table shows information for the executive officers of our general partner.

Name	Age	Position with Legacy Reserves GP, LLC
Cary D. Brown	45	Chairman of the Board, President and Chief Executive Officer
Kyle A. McGraw	52	Director, Executive Vice President, Chief Development Officer and Secretary
Paul T. Horne	50	Executive Vice President and Chief Operating Officer
James R. Lawrence	42	Interim Chief Financial Officer, Vice President - Finance and Treasurer
Dan G. LeRoy	50	Vice President and General Counsel ⁽¹⁾
William M. Morris	59	Vice President - Information Technology and Tax, Former Chief Accounting Officer
Micah C. Foster	32	Chief Accounting Officer and Controller

(1) Mr. LeRoy has been appointed Vice President and General Counsel effective May 1, 2012.

Officers of our general partner serve at the discretion of the board of directors. None of our executive officers and directors are related except for Dale A. Brown and Cary D. Brown, who are father and son.

Cary D. Brown is Chairman of the board of directors of our general partner and President and Chief Executive Officer of our general partner. Mr. Brown has served as Chairman and Chief Executive Officer since our founding in October 2005, and was appointed as President effective March 16, 2012. Prior to October 2005, Mr. Brown co-founded two businesses, Moriah Resources, Inc. and Petroleum Strategies, Inc. Moriah Resources, Inc. was formed in 1992 to acquire oil and natural gas reserves. Petroleum Strategies, Inc. was formed in 1991 to serve as a qualified intermediary in connection with the execution of Section 1031 transactions for major oil companies, public independents and private oil and natural gas companies. Mr. Brown has served as Executive Vice President of Petroleum Strategies, Inc. since its inception in 1991. Mr. Brown served as an auditor for Grant Thornton in Midland, Texas from January 1991 to June 1991 and for Touche Ross in Houston, Texas from June 1989 to December 1990. In 1995, Mr. Brown also co-founded and organized with Mr. Dale Brown, The Executive Oil Conference, which is held in Midland, Texas and draws over 300 oil and natural gas industry professionals each year. Mr. Brown has a Bachelor of Business Administration degree, with honors, from Abilene Christian University. Mr. Brown has 22 years of experience in the oil and natural gas industry with 20 years of experience in the Permian Basin.

Kyle A. McGraw is a member of the board of directors of our general partner and also serves as Executive Vice President, Chief Development Officer and Secretary of our general partner. Mr. McGraw was appointed as Executive Vice President, Chief Development Officer and Secretary effective March 16, 2012, and has served as a director since our founding in October 2005. Previously, Mr. McGraw served as Executive Vice President of Business Development and Land of our general partner from our founding in October 2005 to March 2012. Mr. McGraw joined Brothers Production Company in 1983, and has served as its General Manager since 1991 and became President in 2003. During his 23-year tenure at Brothers Production Company, Mr. McGraw has served in numerous capacities including reservoir and production engineering, acquisition evaluation and land management. Mr. McGraw has a Bachelor of Science degree in Petroleum Engineering from Texas Tech University. Mr. McGraw has 29 years of experience in the oil and natural gas industry in the Permian Basin.

Paul T. Horne is Executive Vice President and Chief Operating Officer of our general partner and was appointed to this position effective March 16, 2012. Previously, Mr. Horne served as Executive Vice President of Operations of our general partner from our founding in October 2005 to March 2012. From January 2000 to October 2005, Mr. Horne served as Operations Manager of Moriah Resources, Inc. From January 1985 to January 2000, Mr. Horne worked for Mobil E&P U.S. Inc. in a variety of petroleum engineering and operations

management roles primarily in the Permian Basin. Mr. Horne has a Bachelor of Science degree in Petroleum Engineering from Texas A&M University. Mr. Horne has 28 years of experience in the oil and natural gas industry with 26 years of experience in the Permian Basin.

James R. Lawrence is Interim Chief Financial Officer, Vice President-Finance and Treasurer of our general partner. Mr. Lawrence was appointed Interim Chief Financial Officer effective March 16, 2012. Mr. Lawrence joined Legacy in June 2010 as Treasurer and was promoted to Vice President-Finance and Treasurer in March 2011. Prior to joining Legacy in June 2010, Mr. Lawrence worked for nine years in investment banking, including the last six years in the Energy Investment Banking Group at Raymond James & Associates, where he served as a Vice President from January 2007 to April 2010. Prior to his employment at Raymond James, Mr. Lawrence worked as an Associate in the investment banking departments of UBS and ABN AMRO. Prior to his investment banking career and attending business school, Mr. Lawrence worked for five years in public accounting in Houston, focusing primarily on taxation. Mr. Lawrence holds an MBA with distinction from the Stern School of Business at New York University and a BBA in Accounting and Finance from the University of Texas at Austin.

Dan G. LeRoy has been appointed Vice President and General Counsel of our general partner effective May 1, 2012. Prior to joining Legacy, Mr. LeRoy was a Shareholder and President of the board of directors of Cotton, Bledsoe, Tighe & Dawson, PC, a Midland, Texas-based law firm, where he specialized in energy-related finance, securities, and acquisition transactions for the past 25 years. He joined Cotton Bledsoe in 1987 and became a Shareholder with the firm in 1994, serving on the firm's board of directors and as its President for multiple terms. Mr. LeRoy has a Bachelor of Arts degree, with honors, from Kansas State University and graduated with a Juris Doctorate degree from Notre Dame Law School.

William M. Morris is Vice President - Information Technology and Tax of our general partner and was appointed to such position effective April 1, 2012. Previously, Mr. Morris served as Vice President and Chief Accounting Officer of our general partner from our founding in October 2005 to April 1, 2012, and also served as Controller of our general partner from our founding in October 2005 to October 2011. From January 2000 until he joined our general partner in October 2005, Mr. Morris served as Financial Reporting Manager of Titan Exploration Inc. (from January 2000 through May 2000) and continued in that position upon Titan Exploration Inc.'s merger with the Permian Basin Business Unit of Unocal to form Pure Resources, Inc. (from May 2000 to January 2003) and most recently as a Financial Manager for Pure Resources, Inc. (from February 2003 to September 2005). Mr. Morris is a certified public accountant. Mr. Morris has a Bachelor of Science degree in Applied Mathematics, with honors, from the School of Engineering and Applied Science of the University of Virginia and a Master of Business Administration degree from Colgate Darden Graduate School of Business Administration of the University of Virginia. Mr. Morris has 31 years of experience in the oil and natural gas industry with 30 years of experience in the Permian Basin.

Micah C. Foster is Chief Accounting Officer and Controller of our general partner. Mr. Foster was appointed Chief Accounting Officer effective April 1, 2012. Mr. Foster joined Legacy's predecessor in January 2006 and served as Financial Accountant from March 2006 to July 2008. Mr. Foster served from July 2008 to July 2010 as Financial Reporting Manager and from July 2010 to October 2011 as Assistant Controller. In October 2011, Mr. Foster was promoted to Controller. Prior to joining Legacy, Mr. Foster worked as staff auditor and then senior auditor at Ernst & Young, LLP from July 2003 to January 2006. Mr. Foster holds a BBA in Accounting and Finance from Abilene Christian University and is a Certified Public Accountant.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of our units as of March 19, 2012 for:

- each person known by us to be a beneficial owner of 5% or more of our outstanding units;
- each of the directors of our general partner;
- each named executive officer of our general partner; and
- all directors and executive officers of our general partner as a group.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

The amounts and percentage of units beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days of March 19, 2012. Under these rules, more than one person may be deemed a beneficial owner of the same securities, and a person may be deemed a beneficial owner of securities as to which he has no economic interest.

Except as indicated by footnote, to our knowledge the persons named in the table below have sole voting and investment power with respect to all units shown as beneficially owned by them, subject to community property laws where applicable. Percentage of total units beneficially owned is based on 47,920,179 units outstanding as of March 19, 2012. The business address for the beneficial owners listed below is 303 W. Wall, Suite 1400, Midland, Texas 79701.

Name of Beneficial Owner	Units Beneficially Owned	
	Number	Percentage
Moriah Properties, Ltd.(a)	4,301,408	9.0%
Brothers Production Properties, Ltd.	2,356,199	4.9
Brothers Production Company, Inc.(b)	2,546,720	5.3
Directors and Officers		
Dale A. Brown(c)	5,358,443	11.2
Cary D. Brown(d)(e)	5,379,345	11.2
William R. Granberry	23,040	*
Kyle A. McGraw(d)(f)(g)	1,020,060	*
Kyle D. Vann	23,457	*
William D. Sullivan	22,957	*
G. Larry Lawrence	13,957	*
Steven H. Pruett(d)(h)	251,666	*
Paul T. Horne(d)(i)	128,742	*
William M. Morris(d)(j)	5,077	*
All directors and executive officers as a group (10 persons)(k)	6,909,104	14.4

* Percentage of units beneficially owned does not exceed 1%.

- (a) 1,450,000 units are pledged as collateral to secure two separate lines of credit, where 900,000 units are pledged as collateral to secure the first line of credit, and 550,000 units are pledged as collateral to secure the second line of credit.
- (b) Brothers Production Company, Inc., in its capacity as general partner of Brothers Production Properties, Ltd., is deemed to beneficially own the units held by Brothers Production Properties, Ltd. as well as 190,521 units it holds directly.
- (c) Mr. Dale A. Brown is deemed to beneficially own 33,672 units owned by Moriah Resources, Inc., 4,301,408 units held by Moriah Properties, Ltd. and 90,000 units held by Moriah Realty Partners, LLC, as well as 542,281 units held by DAB Resources, Ltd. Mr. Dale A. Brown and Mr. Cary D. Brown share voting and investment power with respect to the units held by Moriah Properties, Ltd., Moriah Resources, Inc. and Moriah Realty Partners, LLC. Mr. Dale A. Brown directly owns 391,082 units.
- (d) Does not include grants of 94,519 phantom units to Cary D. Brown, grants of 61,595 phantom units to Steven H. Pruett, grants of 31,650 phantom units to Kyle A. McGraw, grants of 40,481 phantom units to Paul T. Horne and grants of 23,723 phantom units to William M. Morris.

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

- (e) Mr. Cary D. Brown is deemed to beneficially own 33,672 units owned by Moriah Resources, Inc., 4,301,408 units held by Moriah Properties, Ltd. and 90,000 units held by Moriah Realty Partners, LLC. Mr. Dale A. Brown and Mr. Cary D. Brown share voting and investment power with respect to the units held by Moriah Properties, Ltd., Moriah Resources, Inc. and Moriah Realty Partners, LLC. Mr. Cary D. Brown directly owns 954,265 units.
- (f) Mr. McGraw is deemed to beneficially own the 374,386 units held by Kyle A. McGraw Family Holdings, Ltd.
- (g) Excludes the 645,674 units related to Mr. McGraw's indirect pecuniary interest in Brothers Production Properties, Ltd., Brothers Production Company, Inc. and Brothers Operating Company, Inc.
- (h) Mr. Pruett is deemed to beneficially own the 246,935 units held by SHP Capital LP. Mr. Pruett resigned as an officer of the Partnership effective March 16, 2012.
- (i) Mr. Horne is deemed to beneficially own the 121,684 units held by H2K Holdings, Ltd.
- (j) Mr. Morris resigned as Chief Accounting Officer effective April 1, 2012, but remained with the Partnership as its Vice President - Information Technology and Tax.
- (k) Does not include any units owned by Mr. Pruett. Includes 4,000 restricted units beneficially owned by Mr. Foster and 2,280 restricted units beneficially owned by Mr. J. Lawrence, all of which are subject to vesting ratably over a three-year period beginning May 19, 2012. The following table sets forth the beneficial ownership of equity interests of Legacy Reserves GP, LLC:

Name of Beneficial Owner	Equity Interest
Dale A. Brown(a)	63.1%
Cary D. Brown(a)(b)	63.1
Kyle A. McGraw	
William R. Granberry	
Kyle D. Vann	
William D. Sullivan	
G. Larry Lawrence	
Paul T. Horne	0.5%
William M. Morris	
All directors and executive officers as a group (9 persons)	63.6%

- (a) Includes a 57.9% equity interest held by Moriah Properties, Ltd. and a 5.2% equity interest held by DAB Resources, Ltd.
- (b) Includes a 57.9% equity interest held by Moriah Properties, Ltd.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our founding investors, including members of our general partner's management team and directors, own an aggregate of 10,083,687 units, which represents a 21.0% limited partner interest in us. In addition, our general partner owns an approximate 0.04% general partner interest in us.

Distributions and Payments to Our General Partner and Its Affiliates

The following table summarizes the distributions and payments made or to be made by us to our general partner and our founding investors in connection with our formation, ongoing operation and any liquidation of the Partnership. These distributions and payments were determined by and among affiliated entities and, consequently, are not the result of arm's-length negotiations.

Distributions of available cash to our general partner and our founding investors	We will generally make cash distributions of approximately 99.9% to the unitholders pro rata, including our founding investors and members of our general partner's management team and directors, as the holders of an aggregate of 10,083,687 units, and approximately 0.04% to our general partner. Assuming we have sufficient available cash to pay the full amount of our current quarterly distribution on all of our outstanding units for four quarters, our general partner would receive an annual distribution of approximately \$40,284 on its approximate 0.04% general partner interest, and our founding investors, including members of our general partner's management team and directors, would receive approximately \$22.2 million on their units.
---	--

Payments to our general partner	Our general partner is entitled to reimbursement for all expenses it incurs on our behalf. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us in good faith.
---------------------------------	--

Withdrawal or removal of our general partner	If our general partner withdraws or is removed, its general partner interest will either be sold to the new general partner for cash or converted into units, for an amount equal to the fair market value of that interest.
--	--

Distribution Upon Liquidation

Liquidation	Upon our liquidation, the partners, including our general partner, will be entitled to receive liquidating distributions according to their respective capital account balances.
-------------	--

Transactions with Related Persons

Office Leases

TCTB Partners, a limited partnership of which Dale A. Brown, Cary D. Brown and Kyle A. McGraw are limited partners, owns the office building in which our principal office is located. On October 27, 2010, we entered into a lease agreement with an affiliate of TCTB Partners, which provides for an initial five year term with a five year renewal option. Under this lease agreement, we currently rent 44,932 square feet of office space with a monthly rental payable of \$33,462, without respect to property taxes, operating expenses and insurance. Under our prior lease agreement with TCTB Partners, our monthly rent for the period January 2010 through September 2010 was \$20,756, without respect to property taxes, operating expenses and insurance.

Other

Travis McGraw, the brother of Kyle A. McGraw, Executive Vice President, Chief Development Officer and Secretary and a member of the board of directors of our general partner, is an employee of the Partnership serving as our Marketing, Revenue, and Regulatory Reporting Coordinator. We paid Travis McGraw \$141,776 as compensation for his services during the year ended December 31, 2011. Travis McGraw's current annual salary is \$121,000 plus a discretionary, non-guaranteed bonus.

Review, Approval and Ratification of Transactions with Related Persons

Our partnership agreement contains specific provisions that address potential conflicts of interest between our general partner and its affiliates, on one hand, and us and our subsidiaries, on the other hand. Whenever such a conflict of interest arises, our general partner will resolve the conflict. Our general partner may, but is not required to, seek the approval of such resolution from the conflicts committee of the board of directors of our general partner, which is comprised of independent directors. Our partnership agreement provides that our general partner will not be in breach of its obligations under the partnership agreement or its duties to us or to our unitholders if the resolution of the conflict is:

- approved by the nominating, governance and conflicts committee;
- approved by the vote of a majority of the outstanding common units, excluding any common units owned by our general partner or any of its affiliates;
- on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or
- fair and reasonable to us, taking into account the totality of the relationships between the parties involved, including other transactions that may be particularly favorable or advantageous to us.

If our general partner does not seek approval from the nominating, governance and conflicts committee and the board of directors of our general partner determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the third and fourth bullet points above, then it will be presumed that, in making its decision, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the Partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. Unless the resolution of a conflict is specifically provided for in our partnership agreement, our general partner or the nominating, governance and conflicts committee may consider any factors it determines in good faith to consider when resolving a conflict. When our partnership agreement requires someone to act in good faith, it requires that person to reasonably believe that he is acting in the best interests of the Partnership, unless the context otherwise requires.

In addition, our code of ethics requires that all employees, including employees, officers and members of the board of directors of our general partner, avoid or disclose any activity that may interfere, or have the appearance of interfering, with their responsibilities to us and our unitholders.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No current executive officer served as a member of the board of directors or compensation committee of any other entity (other than our subsidiaries) that has or has had one or more executive officers serving as a member of the board of directors of our general partner or the compensation committee of our general partner.

PROPOSAL 2**RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected BDO USA, LLP as independent registered public accountants of the Partnership to audit the Partnership's consolidated financial statements for the fiscal year ending December 31, 2012 and the board of directors has determined that it would be desirable to request that the unitholders ratify such appointment. BDO USA, LLP was our independent registered public accounting firm for our 2011 audit.

The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, and other services. Pre-approval is detailed as to the specific service or category of service and is subject to a specific approval.

Before selecting BDO USA, LLP, the Audit Committee considered the firm's qualifications as independent registered public accountants and concluded that based on BDO USA, LLP's prior performance and its reputation for integrity and competence, it was qualified. The Audit Committee also considered whether any non-audit services performed for the Partnership by BDO USA, LLP would impair BDO USA, LLP's independence and concluded that they did not. Even if the selection is ratified, the Audit Committee, in its sole discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Partnership and its unitholders.

A representative of BDO USA, LLP will attend our annual meeting. The representative will have the opportunity to make a statement if he or she desires to do so and to respond to appropriate questions.

The aggregate fees for professional services rendered by our principal accountants, BDO USA, LLP, for the years ended December 31, 2011 and 2010 were:

	Year Ended December 31,	
	2011	2010
Audit Fees(1)	\$ 632,855	\$ 545,954
Audit Related Fees(1)	\$ 12,500	\$ 28,450
Tax Fees	\$	\$
All Other Fees (Executive compensation studies)(2)	\$ 49,755	\$ 42,520
Total	\$ 695,110	\$ 616,924

- (1) In the above table, Audit Fees are fees we paid for professional services for the audit of our Consolidated Financial Statements included in our annual report on Form 10-K or for services that are normally provided by our principal accountants in connection with statutory and regulatory filings or engagements and fees for Sarbanes-Oxley 404 audit work. Audit-Related Fees are fees billed for assurance and related services in connection with acquisition transactions and related regulatory filings.
- (2) All Other Fees (Executive compensation studies) are fees billed for compensation consulting services in connection with a study of compensation programs related to named executive officers and outside directors of a broad peer group of exploration and production companies and publicly traded limited partnerships.

In regard to executive compensation services, as required by the PCAOB, all services are approved in advance by the audit committee. All compensation consulting services are provided under the terms of a separate engagement letter that describes the approved services and the company's acceptance of its responsibilities. Under the terms of the engagement, BDO does not perform management functions or make any management decisions. The company must designate an individual with suitable skill, knowledge and experience to oversee the consulting engagement, evaluate the adequacy and results of the services performed, accept responsibility for the results of the services and establish and maintain internal controls and monitor ongoing activities.

Vote Required for Approval

Unitholder ratification is not required for making such appointment for the fiscal year ending December 31, 2012 because the Audit Committee has responsibility for the appointment of our independent registered public accountants. The appointment is being submitted for ratification with a view toward soliciting the opinion of unitholders, which opinion will be taken into consideration in future deliberations. No determination has been made as to what action the board of directors or the audit committee would take if unitholders do not approve the appointment.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTANT

AUDIT COMMITTEE REPORT FOR FISCAL YEAR 2011

The audit committee is responsible for overseeing the Partnership's financial reporting process, reviewing the financial information that will be provided to unitholders and others, monitoring internal accounting controls, selecting our independent auditors and providing to the board of directors of Legacy Reserves GP, LLC, such additional information and materials as we may deem necessary to make the board of directors of Legacy Reserves GP, LLC, aware of significant financial matters. We operate under a written audit committee charter adopted by the board of directors of Legacy Reserves GP, LLC.

We have reviewed and discussed the audited financial statements of the Partnership for the fiscal year ended December 31, 2011 with management and BDO USA, LLP, our independent auditor for the fiscal year ended December 31, 2011. In addition, we have discussed with BDO USA, LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. We also have received the written disclosures and the letter from BDO USA, LLP, as required by the Public Company Accounting Oversight Board Rule 3526 regarding the independent accountant's communications with the audit committee concerning independence and we have discussed the independence of BDO USA, LLP with that firm.

We, the members of the audit committee, are not professionally engaged in the practice of auditing or accounting nor are we experts in the fields of accounting or auditing, including determination of auditor independence. We rely, without independent verification, on the information provided to us and on the representations made by management and the independent auditors. Accordingly, our oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, our considerations and discussions referred to above do not assure that the audit of our financial statements has been carried out in accordance with the auditing standards of the Public Company Accounting Oversight Board, or that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Based upon the discussions referred to above, the audit committee recommended to the board of directors that our audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2011.

Members of the audit committee of the Board of
Directors of Legacy Reserves GP, LLC

G. Larry Lawrence (Chairman)
William D. Sullivan
William R. Granberry

OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Exchange Act, directors, certain officers, and beneficial owners of 10% or more of any class of the Partnership's units, or Reporting Persons, are required from time to time to file with the SEC and NASDAQ reports of ownership and changes of ownership. Reporting Persons are required to furnish the Partnership with copies of all Section 16(a) reports they file. Based solely on its review of forms and written representations received from Reporting Persons by it with respect to the fiscal year ended December 31, 2011, the Partnership believes that all filing requirements applicable to the general partner's officers and directors and the Partnership's greater than 10% unitholders have been met.

Unitholder Proposals

Any unitholder who wishes to submit a proposal for action to be included in the proxy statement and form of proxy relating to the 2013 annual meeting of unitholders must submit the proposal to us on or before January 9, 2013. Any such proposals should be timely sent to our Secretary at 303 W. Wall, Suite 1400, Midland, Texas 79701. Such proposal must meet all of the requirements of the SEC to be eligible for inclusion in our 2013 proxy materials. Furthermore, proposals by unitholders may be considered untimely if we have not received notice of the proposal within the deadline set under the SEC rules. In no event are limited partners allowed to vote on matters that would cause the limited partners to be deemed to be taking part in the management and control of our business and affairs so as to jeopardize the limited partners' limited liability under the Delaware limited partnership act or the law of any other state in which we are qualified to do business.

Communications with Directors or the Board of Directors

Unitholders wishing to communicate with the general partner's board of directors should send any communication to our Secretary at 303 W. Wall, Suite 1400, Midland, Texas 79701. Any such communication should state the number of units beneficially owned by the unitholder making the communication. Communications received are distributed to the board or to any individual director or directors as appropriate, depending upon the directions and the facts and circumstances outlined in the communication. The board of directors has directed the Secretary to forward such communication to the full board of directors or to any individual director or directors to whom the communication is directed, excluding only any communication that does not relate to the business or affairs of the Company or the function or duties of the board of directors or any of its committees, or is a job inquiry or an advertisement or other commercial solicitation or communication.

Availability of Annual Report

The Annual Report to Unitholders of the Partnership for the year ended December 31, 2011, including audited financial statements, is enclosed with this proxy statement but does not constitute a part of the proxy soliciting material. The Partnership will furnish a copy of its Annual Report for the year ended December 31, 2011, without exhibits, free of charge to each person who forwards a written request to our Secretary at 303 W. Wall, Suite 1400, Midland, Texas 79701.

IMPORTANT ANNUAL MEETING INFORMATION

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 11:59 p.m., Eastern Daylight Time, on May 8, 2012.

Vote by Internet

- Go to www.investorvote.com/LERE
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone.
- Follow the instructions provided by the recorded message

Using a black ink pen, mark your votes with an X as shown in

Edgar Filing: LEGACY RESERVES LP - Form DEF 14A

this example. Please do not write outside the designated areas.

Annual Meeting Proxy Card

1234 5678 9012 345

o IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. o

To vote FOR all of the Board of Directors recommendations, do not check any of the boxes, date and sign below and return the form in the postage paid envelope.

A Proposals The Board of Directors recommends a vote FOR all the nominees listed, and FOR Proposals 2.

1. Nominees to serve a one-year term:

	For	Withhold		For	Withhold		For	Withhold
01 - Cary D. Brown	02 - Kyle A. McGraw	..	..	03 - Dale A. Brown	..	..
04 - G. Larry Lawrence	05 - William D. Sullivan	..	..	06 - William R. Granberry	..	..
07 - Kyle D. Vann						

	For	Against	Abstain
2. Ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

B Non-Voting Items

Change of Address Please print new address below.

C Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title. If none of the boxes above are checked, your signature below authorizes the proxies to vote FOR all Board of Directors recommendations.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

/ /

o IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. o

Proxy Legacy Reserves LP

303 W. Wall, Suite 1400
Midland, Texas 79701

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF LEGACY RESERVES GP, LLC FOR THE ANNUAL MEETING OF UNITHOLDERS OF LEGACY RESERVES LP TO BE HELD ON MAY 9, 2012

The undersigned hereby appoints Micah C. Foster and James R. Lawrence, and each of them, any one of whom may act without joinder of the other, with full power of substitution, resubstitution and ratification, attorneys and proxies of the undersigned to vote all units representing limited partnership interests of Legacy Reserves LP which the undersigned is entitled to vote at the annual meeting of unitholders to be held at The Midland Petroleum Club located at 501 W. Wall, on Wednesday, May 9, 2012 at 10:30 a.m., local time, and at any adjournment or postponement thereof, in the manner stated herein as to the matters set forth in the Notice of Annual Meeting and Proxy Statement, and in their discretion on any other matter that may properly come before the meeting.

You are encouraged to specify your choices by marking the appropriate boxes, but you need not mark any boxes if you wish to vote in accordance with the Board of Director s recommendations:

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE HEREON. IF NO CONTRARY SPECIFICATION IS MADE, THEN THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE DIRECTOR NOMINEES NAMED IN ITEM 1, FOR THE RATIFICATION OF THE APPOINTMENT OF OUR SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, AND, IN THE DISCRETION OF THE PROXIES, WITH RESPECT TO SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.

THE BOARD OF DIRECTORS OF LEGACY RESERVES GP, LLC RECOMMENDS A VOTE FOR THE ELECTION OF THE NOMINEES FOR DIRECTOR AND A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF OUR SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

THE UNDERSIGNED HEREBY ACKNOWLEDGES RECEIPT OF THE NOTICE OF ANNUAL MEETING OF UNITHOLDERS AND THE PROXY STATEMENT FURNISHED HERewith. PLEASE DATE, SIGN AND RETURN THIS PROXY PROMPTLY IN THE ENCLOSED, PRE-ADDRESSED STAMPED ENVELOPE.

(To be Voted and Signed on Reverse Side)
