

LEGACY RESERVES LP  
Form 8-K  
February 07, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 1, 2012

**Legacy Reserves LP**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation)

1-33249  
(Commission  
File Number)

16-1751069  
(I.R.S. Employer  
Identification No.)

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303 W. Wall, Suite 1400

Midland, Texas  
(Address of principal executive offices)

Registrant's telephone number, including area code: (432) 689-5200

79701  
(Zip Code)

NOT APPLICABLE

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

**2012 SALARIES**

On February 1, 2012, the Compensation Committee (the **Committee**) of Legacy Reserves GP, LLC, the general partner (the **General Partner**) of Legacy Reserves LP (the **Partnership**), determined the Chief Executive Officer's 2012 salary as follows, and on February 2, 2012, upon recommendation of the Committee, the board of directors (the **Board**) of the General Partner determined 2012 salaries for the remaining executive officers as follows, all effective March 1, 2012:

| <b>Executive Officer</b>   | <b>2012 Salary</b> |
|--|--------------------|
| Cary D. Brown  |                    |
| <i>Chairman of the Board and Chief Executive Officer</i>         | \$ 425,000         |
| Steven H. Pruett   |                    |
| <i>President, Chief Financial Officer and Secretary</i>          | \$ 335,000         |
| Paul T. Horne  |                    |
| <i>Executive Vice President of Operations</i>                    | \$ 300,000         |
| Kyle A. McGraw   |                    |
| <i>Executive Vice President of Business Development and Land</i> | \$ 280,000         |
| William M. Morris  |                    |
| <i>Vice President and Chief Accounting Officer</i>               | \$ 236,000         |

**2011 CASH BONUSES FOR EXECUTIVE OFFICERS**

Also on February 1, 2012, in accordance with the Amended and Restated Legacy Reserves LP Compensation Policy effective February 18, 2010 (the **Compensation Policy**), the Committee approved the following bonus awards for Mr. Cary Brown, and with respect to the remaining executive officers, recommended the following bonus awards to the Board and the Board approved such awards on February 2, 2012, all subject to Audit Committee approval of the final EBITDA calculation for 2011.

*Subjective Cash Award.* Each executive officer will be awarded such subjective amount of cash bonus (up to 50% of the aggregate annual amount), as set forth under *Subjective Factor* in the table below:

*Objective Cash Award.* The objective component (up to 50% of the annual cash bonus) is based on a formula based on EBITDA and growth in cash distributions per unit, weighted equally.

Accordingly, the following cash bonuses with respect to each executive officer will be awarded:

| <b>Executive Officer</b> | <b>2011 Salary</b> | <b>Objective</b>        |                                     | <b>Bonus Amount(1)</b> | <b>Subjective</b>        |                               | <b>Bonus Amount</b> | <b>Total Bonus</b> |
|--------------------------|--------------------|-------------------------|-------------------------------------|------------------------|--------------------------|-------------------------------|---------------------|--------------------|
|                          |                    | <b>Objective Factor</b> | <b>% of Objective Factor Earned</b> |                        | <b>Subjective Factor</b> | <b>% of Subjective Factor</b> |                     |                    |
| Cary D. Brown            | \$ 400,000         | 55%                     | 75.24%                              | \$ 165,528             | 55%                      | 80%                           | \$ 176,000          | \$ 341,528         |
| Steven H. Pruett         | \$ 320,000         | 50%                     | 75.24%                              | \$ 120,384             | 50%                      | 80%                           | \$ 128,000          | \$ 248,384         |
| Paul T. Horne            | \$ 269,000         | 40%                     | 75.24%                              | \$ 80,958              | 40%                      | 85%                           | \$ 91,460           | \$ 172,418         |
| Kyle A. McGraw           | \$ 252,000         | 35%                     | 75.24%                              | \$ 66,362              | 35%                      | 80%                           | \$ 70,560           | \$ 136,922         |
| William M. Morris        | \$ 236,000         | 30%                     | 75.24%                              | \$ 53,270              | 30%                      | 85%                           | \$ 60,180           | \$ 113,450         |
| Total 2011 Cash Bonus    |                    |                         |                                     | \$ 486,502             |                          |                               | \$ 526,200          | \$ 1,012,702       |

(1) The amounts shown are preliminary and are subject to Audit Committee approval of the final EBITDA calculation for 2011. 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.

**2012 PHANTOM UNIT GRANT**

On February 1, 2012, in accordance with the Compensation Policy, the Committee approved the following phantom unit awards and associated distribution equivalent rights for Mr. Cary Brown, and, with respect to the remaining executive officers, recommended the following phantom unit awards to the Board and the Board on February 2, 2012 approved such awards.

*Objective or Performance-Based Equity Compensation.* In accordance with the Compensation Policy the objective or performance-based component is granted at a number determined by the *Objective Factor* percentage of the respective executive officer's prior fiscal year salary as set forth in the table below.

*Subjective or Service-Based Component.* As determined by the Compensation Committee, each executive officer was awarded 85% of the percentage of 2011 salary as set forth in the table below under the heading *Subjective Grant Subjective Factor*.

**2012 Phantom Unit Grants**

| Executive Officer | Objective Grant |                      |                   | Subjective Grant      |                  |                   |
|-------------------|-----------------|----------------------|-------------------|-----------------------|------------------|-------------------|
|                   | 2011 Salary     | Objective Factor (1) | Maximum           | Subjective Factor (1) | Subjective Award | Phantom Units (3) |
|                   |                 |                      | Phantom Units (2) |                       |                  |                   |
| Cary D. Brown     | \$ 400,000      | 150%                 | 22,043            | 100%                  | 85%              | 11,872(4)         |
| Steven H. Pruettt | \$ 320,000      | 120%                 | 14,107            | 80%                   | 85%              | 7,608(5)          |
| Paul T. Horne     | \$ 269,000      | 90%                  | 8,894             | 60%                   | 85%              | 4,797(5)          |
| Kyle A. McGraw    | \$ 252,000      | 75%                  | 6,943             | 50%                   | 85%              | 3,745(5)          |
| William M. Morris | \$ 236,000      | 60%                  | 5,202             | 40%                   | 85%              | 2,806(5)          |

- (1) Represents percentage of 2011 salary.
- (2) Based on the 20 day trading day average prior to January 1, 2012, or \$27.22. Represents maximum number of phantom units available to vest in one-third tranches over the next three years starting February 18, 2013, pending attaining specified performance criteria. Unvested phantom units will be forfeited.
- (3) Subjective grant phantom units vest annually in one-third increments beginning on February 18, 2013.
- (4) Based on the 20-day average closing price of Partnership units ended on the last trading day prior to February 1, 2012, or \$28.64.
- (5) Based on the 20-day average closing price of Partnership units ended on the last trading day prior to February 2, 2012, or \$28.60.

**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 will vest on February 18, 2012 in the amounts set forth below.

The Performance Factor is determined based the Partnership's performance during 2011 as measured by the Partnership's total unitholder return (TUR) compared to the TUR of an index of other publicly traded limited partnerships 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).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Legacy Reserves LP**

By: Legacy Reserves GP, LLC,  
its General Partner

Date: February 7, 2012

By: /s/ Steven H. Pruett  
Name: Steven H. Pruett  
Title: President, Chief Financial Officer and Secretary