LEGACY RESERVES LP
Form S-3/A
October 17, 2014

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As filed with the Securities and Exchange Commission on October 17, 2014

Registration No. 333-197370

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

Amendment No. 1
to
Form S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Legacy Reserves LP
Legacy Reserves Finance Corporation

and the subsidiaries identified in footnote (*) below)
(Exact name of registrant as specified in its Charter)

Delaware	**16-1751069**
Delaware	**45-1621181**
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

303 W. Wall Street, Suite 1800
Midland, Texas 79701
(432) 689-5200

(Address, including zip code, and telephone number, includingarea code, of registrant's principal executive offices)

James Daniel Westcott
Executive Vice President and Chief Financial Officer
Legacy Reserves GP, LLC
303 W. Wall Street, Suite 1800
Midland, Texas 79701
(432) 689-5200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies To:

George J. Vlahakos
Andrews Kurth LLP
600 Travis, Suite 4200
Houston, Texas 77002
(713) 220-4200

Approximate date of commencement of proposed sale to the public:
From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ý

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box: o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box: o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o	Smaller reporting o

*
Each of the following is a co-registrant that may issue some or all of the guarantees of the debt securities.

Legacy Reserves Operating LP
(Exact name of registrant as specified in its charter)

Delaware	**20-4307259**
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Legacy Reserves Operating GP LLC
(Exact name of registrant as specified in its charter)

Delaware	**20-4307209**
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Legacy Reserves Services, Inc.
(Exact name of registrant as specified in its charter)

Texas	**20-4442710**
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. This prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. We may not sell these securities until the registration statement filed with the Securities Exchange Commission is effective.

SUBJECT TO COMPLETION, DATED OCTOBER 17, 2014

PROSPECTUS

Legacy Reserves LP
Legacy Reserves Finance Corporation

$300,000,000

Units Representing Limited Partner Interests
Preferred Units Representing Limited Partner Interests
8% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units Representing Limited Partner Interests
8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units Representing Limited Partner Interests
Debt Securities

We may offer, from time to time, in one or more series, the following securities under this prospectus:

- units representing limited partner interests in Legacy Reserves LP;
- preferred units representing limited partner interests in Legacy Reserves LP;
- 8% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units representing limited Partner interests in Legacy Reserves LP;
- 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units representing limited Partner interests in Legacy Reserves LP; and
- debt securities, which may be secured or unsecured senior debt securities or secured or unsecured subordinated debt securities.

Legacy Reserve Finance Corporation may act as co-issuer of the debt securities. All other direct or indirect subsidiaries of Legacy Reserves LP, other than "minor subsidiaries" (except Legacy Reserves Finance Corporation) as such item is interpreted in securities regulations governing financial reporting for guarantors, may guarantee the debt securities.

Our units are listed on The NASDAQ Global Select Market, or NASDAQ, under the symbol "LGCY." Our 8% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units are listed on NASDAQ under the symbol "LGCYP." Our 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units are listed on NASDAQ under the symbol "LGCYO." We will provide information in a prospectus supplement, for the trading market, if any, for any preferred units or debt securities we may offer. The aggregate initial offering price of the securities that we offer by this prospectus will not exceed $300,000,000.

We may offer these securities in amounts and at prices and on terms to be determined by market conditions and other factors at the time of our offerings. This prospectus describes some of the general terms that may apply to these securities and the general manner in which these securities may be offered. Specific terms of any securities to be offered and the specific manner in which we will offer such securities will be provided in one or more supplements to this prospectus. A prospectus supplement may also add, update, or change information contained in this prospectus.

You should carefully read this prospectus and any applicable prospectus supplement before you invest. You also should read the documents we have referred you to under the headings "Where You Can Find More Information" and "Incorporation By Reference" of this prospectus for information on us and our financial statements.

This prospectus may not be used to consummate sales of securities unless accompanied by a prospectus supplement.

Investing in our securities involves a high degree of risk. Limited partnerships are inherently different from corporations. For a discussion of the factors you should consider before deciding to purchase our securities, please see "Risk Factors" on page 4 of this prospectus, any risk factors contained in any applicable prospectus supplement, as well as any additional risk factors that may be contained in the documents incorporated by reference herein and therein.

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

The date of this prospectus is , 2014.

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In making your investment decision, you should rely only on the information contained in this prospectus, any prospectus supplement and the documents we have incorporated by reference. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus or any prospectus supplement, as well as or that the information contained in any document incorporated by reference herein or therein, is accurate as of any date other than its respective date.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or SEC, utilizing a "shelf" registration process or continuous offering process. Under this shelf registration process, we may offer from time to time any combination of the securities described in this prospectus in one or more offerings.

This prospectus provides you with only a general description of the securities that we may offer. This prospectus does not contain all of the information set forth in the registration statement of which this prospectus is a part, as permitted by the rules and regulations of the SEC. Each time we offer securities, we will provide you with a prospectus supplement that will describe, among other things, the specific number, amounts and prices of the securities being offered, the specific manner in which they may be offered and the terms of the offering, including in the case of debt securities or preferred units, the specific terms of the securities. The prospectus supplement may include additional risk factors or other special considerations applicable to those securities. The prospectus supplement may also add, update, or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement.

The rules of the SEC allow us to incorporate by reference information into this prospectus and any prospectus supplement. Any information incorporated by reference is considered to be a part of this prospectus and any applicable prospectus supplement, and information that we file later with the SEC that is incorporated by reference herein will automatically update and supersede this information. Additional information, including our financial statements and the notes thereto, is incorporated in this prospectus by reference to our reports filed with the SEC. See "Where You Can Find More Information" and "Incorporation By Reference." In particular, you should carefully consider the risks and uncertainties described under the heading "Risk Factors" in this prospectus and those included in our periodic reports, which are all incorporated by reference in this prospectus, or otherwise included in any applicable prospectus supplement. Before investing in any of our securities, you are urged to carefully read this prospectus and any applicable prospectus supplement relating to the securities offered to you, together with the information and documents described under the headings "Where You Can Find More Information" and "Incorporation By Reference" of this prospectus and the information and documents incorporated by reference in the prospectus supplement.

References in this prospectus to "Legacy Reserves," "Legacy," "we," "our," "us," or like terms refer to Legacy Reserves LP and its subsidiaries unless the context otherwise requires. References to "Existing Preferred Units" refer to our 8% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (our "Series A Preferred Units") and our 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (our "Series B Preferred Units"), collectively.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus and the documents we incorporate by reference herein contain forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control, which may include statements about:

- our business strategy;
- the amount of oil and natural gas we produce;
- the price at which we are able to sell our oil and natural gas production;
- our ability to acquire additional oil and natural gas properties at economically attractive prices;
- our drilling locations and our ability to continue our development activities at economically attractive costs;
- the level of our lease operating expenses, general and administrative costs and finding and development costs, including payments to our general partner;
- the level of our capital expenditures;
- the level of cash distributions to our limited partners;
- our future operating results; and
- our plans, objectives, expectations and intentions.

All of these types of statements, other than statements of historical fact included in this prospectus, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "continue," the negative of such terms or other comparable terminology.

The forward-looking statements contained in this prospectus and any documents incorporated by reference are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. All readers are cautioned that the forward-looking statements contained in this prospectus are not guarantees of future performance, and our expectations may not be realized or the forward-looking events and circumstances may not occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors set forth under the heading "Risk Factors" in this prospectus, in our filings with the SEC, including those factors described in our most recent annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are incorporated by reference into this prospectus, or those factors otherwise included in any applicable prospectus supplement. The forward-looking statements in this prospectus speak only as of the date of this prospectus; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to unduly rely on them.

ABOUT LEGACY RESERVES LP

We are a master limited partnership headquartered in Midland, Texas, 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 primary business objective is to generate stable cash flows allowing us to make cash distributions to our limited partners and to support and increase quarterly cash distributions per unit over time through a combination of acquisitions of new properties and development of our existing oil and natural gas properties.

Our operations are conducted through, and our operating assets are owned by, our subsidiaries. Legacy Reserves Finance Corporation, our wholly owned subsidiary, has no material assets or any liabilities other than as a co-issuer of our debt securities. Its activities are limited to co-issuing our debt securities and activities incidental to its role as a co-issuer.

Our principal executive offices are located at 303 W. Wall Street, Suite 1800, Midland, Texas 79701 and our telephone number is (432) 689-5200.

THE SUBSIDIARY GUARANTORS

Certain of our subsidiaries may fully and unconditionally guarantee our payment obligations under any series of debt securities offered using this prospectus. Financial information concerning our subsidiary guarantors and any non-guarantor subsidiaries will, to the extent required by SEC rules and regulations, be included in our consolidated financial statements filed as part of our periodic reports pursuant to the Exchange Act.

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RISK FACTORS

Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. Before you invest in our securities, you should carefully consider the following risk factors, those included in our most-recent annual report on Form 10-K, in our quarterly reports on Form 10-Q and in our current reports on Form 8-K that are incorporated herein by reference and those that may be included in the applicable prospectus supplement, together with all of the other information included in this prospectus, any prospectus supplement and the documents we incorporate by reference.

If any of these risks were actually to occur, our business, financial condition, results of operations, or cash flow could be materially adversely affected. In that case, our ability to make distributions to our limited partners or pay interest on, or the principal of, any debt securities, may be reduced, the trading price of our securities could decline and you could lose all or part of your investment.

Risks Related to our Business

We may not have sufficient available cash to pay distributions at our current levels, or any distribution at all, following establishment of cash reserves and payment of fees and expenses, including payments to our general partner.

We may not have sufficient available cash to pay distributions at our current levels, or any distribution at all. The amount of cash we distribute to our limited partners may fluctuate significantly from period to period and may be significantly less than our current distribution levels. Under the terms of our partnership agreement, the amount of cash otherwise available for distribution will be reduced by our operating expenses and the amount of any cash reserves that our general partner establishes to provide for future operations, future capital expenditures, future debt service requirements and future cash distributions to our limited partners. Further, our debt agreements contain restrictions on our ability to pay distributions. The amount of cash we can distribute to our limited partners principally depends upon the amount of cash we generate from our operations, which will fluctuate from period to period based on, among other things:

- the amount of oil, NGL and natural gas we produce;
- the price at which we are able to sell our oil, NGL and natural gas production;
- the amount and timing of settlements on our commodity and interest rate derivatives;
- whether we are able to acquire additional oil and natural gas properties at economically attractive prices;
- whether we are able to continue our development projects at economically attractive costs;
- the level of our lease operating expenses, general and administrative costs and development costs, including payments to our general partner;
- the level of our interest expense, which depends on the amount of our indebtedness and the interest payable thereon; and
- the level of our capital expenditures.

If we are not able to acquire additional oil and natural gas reserves on economically acceptable terms, our reserves and production will decline, which would adversely affect our business, results of operations and financial condition and our ability to make cash distributions to our limited partners.

We may be unable to sustain distributions at the current level without making accretive acquisitions or substantial capital expenditures that maintain or grow our asset base. Oil and natural

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gas reserves are characterized by declining production rates, and our future oil and natural gas reserves and production and, therefore, our cash flow and our ability to make distributions are highly dependent on our success in economically finding or acquiring additional recoverable reserves and efficiently developing and exploiting our current reserves. Further, the rate of estimated decline of our oil and natural gas reserves may increase if our wells do not produce as expected. We may not be able to find, acquire or develop additional reserves to replace our current and future production at acceptable costs, which would adversely affect our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

Our future growth may be limited because we distribute all of our available cash to our limited partners, and potential future disruptions in the financial markets may prevent us from obtaining the financing necessary for growth and acquisitions.

Since we will distribute all of our available cash (as defined in our partnership agreement) to our limited partners, our growth may not be as fast as businesses that reinvest their available cash to expand ongoing operations. Further, since we depend on financing provided by commercial banks and other lenders and the issuance of debt and equity securities to finance any significant growth or acquisitions, potential future disruptions in the global financial markets and any associated severe tightening of credit supply may prevent us from obtaining adequate financing from these sources, and, as a result, our ability to grow, both in terms of additional drilling and acquisitions, will be limited.

Increases in the cost of or failure of costs to adjust downward for drilling rigs, service rigs, pumping services and other costs in drilling and completing wells could reduce the viability of certain of our development projects.

Higher oil and natural gas prices may increase the rig count and thus the cost of rigs and oil field services necessary to implement our development projects while also decreasing their availability. Increased capital requirements for our projects will result in higher reserve replacement costs which could reduce cash available for distribution. Higher project costs could cause certain of our projects to become uneconomic and therefore not to be implemented, reducing our production and cash available for distribution. Decreased availability of drilling equipment and services could significantly impact the planned execution of our scheduled development program.

If commodity prices decline and remain depressed for a prolonged period, a significant portion of our development projects may become uneconomic and cause write downs of the value of our oil and gas properties, which may adversely affect our financial condition and our ability to make distributions to our limited partners.

Lower oil and natural gas prices may not only decrease our revenues, but also reduce the amount of oil and natural gas that we can produce economically. For example, the drastically lower oil and natural gas prices experienced in the fourth quarter of 2008 rendered more than half of the development projects we had planned at such time uneconomic and resulted in a substantial downward adjustment to our estimated proved reserves. Further, deteriorating commodity prices may cause us to recognize impairments in the value of our oil and natural gas properties. For example, in the year ended December 31, 2013 we incurred impairment charges of $85.8 million, of which $78.0 million was driven largely by commodity price changes. In addition, if our estimates of development costs increase, production data factors change or drilling results deteriorate, accounting rules may require us to write down, as a non-cash charge to earnings, the carrying value of our oil and natural gas properties for impairments. We may incur impairment charges in the future related to depressed commodity prices, which could have a material adverse effect on our results of operations in the period taken.

Fluctuations in price and demand for our natural gas and NGLs may force us to shut in a significant number of our producing wells, which may adversely impact our revenues and ability to pay distributions to our limited partners.

We are subject to great fluctuations in the prices we are paid for our natural gas due to a number of factors including regional demand, weather, demand for NGLs which are recovered from our gas stream, and new natural gas pipelines. Drilling in shale resources has developed large amounts of new natural gas supplies, both from natural gas wells and associated natural gas from oil wells, that have depressed the prices paid for our natural gas, and we expect the shale resources to continue to be drilled and developed by our competitors. We also face the potential risk of shut-in natural gas due to high levels of natural gas and NGL inventory in storage, weak demand due to mild weather and the effects of any economic downturns on industrial demand. Lack of NGL storage in Mont Belvieu where our West Texas and New Mexico NGLs are shipped for processing could cause the processors of our natural gas to curtail or shut-in our natural gas wells and potentially force us to shut-in oil wells that produce associated natural gas. For example, following past hurricanes, certain Permian Basin natural gas processors were forced to shut down their plants due to the shutdown of the Texas Gulf Coast NGL fractionators, requiring us to vent or flare the associated natural gas from our oil wells. There is no certainty we will be able to vent or flare natural gas again due to potential changes in regulations. Furthermore we may encounter problems in restarting production of previously shut-in wells.

Our commodity and interest rate derivative activities may limit our ability to profit from price gains, could result in cash losses and expose us to counterparty risk and as a result could reduce our cash available for distributions.

We have entered into, and we expect in the future to enter into, oil and natural gas derivative contracts intended to offset the effects of commodity price volatility related to a significant portion of our oil and natural gas production. Many derivative instruments that we employ require us to make cash payments to the extent the applicable index exceeds a predetermined price, thereby limiting our ability to realize the benefit of increases in oil and natural gas prices.

In addition, we have entered into, and we may in the future enter into, interest rate swap contracts intended to offset the effects of interest rate volatility related to our outstanding indebtedness under our revolving credit facility. These instruments require us to make cash payments to the extent applicable floating interest rates are less than our contracted fixed rates, thereby limiting our ability to realize the benefit of declining interest rates.

There is always risk that counterparties in any commodity or interest rate derivative transaction cannot or will not perform under our derivative contracts. If a counterparty fails to perform and the derivative transaction is terminated, our cash flow and ability to pay distributions could be adversely impacted.

Further, if our actual production and sales for any period are less than our expected production covered by derivative contracts and sales for that period (including reductions in production due to involuntary shut-ins or operational delays) or if we are unable to perform our drilling activities as planned, we might be forced to satisfy all or a portion of our derivative contracts without the benefit of the cash flow from our sale of the underlying physical commodity, resulting in a substantial diminution of our liquidity. Under our revolving credit facility, we are prohibited from entering into commodity derivative contracts covering all of our production, and we therefore retain the risk of a price decrease on our volumes not covered by commodity derivative contracts.

An increase in the differential between the West Texas Intermediate ("WTI") or other benchmark prices of oil and the wellhead price we receive for our production could adversely affect our operating results and financial condition.

The prices that we receive for our oil production sometimes reflect a discount to the relevant benchmark prices, such as WTI, that are used for calculating derivative positions. The difference between the benchmark price and the price we receive is called a differential. Increases in the differential between the benchmark prices for oil and the wellhead price we receive could adversely affect our operating results and financial condition. For example, our realized oil price decreased $3.84 per Bbl to $85.78 per barrel for the year ended December 31, 2012 from $89.62 per barrel for the year ended December 31, 2011. This decrease in realized oil prices was primarily caused by a larger average oil differential of $2.75 per barrel as well as a lower average WTI price. This increased oil differential was largely due to a significant increase in the Midland-Cushing/WTI differential in 2012 compared to 2011. Significant differentials could adversely affect our operating results and financial condition.

Due to regional fluctuations in the actual prices received for our natural gas production, the derivative contracts we enter into may not provide us with sufficient protection against price volatility since they are based on indexes related to different and remote regional markets.

We sell our natural gas into local markets, the majority of which is produced in West Texas, Southeast New Mexico, the Texas Panhandle, Central Oklahoma and Wyoming and shipped to the Midwest, West Coast and Texas Gulf Coast. These regions account for over 90% of our natural gas sales. Currently we use swaps on Waha, ANR-Oklahoma and CIG-Rockies natural gas prices. While we are paid a local price indexed to or closely related to Waha, ANR-Oklahoma and CIG-Rockies, these indexes are heavily influenced by prices received in remote regional consumer markets less transportation costs and thus may not be effective in protecting us against local price volatility.

The substantial restrictions and financial covenants of our revolving credit facility, any negative redetermination of our borrowing base by our lenders and any potential disruptions of the financial markets could adversely affect our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

We depend on our revolving credit facility for future capital needs. Our revolving credit facility, which matures on April 1, 2019, limits the amounts we can borrow to a borrowing base amount, determined by the lenders in their sole discretion. As of July 31, 2014, our borrowing base was $950 million and we had approximately $591.9 million available for borrowing.

Our revolving credit facility restricts, among other things, our ability to incur debt and pay distributions to our limited partners, and requires us to comply with certain financial covenants and ratios. We may not be able to comply with these restrictions and covenants in the future and will be affected by the levels of cash flow from our operations and events or circumstances beyond our control, such as any potential disruptions in the financial markets. Our failure to comply with any of the restrictions and covenants under our revolving credit facility could result in a default under our revolving credit facility. A default under our revolving credit facility could cause all of our existing indebtedness, including our $300 million 8% senior unsecured notes maturing on December 1, 2020 and our $550 million 6.625% senior unsecured notes maturing on December 1, 2021 (collectively, the "Senior Notes"), to be immediately due and payable.

We are prohibited from borrowing under our revolving credit facility to pay distributions to limited partners if the amount of borrowings outstanding under our revolving credit facility reaches or exceeds 100% of the borrowing base, which is the amount of money available for borrowing, as determined semi-annually by our lenders in their sole discretion. The lenders will redetermine the borrowing base based on an engineering report with respect to our oil and natural gas reserves, which will take into

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account the prevailing oil and natural gas prices and differentials at such time. Any time our borrowings meet or exceed 100% of the then specified borrowing base, our ability to pay distributions to our limited partners in any such period is solely dependent on our ability to generate sufficient cash from our operations after such cash flow is first used to cure any borrowing base deficiency.

Outstanding borrowings in excess of the borrowing base must be repaid, and, if mortgaged properties represent less than 80% of total value of oil and natural gas properties used to determine the borrowing base, we must pledge other oil and natural gas properties as additional collateral. We may not have the financial resources in the future to make any mandatory principal prepayments required under our revolving credit facility.

The occurrence of an event of default or a negative redetermination of our borrowing base, such as a result of lower commodity prices or a deterioration in the condition of the financial markets, could adversely affect our business, results of operations, financial condition and our ability to make distributions to our limited partners.

Restrictive covenants under the indentures governing our Senior Notes may adversely affect our operations.

The indentures governing our the Senior Notes contains, and any future indebtedness we incur may contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- sell assets, including equity interests in our restricted subsidiaries;
- pay distributions on, redeem or purchase our limited partner interests or redeem or purchase our subordinated debt;
- make investments;
- incur or guarantee additional indebtedness or issue preferred units;
- create or incur certain liens;
- enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us;
- consolidate, merge or transfer all our substantially all of our assets;
- engage in transactions with affiliates;
- create unrestricted subsidiaries; and
- engage in certain business activities.

As a result of these covenants, we are limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

A failure to comply with the covenants in the indentures governing the Senior Notes or any future indebtedness could result in an event of default under the indentures governing the Senior Notes, our revolving credit facility, or any future indebtedness, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions.

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Our debt levels may limit our flexibility to obtain additional financing and pursue other business opportunities.

As of June 30, 2014, we had total long-term debt of approximately $1.2 billion. Our existing and future indebtedness could have important consequences to us, including:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on terms acceptable to us;

- covenants in our existing and future credit and debt arrangements will require us to meet financial tests that may affect our flexibility in planning for and reacting to changes in our business, including possible acquisition opportunities;

- our access to the capital markets may be limited;

- our borrowing costs may increase;

- we will need a substantial portion of our cash flow to make principal and interest payments on our indebtedness, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to limited partners; and

- our debt level will make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally.

Our ability to service our indebtedness will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying business activities, acquisitions, investments and/or capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms or at all.

Our estimated reserves are based on many assumptions that may prove inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.

No one can measure underground accumulations of oil and natural gas in an exact way. Oil and natural gas reserve engineering requires subjective estimates of underground accumulations of oil and natural gas and assumptions concerning future oil and natural gas prices, production levels, and operating and development costs. As a result, estimated quantities of proved reserves and projections of future production rates and the timing of development expenditures may prove to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves which could adversely affect our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

Further, the present value of future net cash flows from our proved reserves may not be the current market value of our estimated natural gas and oil reserves. In accordance with SEC requirements, we base the estimated discounted future net cash flows from our proved reserves on the 12-month average oil and gas index prices, calculated as the unweighted arithmetic average for the first-day-of-the-month price for each month and costs in effect on the date of the estimate, holding the prices and costs constant throughout the life of the properties. Actual future prices and costs may differ materially from those used in the net present value estimate, and future net present value estimates using then current prices and costs may be significantly less than the current estimate. In addition, the 10% discount factor we use when calculating discounted future net cash flows for reporting requirements in compliance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 932 may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the natural gas and oil industry in general.

Our business depends on gathering and transportation facilities owned by others. Any limitation in the availability of those facilities would interfere with our ability to market the oil and natural gas we produce.

The marketability of our oil and natural gas production depends in part on the availability, proximity and capacity of gathering and pipeline systems owned by third parties. The amount of oil and natural gas that can be produced and sold is subject to curtailment in certain circumstances, such as pipeline interruptions due to scheduled and unscheduled maintenance, oversupply of oil due to nearby refinery outages, excessive pressure, physical damage to the gathering or transportation system, or lack of contracted capacity on such systems. The curtailments arising from these and similar circumstances may last from a few days to several months. In many cases, we are provided only with limited, if any, notice as to when these circumstances will arise and their duration. Any significant curtailment in gathering system or pipeline capacity, or significant delay in the construction of necessary gathering and transportation facilities, could adversely affect our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

Our development projects require substantial capital expenditures, which will reduce our cash available for distribution. We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in our oil and natural gas reserves.

We make and expect to continue to make substantial capital expenditures in our business for the development, production and acquisition of oil and natural gas reserves. These expenditures will reduce our cash available for distribution. We intend to finance our future capital expenditures with cash flow from operations and borrowings under our revolving credit facility. Our cash flow from operations and access to capital are subject to a number of variables, including:

- our proved reserves;
- the level of oil and natural gas we are able to produce from existing wells;
- the prices at which our oil and natural gas are sold; and
- our ability to acquire, locate and produce new reserves.

If our revenues or the borrowing base under our revolving credit facility decrease as a result of lower oil and/or natural gas prices, operating difficulties, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to sustain our operations at current levels. Our revolving credit facility restricts our ability to obtain new financing. If additional capital is needed, we may not be able to obtain debt or equity financing. If cash generated by operations or available under our revolving credit facility is not sufficient to meet our capital requirements, the failure to obtain additional financing could result in a curtailment of our operations relating to development of our prospects, which in turn could lead to a decline in our oil and natural gas production and reserves, and could adversely affect our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

We do not control all of our operations and development projects and failure of an operator of wells in which we own partial interests to adequately perform could adversely affect our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

Many of our business activities are conducted through joint operating agreements under which we own partial interests in oil and natural gas wells. If we do not operate wells in which we own an

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interest, we do not have control over normal operating procedures, expenditures or future development of underlying properties. The success and timing of our development projects on properties operated by others is outside of our control.

The failure of an operator of wells in which we own partial interests to adequately perform operations, or an operator's breach of the applicable agreements, could reduce our production and revenues and could adversely affect our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could adversely affect our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

Our drilling activities are subject to many risks, including the risk that we will not discover commercially productive reservoirs. Drilling for oil and natural gas can be uneconomic, not only from dry holes, but also from productive wells that do not produce sufficient revenues to be commercially viable.

In addition, our drilling and producing operations may be curtailed, delayed or canceled as a result of other factors, including:

- the high cost, shortages or delivery delays of equipment and services;
- unexpected operational events;
- adverse weather conditions;
- facility or equipment malfunctions;
- title disputes;
- pipeline ruptures or spills;
- collapses of wellbore, casing or other tubulars;
- unusual or unexpected geological formations;
- loss of drilling fluid circulation;
- formations with abnormal pressures;
- fires;
- blowouts, craterings and explosions; and
- uncontrollable flows of oil, natural gas or well fluids.

Any of these events can cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination, loss of wells and regulatory penalties.

We ordinarily maintain insurance against various losses and liabilities arising from our operations; however, insurance against all operational risks is not available to us. Additionally, we may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the perceived risks presented. Losses could therefore occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. The occurrence of an event that is not fully covered by insurance could have a material adverse impact on our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

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Increases in interest rates could adversely affect our business, results of operations, cash flows from operations and financial condition, and cause a decline in the demand for yield-based equity investments such as our preferred units and our units.

Since all of the indebtedness outstanding under our revolving credit facility is at variable interest rates, we have significant exposure to increases in interest rates. As a result, our business, results of operations and cash flows may be adversely affected by significant increases in interest rates. Further, an increase in interest rates may cause a corresponding decline in demand for equity investments, in particular for yield-based equity investments such as our units and our preferred units. Any reduction in demand for our preferred units or our units resulting from other more attractive investment opportunities may cause the trading price of our preferred units and our units to decline.

Any acquisitions we complete are subject to substantial risks that could adversely affect our financial condition and results of operations and reduce our ability to make distributions to limited partners.

We may not achieve the expected results of any acquisition we complete, and any adverse conditions or developments related to any such acquisition may have a negative impact on our operations and financial condition.

Further, even if we complete any acquisitions, which we would expect to increase pro forma distributable cash per unit, actual results may differ from our expectations and the impact of these acquisitions may actually result in a decrease in pro forma distributable cash per unit. Any acquisition involves potential risks, including, among other things:

- the validity of our assumptions about reserves, future production, revenues, capital expenditures and operating costs;
- an inability to successfully integrate the businesses we acquire;
- a decrease in our liquidity by using a portion of our available cash or borrowing capacity under our revolving credit facility to finance acquisitions;
- a significant increase in our interest expense or financial leverage if we incur additional debt to finance acquisitions;
- the assumption of unknown liabilities, losses or costs for which we are not indemnified or for which our indemnity is inadequate;
- the diversion of management's attention from other business concerns;
- the incurrence of other significant charges, such as impairment of oil and natural gas properties, goodwill or other intangible assets, asset devaluation or restructuring charges;
- unforeseen difficulties encountered in operating in new geographic areas; and
- the loss of key purchasers.

Our decision to acquire a property depends in part on the evaluation of data obtained from production reports and engineering studies, geophysical and geological analyses, seismic data and other information, the results of which are often inconclusive and subject to various interpretations.

Also, our reviews of newly acquired properties are inherently incomplete because it is generally not feasible to perform an in-depth review of the individual properties involved in each acquisition given time constraints imposed by sellers. Even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to fully assess their deficiencies and potential. Inspections may not always be performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken.

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Our identified drilling location inventories are scheduled out over several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling.

Our management team has specifically identified and scheduled drilling locations as an estimation of our future multi-year drilling activities on our acreage. These identified drilling locations represent a significant part of our growth strategy. Our ability to drill and develop these locations depends on a number of factors, including the availability of capital, seasonal conditions, regulatory approvals, oil and natural gas prices, costs and drilling results. Our final determination on whether to drill any of these drilling locations will be dependent upon the factors described above as well as, to some degree, the results of our drilling activities with respect to our proved drilling locations. Because of these uncertainties, we do not know if the numerous drilling locations we have identified will be drilled within our expected timeframe or will ever be drilled or if we will be able to produce oil or natural gas from these or any other potential drilling locations. As such, our actual drilling activities may be materially different from those presently identified, which could adversely affect our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

The inability of one or more of our customers to meet their obligations may adversely affect our financial condition and results of operations.

Substantially all of our accounts receivable result from oil and natural gas sales or joint interest billings to third parties in the energy industry. This concentration of customers and joint interest owners may impact our overall credit risk in that these entities may be similarly affected by changes in economic and other conditions. In addition, our oil, natural gas and interest rate derivative transactions expose us to credit risk in the event of nonperformance by counterparties.

We depend on a limited number of key personnel who would be difficult to replace.

Our operations are dependent on the continued efforts of our executive officers, senior management and key employees. The loss of any member of our senior management or other key employees could negatively impact our ability to execute our strategy.

We may be unable to compete effectively, which could have an adverse effect on our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

The oil and natural gas industry is intensely competitive, and we compete with other companies that have greater resources than us. Our ability to acquire additional properties and to discover reserves in the future will be dependent upon our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. Many of our competitors not only explore for and produce oil and natural gas, but also carry on refining operations and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for productive oil and natural gas properties and exploratory prospects or define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. In addition, these companies may have a greater ability to continue exploration and development activities during periods of low oil and natural gas market prices and to absorb the burden of present and future federal, state, local and other laws and regulations. Our inability to compete effectively with these companies could have an adverse effect on our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential limited partners could lose confidence in our financial reporting, which would harm our business and the trading price of our preferred units and our units.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be harmed. We cannot be certain that our efforts to maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to continue to comply with our obligations under Section 404 of the Sarbanes-Oxley Act of 2002. Any failure to maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet certain reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our preferred units and our units.

We are subject to complex federal, state, local and other laws and regulations that could adversely affect the cost, manner or feasibility of conducting our operations.

Our oil and natural gas exploration and production operations are subject to complex and stringent laws and regulations. In order to conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. We may incur substantial costs in order to maintain compliance with these existing laws and regulations. In addition, our costs of compliance may increase if existing laws and regulations are revised or reinterpreted, or if new laws and regulations become applicable to our operations. All such costs may have a negative effect on our business, results of operations, financial condition and ability to make cash distributions to our limited partners.

Our business is subject to federal, state and local laws and regulations as interpreted and enforced by governmental authorities possessing jurisdiction over various aspects of the exploration for, and the production of, oil and natural gas. Failure to comply with such laws and regulations, as interpreted and enforced, could have a material adverse effect on our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

Our operations expose us to significant costs and liabilities with respect to environmental and operational safety matters.

We may incur significant costs and liabilities as a result of environmental and safety requirements applicable to our oil and natural gas exploration and production activities. These costs and liabilities could arise under a wide range of federal, state and local environmental and safety laws and regulations, including regulations and enforcement policies, which have tended to become increasingly strict over time. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of cleanup and site restoration costs and liens, and to a lesser extent, issuance of injunctions to limit or cease operations. In addition, claims for damages to persons or property may result from environmental and other impacts of our operations.

Strict, joint and several liability may be imposed under certain environmental laws, which could cause us to become liable for the conduct of others or for consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. New laws, regulations or enforcement policies could be more stringent and impose unforeseen liabilities or significantly increase compliance costs. If we were not able to recover the resulting costs through insurance or increased revenues, our ability to make cash distributions to our limited partners could be adversely affected.

Final rules regulating air emissions from natural gas production operations could cause us to incur increased capital expenditures and operating costs, which may be significant.

On April 17, 2012, the EPA approved final regulations under the Clean Air Act that, among other things, require additional emissions controls for natural gas and natural gas liquids production, including New Source Performance Standards to address emissions of sulfur dioxide and volatile organic compounds ("VOCs") and a separate set of emission standards to address hazardous air pollutants frequently associated with such production activities. The final regulations require the reduction of VOC emissions from natural gas wells through the use of reduced emission completions or "green completions" on all hydraulically fractured wells constructed or refractured after January 1, 2015. For well completion operations occurring at such well sites before January 1, 2015, the final regulations allow operators to capture and direct flowback emissions to completion combustion devices, such as flares, in lieu of performing green completions. These regulations also establish specific new requirements regarding emissions from dehydrators, storage tanks and other production equipment. We are currently reviewing this new rule and assessing its potential impacts. Compliance with these requirements could increase our costs of development and production, which costs may be significant.

Our sales of oil, natural gas, NGLs and other energy commodities, and related hedging activities, expose us to potential regulatory risks.

The Federal Trade Commission, the Federal Energy Regulatory Commission and the Commodity Futures Trading Commission (the "CFTC") hold statutory authority to monitor certain segments of the physical and futures energy commodities markets. These agencies have imposed broad regulations prohibiting fraud and manipulation of such markets. With regard to our physical sales of oil, natural gas, NGLs or other energy commodities, and any related hedging activities that we undertake, we are required to observe the market-related regulations enforced by these agencies, which hold substantial enforcement authority. Our sales may also be subject to certain reporting and other requirements. Failure to comply with such regulations, as interpreted and enforced, could have a material adverse effect on our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and the rules of the CFTC thereunder provide for statutory and regulatory requirements for certain derivative transactions, broadly referred to as "swaps" and which include some oil and gas transactions, including oil and gas hedging transactions, and interest rate swaps, as well as participants in swaps and various other aspects of the swaps markets. Swaps designated by the CFTC or falling within classes of swaps designated by the CFTC are or will be required to be submitted for clearing on a derivative clearing organization ("DCO") and, if accepted for clearing, cleared on the DCO. To date, the CFTC has designated only certain interest rate swaps and index credit default swaps for mandatory clearing. Transactions in swaps accepted for clearing must be executed on a board of trade designated as a contract market or a swap execution facility if such swaps are made available for trading on such a board of trade or swap execution facility. The Act provides an exception from application of the Act's clearing and trade execution requirements that certain commercial end-users may elect for swaps they use to hedge or mitigate their commercial risks ("End-User Exception"). Although we believe we will be able to elect such exception with respect to most, if not all, of the swaps we enter that are subject to mandatory clearing and intend to make such election as to most, if not all, of our swaps, if we cannot

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do so with respect to many of the swaps we enter into, our ability to execute our hedging program efficiently could be adversely affected.

In the event we do not qualify for the End-User Exception, we anticipate that, under regulations adopted under the Act and relevant DCO and other rules, we will be required to post margin in the form of cash collateral for those of our derivative transactions constituting swaps (including our interest rate swaps and commodities-related swaps) that we clear on a DCO. Moreover, the Act requires the CFTC and the federal regulators of banks and other financial institutions to adopt regulations imposing margin requirements for non-cleared swaps that, when adopted, could, in certain circumstances, require us to post margin in the form of cash or other types of collateral for any non-cleared swaps into which we enter. Posting margin in the form of cash collateral with respect to our swaps could cause liquidity issues for us by reducing our ability to use our cash for capital expenditures, distributions to limited partners or other partnership purposes. A requirement to post margin, especially in the form of cash collateral, with respect to any cleared or non-cleared swaps we enter could reduce our ability to execute strategic hedges to reduce commodity price uncertainty and, thus, to protect cash flows. In addition, even if we are not required to post margin for our swaps or to post margin of only immaterial amounts, the banks and other derivatives dealers who are the contractual counterparties to our swaps will be required to comply with the Act's new requirements, and the costs of their compliance will likely be passed on to customers, including us, thus increasing our costs of engaging in hedging transactions, decreasing the benefits of those transactions to us and reducing our cash flows. We currently hedge only with current or former lenders under our revolving credit facility, which have collateral in our oil and natural gas properties and do not currently require us to post cash collateral.

As required by Title VII of the Act, the CFTC must also adopt limits on the positions that a party may hold in certain contracts relating to physical commodities. The CFTC has proposed regulations that, when adopted, will set limits on the positions that a party may hold for its own account in specified core futures contracts relating to certain physical commodities, including NYMEX contracts relating to WTI crude oil and Henry Hub natural gas, as well as options and swaps that are economically equivalent to such future contracts, and futures contracts, options contracts, swaps, basis contracts and commodity index contracts linked to such futures contracts or such physical commodities. Under the proposed rules, such position limits would be subject to certain exemptions, including one for positions that qualify as bona fide hedging positions under the proposed rule. If the rule is adopted as proposed and for any reason our contracts relating to such commodities, if any, fail to qualify for an exemption from the position limits, our ability to execute strategic hedges to reduce commodity price uncertainty, and thus to protect cash flows, could be impaired.

Pursuant to the requirements of Title VII of the Act, the banking regulators have adopted a rule that could require certain of the counterparties to our commodity derivative contracts to spin off some of their derivatives activities to separate entities. Those separate entities could be our counterparties to our swaps and may not be as creditworthy as our current counterparties. If such a counterparty were unable to, or failed to, perform its obligations under swaps to which we were party, our business, results of operations, financial condition and our ability to make cash distributions to our limited partners could be adversely impacted.

The provisions of Title VII of the Act and the rules relating to derivative transactions adopted thereunder may significantly increase our cost of entering into and maintaining commodity derivative contracts, materially alter the terms on which we enter derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives contracts as a result of the Act and the related rules, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures and make distributions to our limited partners. Finally, the Act was intended, in part, to reduce the volatility of oil and natural gas prices, which some

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legislators attributed to speculative trading in derivatives and commodity instruments related to oil and natural gas. Our oil and natural gas revenues could therefore be adversely affected if a consequence of the Act is to lower commodity prices. Any of these consequences could have a material adverse impact on our business, results of operations, financial condition and our ability to make cash distributions to our limited partners.

The European Market Infrastructure Regulation (EMIR), which became effective in 2012, includes regulations related to the trading, reporting and clearing of derivatives subject to EMIR. We have counterparties that are located in a jurisdiction subject to EMIR. Our efforts to comply with EMIR, and EMIR's effect on the derivatives markets and their participants, creates similar risks and could have similar adverse impacts as those under the provisions of Title VII of the Act and the CFTC's swap regulations.

Federal and state legislation and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

Congress has considered legislation to amend the federal Safe Drinking Water Act to require the disclosure of chemicals used by the oil and natural gas industry in the hydraulic fracturing process. Hydraulic fracturing is an important and commonly used process in the completion of unconventional natural gas wells in shale formations, as well as tight conventional formations including many of those that Legacy completes and produces. This process involves the injection of water, sand and chemicals under pressure into rock formations to stimulate natural gas production. Sponsors of these bills have asserted that chemicals used in the fracturing process could adversely affect drinking water supplies. In addition, some states have adopted and others are considering legislation to restrict hydraulic fracturing. Several states including Texas and Wyoming have adopted or are considering legislation requiring the disclosure of hydraulic fracturing chemicals. Public disclosure of chemicals used in the fracturing process, which could make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater. In addition any additional level of regulation could lead to operational delays or increased operating costs and could result in additional regulatory burdens that could make it more difficult to perform hydraulic fracturing and increase our costs of compliance and doing business.

Units eligible for future sale may have adverse effects on our unit price and the liquidity of the market for our units.

We cannot predict the effect of future sales of our units, or the availability of units for future sales, on the market price of or the liquidity of the market for our units. Sales of substantial amounts of units, or the perception that such sales could occur, could adversely affect the prevailing market price of our units. Such sales, or the possibility of such sales, could also make it difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. As of October 13, 2014, the founding investors (the "Founding Investors") and their affiliates, including members of our management, own approximately 15% of our outstanding units. We granted the Founding Investors certain registration rights to have their units registered under the Securities Act. Upon registration, these units will be eligible for sale into the market without volume limitations. Because of the substantial size of the Founding Investors' holdings, the sale of a significant portion of these units, or a perception in the market that such a sale is likely, could have a significant impact on the market price of our units.

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Our acquisitions may prove to be worth less than we paid, or provide less than anticipated proved reserves, production or cash flow because of uncertainties in evaluating recoverable reserves, well performance and potential liabilities as well as uncertainties in forecasting oil and gas prices and future development, production and marketing costs.

Successful acquisitions require an assessment of a number of factors, including estimates of recoverable reserves, development potential, well performance, future oil and natural gas prices, operating costs and potential environmental and other liabilities. Our estimates of future reserves and estimates of future production for our acquisitions and related forecasts of anticipated cash flow therefrom, are initially based on detailed information furnished by the sellers and subject to review, analysis and adjustment by our internal staff, typically without consulting with outside petroleum engineers. Such assessments are inexact and their accuracy is inherently uncertain and our proved reserves estimates and cash flow forecasts therefrom may exceed actual acquired proved reserves or the estimates of future cash flows therefrom. In connection with our assessments, we perform a review of the acquired properties included in our acquisitions that we believe is generally consistent with industry practices. However, such a review will not reveal all existing or potential problems. In addition, our review may not permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. We do not inspect every well. Even when we inspect a well, we do not always discover structural, subsurface and environmental problems that may exist or arise. As a result of these factors, the purchase price we pay to acquire oil and natural gas properties may exceed the value we realize.

Also, our reviews of the properties included in our acquisitions are inherently incomplete because it is generally not feasible to perform an in-depth review of the individual properties involved in each acquisition given time constraints imposed by sellers. Even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to fully assess their deficiencies and potential. Inspections may not always be performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken.

Risks Related to Our Limited Partnership Structure

Our Founding Investors, including members of our management, own an approximately 18% limited partner interest in us and control our general partner, which has sole responsibility for conducting our business and managing our operations. Our general partner has conflicts of interest and limited fiduciary duties, which may permit it to favor its own interests to the detriment of our limited partners.

As of October 13, 2014, our Founding Investors, including members of our management own an approximately 15% limited partner interest in us and therefore have the ability to influence the election of the members of the board of directors of our general partner. Although our general partner has a fiduciary duty to manage us in a manner beneficial to us and our limited partners, the directors and officers of our general partner have a fiduciary duty to manage our general partner in a manner beneficial to its owners, our Founding Investors and their affiliates. Conflicts of interest may arise between our Founding Investors and their affiliates, including our general partner, on the one hand, and us and our limited partners, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of its affiliates over the interests of our limited partners. These conflicts include, among others, the following situations:

- neither our partnership agreement nor any other agreement requires our Founding Investors or their affiliates, other than our executive officers, to pursue a business strategy that favors us;

- our general partner is allowed to take into account the interests of parties other than us, such as our Founding Investors, in resolving conflicts of interest, which has the effect of limiting its fiduciary duty to our limited partners;

- our Founding Investors and their affiliates (other than our executive officers and their affiliates) may engage in competition with us;

- our general partner has limited its liability and reduced its fiduciary duties under our partnership agreement and has also restricted the remedies available to our limited partners for actions that, without the limitations, might constitute breaches of fiduciary duty. As a result of purchasing units or preferred units, unitholders and preferred unitholders, as applicable, consent to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under applicable state law;

- our general partner determines the amount and timing of asset purchases and sales, capital expenditures, borrowings, issuance of additional partnership securities, and reserves, each of which can affect the amount of cash that is distributed to our preferred unitholders and our unitholders;

- our general partner determines the amount and timing of any capital expenditures and whether a capital expenditure is a maintenance capital expenditure, which reduces operating surplus, or a growth capital expenditure, which does not reduce operating surplus. Such determination can affect the amount of cash that is distributed to our preferred unitholders and our unitholders;

- our general partner determines which costs incurred by it and its affiliates are reimbursable by us;

- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;

- our general partner intends to limit its liability regarding our contractual and other obligations;

- our general partner controls the enforcement of obligations owed to us by it and its affiliates; and

- our general partner decides whether to retain separate counsel, accountants, or others to perform services for us.

Our partnership agreement restricts the voting rights of those unitholders owning 20% or more of our units.

Unitholders' voting rights are further restricted by the partnership agreement provision providing that any units held by a person that owns 20% or more of any class of units then outstanding, other than our general partner, its affiliates, their transferees, and persons who acquired such limited partner interests with the prior approval of the board of directors of our general partner, cannot vote on any matter. Our partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

Our Founding Investors and their affiliates (other than our executive officers and their affiliates) may compete directly with us.

Our Founding Investors and their affiliates, other than our general partner and our executive officers and their affiliates, are not prohibited from owning assets or engaging in businesses that compete directly or indirectly with us. In addition, our Founding Investors or their affiliates, other than our general partner and our executive officers and their affiliates, may acquire, develop and operate oil and natural gas properties or other assets in the future, without any obligation to offer us the opportunity to acquire, develop or operate those assets.

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Cost reimbursements due our general partner and its affiliates will reduce our cash available for distribution to our limited partners.

Prior to making any distribution on our outstanding limited partner interests, we will reimburse our general partner and its affiliates for all expenses they incur on our behalf. Any such reimbursement will be determined by our general partner in its sole discretion. These expenses will include all costs incurred by our general partner and its affiliates in managing and operating us. The reimbursement of expenses of our general partner and its affiliates could adversely affect our ability to pay cash distributions to our limited partners.

Our partnership agreement limits our general partner's fiduciary duties to our limited partners and restricts the remedies available to limited partners for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

Our partnership agreement contains provisions that reduce the standards to which our general partner would otherwise be held by state fiduciary duty law. For example, our partnership agreement:

- permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any limited partner;

- provides that our general partner will not have any liability to us or our limited partners for decisions made in its capacity as a general partner so long as it acted in good faith, meaning it believed the decision was in the best interests of our partnership;

- provides that our general partner is entitled to make other decisions in "good faith" if it believes that the decision is in our best interest;

- provides generally that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of the board of directors of our general partner and not involving a vote of unitholders must be on terms no less favorable to us than those generally being provided to or available from unrelated third parties or be "fair and reasonable" to us, as determined by our general partner in good faith, and that, in determining whether a transaction or resolution is "fair and reasonable," our general partner may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us; and

- provides that our general partner and its officers and directors will not be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that the general partner or those other persons acted in bad faith or engaged in fraud or willful misconduct.

Our partnership agreement permits our general partner to redeem any partnership interests held by a limited partner who is a non-citizen assignee.

If we are or become subject to federal, state or local laws or regulations that, in the reasonable determination of our general partner, create a substantial risk of cancellation or forfeiture of any property that we have an interest in because of the nationality, citizenship or other related status of any limited partner, our general partner may redeem the limited partner interest held by the limited partner at their current market price. In order to avoid any cancellation or forfeiture, our general partner may require each limited partner to furnish information about his nationality, citizenship or related status. If a limited partner fails to furnish information about his nationality, citizenship or other related status within 30 days after a request for the information or our general partner determines after

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receipt of the information that the limited partner is not an eligible citizen, our general partner may elect to treat the limited partner as a non-citizen assignee. A non-citizen assignee is entitled to an interest equivalent to that of a limited partner for the right to share in allocations and distributions from us, including liquidating distributions. A non-citizen assignee does not have the right to direct the voting of his limited partner interest and may not receive distributions in kind upon our liquidation.

We may issue an unlimited number of additional units or other equity securities, including incentive distribution units, without the approval of our unitholders, which would dilute their existing ownership interest in us.

Our general partner, without the approval of our unitholders, may cause us to issue an unlimited number of additional units or other equity securities, including incentive distribution units. The issuance by us of additional units or other equity securities of equal or senior rank will have the following effects:

- our unitholders' proportionate ownership interests in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the risk that a shortfall in the payment of our current distributions will increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the units may decline.

The liability of our limited partners may not be limited if a court finds that limited partner action constitutes control of our business.

A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. Our partnership is organized under Delaware law, and we conduct business in a number of other states. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some of the other states in which we do business. In some states, including Delaware, a limited partner is only liable if he participates in the "control" of the business of the partnership. These statutes generally do not define control, but do permit limited partners to engage in certain activities, including, among other actions, taking any action with respect to the dissolution of the partnership, the sale, exchange, lease or mortgage of any asset of the partnership, the admission or removal of the general partner and the amendment of the partnership agreement. Our limited partners could, however, be liable for any and all of our obligations as if our limited partners were a general partner if:

- a court or government agency determined that we were conducting business in a state but had not complied with that particular state's partnership statute; or
- our limited partners' right to act with other limited partners to take other actions under our partnership agreement constitutes "control" of our business.

Limited partners may have liability to repay distributions that were wrongfully distributed to them.

Under certain circumstances, limited partners may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to our limited partners if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the distribution, limited partners who received an impermissible distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Substituted limited partners are liable for the obligations of the transferring

limited partner to make contributions to the partnership that are known to such substitute limited partner at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

***Our Existing Preferred Units rank senior in right of payment to our units, and we are unable to make any distribution to our unitholders unless full cumulative distributions are made on our Existing Preferred Units*.**

Our Existing Preferred Units represent perpetual equity interests in us and rank senior in right of payment to our units. Distributions on the Existing Preferred Units are cumulative from the date of original issue and are payable monthly on the 15th day of each month. No distribution may be declared or paid or set apart for payment on the units, or any other junior securities, unless full cumulative distributions have been or contemporaneously are being paid or provided for on all outstanding Existing Preferred Units and any parity securities through the most recent respective distribution payment dates.

Our general partner may elect to cause us to issue units in connection with a resetting of incentive distribution levels without the approval of our unitholders. Our Incentive Distribution Units may be converted to units in certain circumstances. Any such election or conversion may result in lower distributions to our unitholders in certain situations.

Our general partner has the right, at any time when the partnership has paid distributions of at least $0.7375 for each of the prior four consecutive fiscal quarters and the amount of all distributions during each quarter within such four-quarter period did not exceed the adjusted operating surplus for each such quarter, to reset the initial target distribution levels at higher levels based on our cash distribution levels at the time of the exercise of the reset election. Following a reset election, a baseline distribution amount will be calculated pursuant to the formula described below in "Cash Distribution Policy Our Cash Distribution Policy Distributions of Available Cash from Operating Surplus General Partner's Right to Reset Incentive Distribution Levels".

We anticipate that our general partner would exercise this reset right in order to facilitate acquisitions or internal growth projects that would otherwise not be sufficiently accretive to cash distributions per unit, taking into account the existing levels of incentive distribution payments being made to the holders of Incentive Distribution Units. It is possible that our general partner exercises this reset right at a time when we are experiencing declines in our aggregate cash distributions or at a time when the holders of the Incentive Distribution Units expect that we will experience declines in our aggregate cash distributions in the foreseeable future. In such situations, the holders of the Incentive Distribution Units may be experiencing, or may expect to experience, declines in the cash distributions it receives related to the Incentive Distribution Units and may therefore desire to be issued our units, which are entitled to specified priorities with respect to our distributions and which therefore may be more advantageous for them to own in lieu of the right to receive incentive distribution payments based on increased target distribution levels that are less certain to be achieved. As a result, a reset election may cause our unitholders to experience dilution in the amount of cash distributions that they would have otherwise received had we not issued new units to the holders of the Incentive Distribution Units in connection with resetting the target distribution levels. Please read "Cash Distribution Policy Our Cash Distribution Policy Distributions of Available Cash from Operating Surplus General Partner's Right to Reset Incentive Distribution Levels".

Further, our general partner and Incentive Distribution Unitholders may cause vested and outstanding Incentive Distribution Units to convert to units in certain other circumstances. Any such conversion may cause our unitholders to experience dilution in the amount of cash distributions that they would have otherwise received had we not issued new units to the holders of the Incentive Distribution Units in connection with any such conversion. Please read "Cash Distribution Policy Our Cash Distribution Policy General Partner's Incentive Distribution Conversion Rights in Connection with a Change of Control" and "Cash Distribution Policy Our Cash Distribution Policy Incentive Distribution Unitholder's Conversion Rights"

Risks Related to Our Existing Preferred Units

Our Existing Preferred Units represent perpetual equity interests in us.

Our Existing Preferred Units represent perpetual equity interests in us and, unlike our indebtedness, do not give rise to a claim for payment of a principal amount at a particular date. As a result, holders of our Existing Preferred Units may be required to bear the financial risks of an investment in our Existing Preferred Units for an indefinite period of time. In addition, our Existing Preferred Units rank junior in right of payment to all our current and future indebtedness and other liabilities, and any other senior securities we may issue in the future with respect to assets available to satisfy claims against us.

Our Existing Preferred Units have not been rated.

We have not sought to obtain a rating for our Existing Preferred Units, and our Existing Preferred Units may never be rated. It is possible, however, that one or more rating agencies might independently determine to assign a rating to our Existing Preferred Units or that we may elect to obtain a rating of our Existing Preferred Units in the future. In addition, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to our Existing Preferred Units in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for or the market value of our Existing Preferred Units. Ratings only reflect the views of the issuing rating agency or agencies and such ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency. A rating is not a recommendation to purchase, sell or hold any particular security, including our Existing Preferred Units. Ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of our Existing Preferred Units may not reflect all risks related to us and our business, or the structure or market value of our Existing Preferred Units.

Our Existing Preferred Units are subordinated to our existing and future debt obligations, and the interests of holders of Existing Preferred Units could be diluted by the issuance of additional partnership securities, including additional Existing Preferred Units, and by other transactions.

Our Existing Preferred Units are subordinated to all of our existing and future indebtedness (including indebtedness outstanding under our revolving credit facility and our Senior Notes). As of June 30, 2014, our total principal amount of debt was $1.2 billion, and we had the ability to borrow an additional $591.9 million under our revolving credit facility, subject to certain limitations. We may incur additional debt under our revolving credit facility or future credit facilities or by issuing additional senior or subordinated debt securities. The payment of principal and interest on our debt reduces cash available for distribution to limited partners, including the holders of Existing Preferred Units.

The issuance of additional partnership securities *pari passu* with or senior to our Existing Preferred Units would dilute the interests of the holders of our Existing Preferred Units, and any issuance of Senior Securities or Parity Securities (as defined below under "Description of Our Series A Preferred Units Ranking" and "Description of Our Series B Preferred Units Ranking") or additional indebtedness could affect our ability to pay distributions on, redeem or pay the liquidation preference on our Existing Preferred Units. Only the Change of Control (as defined below under "Description of

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Our Series A Preferred Units Change of Control" and "Description of Our Series B Preferred Units Change of Control") provision relating to our Existing Preferred Units protects the holders of the Series A Preferred Units in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, which might adversely affect the holders of our Existing Preferred Units.

The holders of Existing Preferred Units have extremely limited voting rights.

The voting rights of the holders of Existing Preferred Units are extremely limited. Our units are the only class of our limited partner interests carrying full voting rights. Holders of our Existing Preferred Units generally have no voting rights. Certain other limited protective voting rights are described in this S-3 under "Description of Our Series A Preferred Units Voting Rights" and "Description of Our Series B Preferred Units Voting Rights."

Investors should not expect us to redeem our Existing Preferred Units on the date our Existing Preferred Units become redeemable by us or on any particular date afterwards.

Our Existing Preferred Units have no maturity or mandatory redemption date and are not redeemable at the option of investors under any circumstances. Our Series A Preferred Units and Series B Preferred Units may be redeemed by us at our option within 180 days following the occurrence of a Change of Control or at any time on or after April 15, 2019 or June 15, 2019, respectively, in whole or in part, out of funds legally available for such redemption, at a redemption price of $25.00 per unit plus an amount equal to all accumulated and unpaid distributions thereon to the date of redemption, whether or not declared. Any decision we may make at any time to redeem our Existing Preferred Units will depend upon, among other things, our evaluation of our capital position and general market conditions at that time and will be subject to limitations contained in the documents governing our indebtedness.

Change of control conversion rights may make it more difficult for a party to acquire us or discourage a party from acquiring us.

The change of control conversion feature of our Existing Preferred Units may have the effect of discouraging a third party from making an acquisition proposal for us or of delaying, deferring or preventing certain of our change of control transactions under circumstances that otherwise could provide the holders of our units and Existing Preferred Units with the opportunity to realize a premium over the then-current market price of such equity securities or that unitholders or Existing Preferred Unitholders may otherwise believe is in their best interests.

Tax Risks to Limited Partners

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of additional entity-level taxation by states and localities. If the IRS were to treat us as a corporation or if we were to become subject to a material amount of additional entity-level taxation for state or local tax purposes, then our cash available for distribution to our limited partners would be substantially reduced.

The anticipated after-tax economic benefit of an investment in us depends largely on our being treated as a partnership for U.S. federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this or any other tax matter affecting us.

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Despite the fact that we are a limited partnership under Delaware law, it is possible, in certain circumstances, for a partnership such as ours to be treated as a corporation for U.S. federal income tax purposes. A change in our business or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity. If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate tax rate, which currently has a top marginal rate of 35%, and would likely pay state and local income tax at varying rates. Distributions to our limited partners would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to our limited partners. Because a tax would be imposed upon us as a corporation, our cash available to pay distributions to our limited partners would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to our limited partners likely causing a substantial reduction in the value of our units.

In addition, changes in current state law may subject us to entity-level taxation by individual states. Because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. For example, we are subject to an entity-level state tax on the portion of our gross income that is apportioned to Texas. If any additional states were to impose a tax upon us as an entity, the cash available for distribution to our limited partners would be reduced.

The tax treatment of publicly traded partnerships or an investment in our limited partner interests could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our limited partner interests may be modified by administrative, legislative or judicial interpretation at any time. For example, from time to time members of the U.S. Congress propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships. Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible to meet the exception for us to be treated as a partnership for U.S. federal income tax purposes. We are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could negatively impact the value of an investment in our limited partner interests.

Certain federal income tax deductions currently available with respect to oil and natural gas drilling and development may be eliminated as a result of future legislation.

Both the Obama Administration and members of the U.S. Congress have during past legislative sessions proposed changes that would, if enacted into law, make significant changes to United States tax laws, including the elimination of certain key U.S. federal income tax incentives currently available to oil and natural gas exploration and production companies. These changes include, but are not limited to, (i) the repeal of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, (iii) the elimination of the deduction for certain domestic production activities, and (iv) an extension of the amortization period for certain geological and geophysical expenditures. It is unclear whether these or similar changes will be enacted and if enacted, how soon any such changes could become effective. The passage of any legislation with similar changes in U.S. federal income tax laws could eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development, and any such change could increase the taxable income allocable to our unitholders and negatively impact the value of an investment in our units.

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Our unitholders may be required to pay taxes on their share of our income even if they do not receive any cash distributions from us.

Because our unitholders will be treated as partners to whom we will allocate taxable income that could be different in amount than the cash we distribute, a unitholder's share of our taxable income will be taxable to the unitholder, which may require the payment of U.S. federal income taxes and, in some cases, state and local income taxes on the unitholder's share of our taxable income, whether or not the unitholder receives cash distributions from us. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability that results from their share of our taxable income.

We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred.

We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The use of this proration method may not be permitted under existing Treasury Regulations and although the U.S. Treasury Department issued proposed Treasury Regulations allowing a similar monthly simplifying convention, such regulations are not final and do not specifically authorize the use of the proration method we have adopted. Accordingly, our counsel is unable to opine as to the validity of this method. If the IRS were to challenge this method or new Treasury Regulations were issued, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A successful IRS contest of the U.S. federal income tax positions we take may adversely affect the market for our units, and the costs of any contest will reduce our cash available for distribution to our limited partners.

We have not requested any ruling from the IRS with respect to our treatment as a partnership for U.S. federal income tax purposes or any other matter affecting us. The IRS may adopt positions that differ from our counsel's conclusions or the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of our counsel's conclusions or the positions we take. A court may disagree with some or all of our counsel's conclusions or the positions we take. Any contest with the IRS may materially and adversely impact the market for our units and the price at which they trade. In addition, the costs of any contest with the IRS will result in a reduction in cash available to pay distributions to our limited partners and thus will be borne indirectly by our limited partners.

Tax-exempt entities and foreign persons face unique tax issues from owning units that may result in adverse tax consequences to them.

Investment in our units by tax-exempt entities, including employee benefit plans and individual retirement accounts ("IRAs"), and non-U.S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations exempt from U.S. federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and will be taxable to such a unitholder. Distributions to non-U.S. persons will be reduced by withholding taxes imposed at the highest effective applicable tax rate, and non-U.S. persons will be required to file United States federal income tax returns and pay tax on their share of our taxable income.

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Tax gain or loss on the disposition of our units could be more or less than expected because prior distributions in excess of allocations of income will decrease our unitholders tax basis in their units.

If our unitholders sell any of their units, they will recognize gain or loss equal to the difference between the amount realized and their tax basis in those units. Prior distributions to our unitholders in excess of the total net taxable income they were allocated for a unit, which decreased their tax basis in that unit, will, in effect, become taxable income to our unitholders if the unit is sold at a price greater than their tax basis in that unit, even if the price our unitholders receive is less than their original cost. A substantial portion of the amount realized, whether or not representing gain, may be ordinary income to our unitholders due to the potential recapture items, including depreciation, depletion and intangible drilling cost recapture. In addition, because the amount realized may include a unitholder's share of our nonrecourse liabilities, if they sell their units, they may incur a tax liability in excess of the amount of cash they receive from the sale.

We will treat each purchaser of our units as having the same tax benefits without regard to the units purchased. The IRS may challenge this treatment, which could adversely affect the value of the units.

Because we cannot match transferors and transferees of units, we will adopt depletion, depreciation and amortization positions that may not conform with all aspects of existing Treasury Regulations. Our counsel is unable to opine as to the validity of such filing positions. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain on the sale of units and could have a negative impact on the value of our units or result in audits of and adjustments to our unitholders' tax returns.

A unitholder whose units are loaned to a "short seller" to cover a short sale of units may be considered as having disposed of those units. If so, the unitholder would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.

Because a unitholder whose units are loaned to a "short seller" to cover a short sale of units may be considered as having disposed of the loaned units, he may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Our counsel has not rendered an opinion regarding the treatment of a unitholder where our units are loaned to a short seller to cover a short sale of our units; therefore, unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult with their tax advisor about whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units.

Our limited partners may be subject to state and local taxes and return filing requirements in states where they do not live as a result of investing in our limited partner interests.

In addition to U.S. federal income taxes, our limited partners will likely be subject to other taxes, including state and local income taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property now or in the future, even if they do not reside in any of those jurisdictions. Our limited partners will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our limited partners may be subject to penalties for failure to comply with those requirements. We currently conduct business or own property in multiple

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states, most of which impose personal and corporate income taxes. As we make acquisitions or expand our business, we may do business or own assets in other states in the future. It is the responsibility of each limited partner to file all United States federal, state and local tax returns that may be required of such limited partner. Our counsel has not rendered an opinion on the state or local tax consequences of an investment in us.

We will be considered to have technically terminated for U.S. federal income tax purposes due to a sale or exchange of 50% or more of our interests within a twelve-month period.

We will be considered to have technically terminated our partnership for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. For purposes of determining whether the 50% threshold has been met, multiple sales of the same interest will be counted only once. Our technical termination would, among other things, result in the closing of our taxable year for all unitholders, which would result in us filing two tax returns (and our unitholders could receive two Schedules K-1 if relief was not available, as described below) for one fiscal year and could result in a deferral of depreciation deductions allowable in computing our taxable income. In the case of a limited partner reporting on a taxable year other than a fiscal year ending December 31, the closing of our taxable year may also result in more than twelve months of our taxable income or loss being includable in his taxable income for the year of termination. Our termination currently would not affect our classification as a partnership for federal income tax purposes, but instead we would be treated as a new partnership for tax purposes. If treated as a new partnership, we must make new tax elections and could be subject to penalties if we are unable to determine that a termination occurred. The IRS has announced a publicly traded partnership technical termination relief program whereby, if a publicly traded partnership that technically terminated requests relief and such relief is granted by the IRS, among other things, the partnership will only have to provide one Schedule K-1 to unitholders for the year notwithstanding two partnership tax years.

Compliance with and changes in tax laws could adversely affect our performance.

We are subject to extensive tax laws and regulations, including federal, state and foreign income taxes and transactional taxes such as excise, sales/use, payroll, franchise and ad valorem taxes. New tax laws and regulations and changes in existing tax laws and regulations are continuously being enacted that could result in increased tax expenditures in the future. Many of these tax liabilities are subject to audits by the respective taxing authority. These audits may result in additional taxes as well as interest and penalties.

Treatment of distributions on our Existing Preferred Units as guaranteed payments for the use of capital creates a different tax treatment for the holders of our Existing Preferred Units than the holders of our units.

The tax treatment of distributions on our Existing Preferred Units is uncertain. We will treat the holders of Existing Preferred Units as partners for tax purposes and will treat distributions on the Existing Preferred Units as guaranteed payments for the use of capital that will generally be taxable to the holders of Existing Preferred Units as ordinary income. Although a holder of Existing Preferred Units could recognize taxable income from the accrual of such a guaranteed payment even in the absence of a contemporaneous distribution, we anticipate accruing and making the guaranteed payment distributions monthly. Otherwise, the holders of Existing Preferred Units are generally not anticipated to share in our items of income, gain, loss or deduction. Nor will we allocate any share of our nonrecourse liabilities to the holders of Existing Preferred Units. If the Existing Preferred Units were treated as indebtedness for tax purposes, rather than as guaranteed payments for the use of capital, distributions likely would be treated as payments of interest by us to the holders of Existing Preferred Units.

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A holder of Existing Preferred Units will be required to recognize gain or loss on a sale of units equal to the difference between such holder's amount realized and tax basis in the Existing Preferred Units sold. The amount realized generally will equal the sum of the cash and the fair market value of other property such holder receives in exchange for such Existing Preferred Units. Subject, in certain circumstances, to rules requiring a blended basis among multiple partnership interests, the tax basis of an Existing Preferred Unit will generally be equal to the sum of the cash and the fair market value of other property paid by the holder of the Existing Preferred Unit to acquire such Existing Preferred Unit. Gain or loss recognized by a holder of the Existing Preferred Unit on the sale or exchange of an Existing Preferred Unit held for more than one year generally will be taxable as long-term capital gain or loss. Because holders of Existing Preferred Units will not be allocated a share of our items of depreciation, depletion or amortization, it is not anticipated that such holders would be required to recharacterize any portion of their gain as ordinary income as a result of the recapture rules.

Investment in our Existing Preferred Units by tax-exempt investors, such as employee benefit plans and individual retirement accounts, and non-U.S. persons raises issues unique to them. Distributions to non-U.S. holders of our Existing Preferred Units will be treated as "effectively connected income" (which will subject holders to U.S. net income taxation and possibly the branch profits tax) and will be subject to withholding taxes imposed at the highest effective tax rate applicable to such non-U.S. holders. If the amount of withholding exceeds the amount of U.S. federal income tax actually due, non-U.S. holders may be required to file U.S. federal income tax returns in order to seek a refund of such excess. The treatment of guaranteed payments for the use of capital to tax exempt investors is not certain. If you are a tax-exempt entity or a non-U.S. person, you should consult your tax advisor with respect to the consequences of owning our Existing Preferred Units.

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USE OF PROCEEDS

Unless otherwise indicated to the contrary in an accompanying prospectus supplement, we will use the net proceeds (after the payment of any offering expenses and underwriting discounts and commissions) from our sale of securities covered by this prospectus for general partnership purposes, which may include repayment of indebtedness and other capital expenditures or acquisitions and additions to working capital.

The actual application of proceeds from the sale of any particular offering of securities using this prospectus will be described in the applicable prospectus supplement relating to such offering. The precise amount and timing of the application of these proceeds will depend upon our funding requirements and the availability and cost of other funds.

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RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED SECURITIES DISTRIBUTIONS

The following table presents the ratios of earnings to fixed charges and ratio of earnings to fixed charges and preferred distributions of the partnership for the periods indicated. For purposes of computing the ratios of earnings to fixed charges, earnings consist of income from continuing operations before adjustment for equity income from equity method investees plus fixed charges and distributed income from investees accounted for under the equity method. Fixed charges consist of interest expensed and an estimated interest component of rent expense.

	Legacy Reserves LP					
	Years Ended December 31,					Six Months Ended
	2009	2010	2011	2012	2013	June 30, 2014
Ratio of earnings to fixed charges	(1)	1.61x	4.53x	4.04x	(2)	(3)
Ratio of earnings to fixed charges and preferred distributions	(1)	1.61x	4.53x	4.04x	(2)	(4)

(1) Earnings were insufficient to cover fixed charges, and fixed charges exceeded earnings by approximately $92.3 million. No preferred distributions were paid during this period.

(2) Earnings were insufficient to cover fixed charges, and fixed charges exceeded earnings by approximately $34.3 million. No preferred distributions were paid during this period.

(3) Earnings were insufficient to cover fixed charges, and fixed charges exceeded earnings by approximately $15.3 million.

(4) Earnings were insufficient to cover fixed charges and preferred distributions, and fixed charges and preferred distributions exceeded earnings by approximately $17.5 million.

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DESCRIPTION OF OUR UNITS

The Units

The units represent partnership interests in us. The holders of units are entitled to participate in distributions and exercise the rights or privileges available to limited partners under our partnership agreement. For a description of the relative rights and preferences of holders of units in and to distributions, please read this section and "Cash Distribution Policy." For a description of the rights and privileges of limited partners under our partnership agreement, including voting rights, please read "Material Provisions of our Partnership Agreement."

Transfer Agent and Registrar

Duties

Computershare Trust Company, N.A. serves as registrar and transfer agent for the units. We pay all fees charged by the transfer agent for transfers of units, except the following fees that will be paid by unitholders:

- surety bond premiums to replace lost or stolen certificates, taxes and other governmental charges;
- special charges or services requested by a holder of a unit; and
- other similar fees or charges.

There will be no charge to holders for disbursements of our cash distributions. We will indemnify the transfer agent against all claims and losses that may arise out of all actions of the transfer agent or its agents or subcontractors for their activities in that capacity, except for any liability due to any gross negligence or willful misconduct of the transfer agent or subcontractors.

Resignation or Renewal

The transfer agent may at any time resign, by notice to us, or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the appointment. If no successor has been appointed and has accepted the appointment within 30 days after notice of its resignation or removal, our general partner is authorized to act as the transfer agent and registrar until a successor is appointed.

Transfer of Units

By transfer of units in accordance with our partnership agreement, each transferee of units will be admitted as a limited partner with respect to the units transferred when such transfer and admission is reflected on our books and records. Additionally, each transferee of units:

- becomes the record holder of the units;
- represents that the transferee has the capacity, power and authority to enter into our partnership agreement;
- automatically agrees to be bound by the terms and conditions of, and is deemed to have executed, our partnership agreement; and
- gives the consents, approvals and waivers contained in our partnership agreement, such as the approval of all transactions and agreements that we are entering into in connection with our formation.

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A transferee will become a substituted limited partner of our partnership for the transferred units automatically upon the recording of the transfer on our books and records. Our general partner will cause any transfers to be recorded on our books and records no less frequently than quarterly.

We may, at our discretion, treat the nominee holder of a unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Units are securities and are transferable according to the laws governing transfers of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a limited partner in our partnership for the transferred units.

Until a unit has been transferred on our books, we and the transfer agent, notwithstanding any notice to the contrary, may treat the record holder of the unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

Non-Citizen Assignees; Redemption

For a discussion of our general partner's ability to redeem the units held by persons other than U.S. citizens, please read "Material Provisions of our Partnership Agreement Non-Citizen Assignees; Redemption."

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DESCRIPTION OF OUR PREFERRED UNITS

Subject to certain limitations, our partnership agreement authorizes us to issue an unlimited number of additional limited partner interests and other equity securities, including preferred units, for the consideration and with the designations, preferences, rights, powers and duties established by our general partner without the approval of any of our limited partners.

Should we offer a new series of preferred units under this prospectus, a prospectus supplement relating to the particular series of preferred units offered will include the specific terms of those preferred units, including, among other things, the following:

- the designation and liquidation preference of the preferred units and the number of preferred units offered;
- the initial public offering price at which the preferred units will be issued;
- the conversion or exchange provisions of the preferred units;
- any redemption or sinking fund provisions of the preferred units;
- the distribution rights of the preferred units, if any;
- a discussion of any additional material federal income tax considerations regarding the preferred units;
- voting rights, if any, including voting rights to which units are not entitled; and
- any additional rights, preferences, privileges, limitations, and restrictions of the preferred units.

The transfer agent and registrar for any preferred units will be designated in the applicable prospectus supplement.

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DESCRIPTION OF OUR SERIES A PREFERRED UNITS

Unless the context of the discussion contained in this prospectus otherwise indicates, the terms defined within this description apply only to the Series A Preferred Units.

General

The Series A Preferred Units represent limited partner interests in us. We may, without notice to or consent of the holders of the then-outstanding Series A Preferred Units, authorize and issue additional Series A Preferred Units and Junior Securities (as defined below under " Ranking") and, subject to the limitations described under " Voting Rights," Senior Securities and Parity Securities (as defined below under " Ranking")).

The Series A Preferred Units entitle the holders thereof to receive cumulative cash distributions when, as and if declared by the board of directors of our general partner out of legally available funds for such purpose. When issued and paid for in the manner described in this registration statement, the Series A Preferred Units offered hereby are fully paid and nonassessable. Subject to the matters described under " Liquidation Rights," each Series A Preferred Unit generally has a fixed liquidation preference of $25.00 per Series A Preferred Unit plus an amount equal to accumulated and unpaid distributions thereon to the date fixed for payment, whether or not declared.

The Series A Preferred Units represent perpetual equity interests in us and, unlike our indebtedness, do not give rise to a claim for payment of a principal amount at a particular date. As such, the Series A Preferred Units rank junior to all of our current and future indebtedness and other liabilities with respect to assets available to satisfy claims against us.

All of the Series A Preferred Units are represented by a single certificate issued to the Securities Depositary (as defined under " Book-Entry System") and registered in the name of its nominee and, so long as a Securities Depositary has been appointed and is serving, no person acquiring Series A Preferred Units is entitled to receive a certificate representing such Series A Preferred Units unless applicable law otherwise requires or the Securities Depositary resigns or is no longer eligible to act as such and a successor is not appointed. Please read " Book-Entry System."

Except as described below in " Change of Control," the Series A Preferred Units are not convertible into units or any other securities and do not have exchange rights or are entitled or subject to any preemptive or similar rights. The Series A Preferred Units are not subject to mandatory redemption or to any sinking fund requirements. The Series A Preferred Units are subject to redemption, in whole or in part, at our option commencing on April 15, 2019 or any time under limited circumstances. Please read " Redemption."

We have appointed Computershare Trust Company, N.A. as the paying agent (the "Paying Agent"), and the registrar and transfer agent (the "Registrar and Transfer Agent") for the Series A Preferred Units. The address of the Paying Agent is Computershare, PO Box 43078, Providence, RI 02940-3078.

Ranking

The Series A Preferred Units, with respect to anticipated monthly distributions, rank:

- senior in right of payment to our units and to each other class or series of limited partner interests or other equity securities established after the original issue date of the Series A Preferred Units that is not expressly made senior to or pari passu in right of payment with the Series A Preferred Units as to the payment of distributions ("Junior Securities");

- pari passu in right of payment with any class or series of limited partner interests or other equity securities established after the original issue date of the Series A Preferred Units that is not expressly made senior or subordinated in right of payment to the Series A Preferred Units as to the payment of distributions (the "Parity Securities"); and

junior in right of payment to each other class or series of limited partner interests or other equity securities established after the original issue date of the Series A Preferred Units that is expressly made senior to the Series A Preferred Units as to the payment of distributions (the "Senior Securities").

Under our partnership agreement, we may issue Junior Securities from time to time in one or more series without the consent of the holders of the Series A Preferred Units. The board of directors of our general partner has the authority to determine the preferences, powers, qualifications, limitations, restrictions and special or relative rights or privileges, if any, of any such series before the issuance of any limited partner interests of that series. The board of directors of our general partner will also determine the number of limited partner interests constituting each series of securities. Our ability to issue additional Parity Securities in certain circumstances or Senior Securities is limited as described under " Voting Rights."

Change of Control

Within 180 days following the occurrence of a Change of Control (as defined below), we may, at our option, redeem the Series A Preferred Units in whole or in part by paying $25.00 per Series A Preferred Unit, plus all accrued and unpaid distributions to the redemption date. If, prior to the Change of Control Conversion Date (as defined below), we exercise any of our redemption rights as described below under " Redemption" relating to the Series A Preferred Units, holders of the Series A Preferred Units will not have the conversion right described below. However, any cash payment upon a Change of Control shall not be made unless (i) we have completed our change of control offer for any outstanding indebtedness structurally senior to the Series A Preferred Units, and (ii) such payment would be permitted under the restricted payments covenant contained in the terms governing any such indebtedness. Additionally, any cash payment to Series A Preferred Unit holders will be subject to the limitations contained in the indentures governing any future issuances of debt securities and preferred interests and the terms of any future issuance of Senior Securities, and our credit facility.

"Change of Control" means the occurrence of any of the following after the original issue date of the Series A Preferred Units:

the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of us and our subsidiaries taken as a whole to any person (as that term is used in Section 13(d)(3) of the Exchange Act);

the adoption of a plan relating to the liquidation or dissolution of us or removal of our general partner by our limited partners;

the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above) other than the Partnership or its subsidiaries becomes the beneficial owner, directly or indirectly, of more than 50% of the equity power of our general partner entitled to vote in the election of directors, measured by voting power rather than number of units, shares or the like;

the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above) becomes the beneficial owner, directly or indirectly, of more than 50% of our voting equity, measured by voting power rather than number of shares, units or the like; or

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the first day on which a majority of the members of the board of directors of our general partner are not (a) directors who, as of the date of determination, were members of the board of director on the date of the initial issuance of the Series A Preferred Units or were nominated for election or elected to the board of directors with the approval of a majority of the directors who were members of the board of directors on the date of the initial issuance of the Series A Preferred Units.

Notwithstanding the preceding, a conversion of the partnership or any of its subsidiaries from a limited partnership, corporation, limited liability company or other form of entity to a limited liability company, corporation, limited partnership or other form of entity or an exchange of all of the outstanding equity interests in one form of entity for equity interests in another form of entity will not constitute a Change of Control, so long as following such conversion or exchange the "persons" (as defined above) who beneficially owned the partnership interests in the partnership immediately prior to such transactions continue to beneficially own in the aggregate more than 50% of the equity interests of such entity entitled to vote in the election of the board of directors of such entity or its general partner, as applicable, or continue to beneficially own sufficient equity interests in such entity to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity or its general partner, as applicable, and, in either case no "person" beneficially owns more than 50% of the equity interests of such entity entitled to vote in the election of the board of directors of such entity of such entity or its general partner, as applicable.

Upon the occurrence of a Change of Control, each holder of Series A Preferred Units will have the right (unless, prior to the Change of Control Conversion Date, we provide notice of our election to redeem the Series A Preferred Units as described above) to convert such number of the Series A Preferred Units held by such holder of Series A Preferred Units on the Change of Control Conversion Date as such holder elects to have converted into a number of our units per Series A Preferred Unit to be converted, which we refer to as the "Unit Conversion Consideration," equal to the lesser of:

the quotient rounded to the nearest 10,000th of a unit obtained by dividing (i) the sum of the $25.00 liquidation preference plus the amount of any accrued and unpaid distributions to 5:00 p.m., Central time on the business day immediately preceding the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series A Preferred Units distributions payment and prior to the corresponding Series A Preferred Units distribution payment date, in which case no additional amount for such accrued and unpaid distribution will be included in this sum) by (ii) the Unit Price (as defined below), and

1.962,

subject, in each case, to certain adjustments and to provisions for (i) the receipt of alternative consideration and (ii) splits, combinations and distributions in the form of equity issuances, each as described in greater detail in the partnership agreement.

In the case of a Change of Control pursuant to which the Series A Preferred Units will be converted into cash, securities (other than our units) or other property or assets (including any combination thereof), which we refer to as the "Alternative Form Consideration," a holder of Series A Preferred Units will receive upon conversion of such Series A Preferred Units the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of our units equal to the Unit Conversion Consideration immediately prior to the effective time of the Change of Control.

If the holders of our units have the opportunity to elect the form of consideration to be received in the Change of Control, the consideration that the holders of Series A Preferred Units will receive will be the form and proportion of the aggregate consideration elected by the holders of our units who participate in the determination (based on the weighted average of elections) and will be subject to any limitations to which all holders of our units are subject, including pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

If we provide a redemption notice, whether pursuant to our special optional redemption right in connection with a Change of Control or our optional redemption right as described below under " Redemption," holders of Series A Preferred Units will not have any right to convert the Series A Preferred Units that we have elected to redeem in connection with the Change of Control Conversion Right (as defined below) and any Series A Preferred Units subsequently selected for redemption that have been tendered for conversion will be redeemed on the related redemption date instead of converted on the Change of Control Conversion Date.

"Change of Control Conversion Right" means the right of a holder of Series A Preferred Units to convert some or all of the Series A Preferred Units held by such holder on the Change of Control Conversion Date into a number of our units per Series A Preferred Unit pursuant to the conversion provisions in our partnership agreement.

"Change of Control Conversion Date" means the date fixed by the board of directors of our general partner, in its sole discretion, as the date the Series A Preferred Units are to be converted, which will be a business day that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to holders of the Series A Preferred Units.

"Unit Price" means (i) the amount of cash consideration per unit, if the consideration to be received in the Change of Control by the holders of our units is solely cash; and (ii) the average of the closing prices for our units on the NASDAQ or other national securities exchange on which the units are admitted for trading for the ten consecutive trading days immediately preceding, but not including, the Change of Control Conversion Date, if the consideration to be received in the Change of Control by the holders of our units is other than solely cash.

Liquidation Rights

We will liquidate in accordance with capital accounts. The holders of outstanding Series A Preferred Units will be specially allocated net termination gain (including if necessary items of our gross income and gain) in a manner designed to achieve, in the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, a liquidation preference of $25.00 per Series A Preferred Unit. If the amount of our net termination gain (or items of gross income and gain) available to be specially allocated to the Series A Preferred Units is not sufficient to cause the capital account of a Series A Preferred Unit to equal the liquidation preference of a Series A Preferred Unit, then the amount that a holder of Series A Preferred Units would receive upon liquidation may be less than the Series A Preferred Unit liquidation preference even though there may be cash available for distribution to the holders of units or any other Junior Securities with respect to their capital accounts. Any accumulated and unpaid distributions on the Series A Preferred Units will be paid prior to any distributions in liquidation made in accordance with capital accounts.

Voting Rights

The Series A Preferred Units will have no voting rights except as set forth below or as otherwise provided by Delaware law.

Unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series A Preferred Units, voting as a separate class, we may not adopt any amendment to our partnership agreement that has a material adverse effect on the existing terms of the Series A Preferred Units.

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In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series A Preferred Units, voting together with holders of any other Parity Securities upon which like voting rights have been conferred and are exercisable, as a separate class, we may not create or issue any Senior Securities or, if the cumulative distributions payable on outstanding Series A Preferred Units or any Parity Securities are in arrears, create or issue any additional Series A Preferred Units or Parity Securities.

On any matter described above in which the holders of the Series A Preferred Units are entitled to vote as a class, such holders will be entitled to one vote per Series A Preferred Unit. The Series A Preferred Units held by us or any of our subsidiaries will not be entitled to vote.

Series A Preferred Units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

Distributions

General

Holders of Series A Preferred Units will be entitled to receive, when, as and if declared by the board of directors of our general partner out of legally available funds for such purpose, cumulative cash monthly distributions from April 17, 2014 (or, for Series A Preferred Units issued after such date, from the Distribution Payment Date immediately preceding the issuance of such Series A Preferred Units).

Distribution Rate

Distributions on Series A Preferred Units are cumulative, commencing on April 17, 2014 (or, for Series A Preferred Units issued after the initial Distribution Payment Date, commencing on the Distribution Payment Date immediately preceding the issuance of such Series A Preferred Units), and payable monthly on each Distribution Payment Date, when, as and if declared by the board of directors of our general partner or any authorized committee thereof out of legally available funds for such purpose. The initial distribution rate for the Series A Preferred Units from, and including the date of original issuance to, but not including April 15, 2024, will be 8% per annum of the $25.00 liquidation preference per Series A Preferred Unit (equal to $2.00 per Series A Preferred Unit per annum). On and after April 15, 2024, distributions on the Series A Preferred Units will accrue at an annual rate equal to the sum of (a) Three-Month LIBOR (as defined below) as calculated on each applicable date of determination and (b) 5.24%, based on the $25.00 liquidation preference per Series A Preferred Unit.

The term "Three-Month LIBOR" means, on the second business day in London immediately preceding the first day of each relevant distribution period for the Series A Preferred Units, the rate (expressed as a percentage per year) for deposits in U.S. dollars for a three-month period as appears on Bloomberg, L.P. page US0003M, as set by the British Bankers Association at 11:00 a.m. (London time) on such date of determination.

All distributions accrue daily during the relevant distribution period. For distribution periods beginning on and after April 15, 2024, Three-Month LIBOR will be determined on each distribution payment date, or, if applicable, the redemption date, which determination will apply to each day during the distribution period.

Distribution Payment Dates

The "Distribution Payment Dates" for the Series A Preferred Units are on the 15th day of each month of each year. Distributions accumulate in each monthly distribution period from and including

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the preceding Distribution Payment Date or the initial issue date, as the case may be, to but excluding the applicable Distribution Payment Date for such monthly distribution period, and distributions accrue on accumulated distributions at the applicable distribution rate. If any Distribution Payment Date otherwise would fall on a day that is not a Business Day, declared distributions are paid on the immediately succeeding Business Day without the accumulation of additional distributions. Distributions on the Series A Preferred Units are payable based on a 360-day year consisting of twelve 30-day months. "Business Day" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the State of New York shall not be recognized as such.

Payment of Distributions

Not later than 5:00 p.m., New York City time, on each Distribution Payment Date, we pay those monthly distributions, if any, on the Series A Preferred Units that have been declared by the board of directors of our general partner to the holders of such Series A Preferred Units as such holders' names appear on our unit transfer books maintained by the Registrar and Transfer Agent on the applicable record date. The record date is the first Business Day of the month during which the applicable Distribution Payment Date occurs, except that in the case of payments of distributions in arrears, the record date with respect to a Distribution Payment Date is such date as may be designated by the board of directors of our general partner in accordance with our partnership agreement.

So long as the Series A Preferred Units are held of record by the nominee of the Securities Depositary, declared distributions are paid to the Securities Depositary in same-day funds on each Distribution Payment Date. The Securities Depositary will credit accounts of its participants in accordance with the Securities Depositary's normal procedures. The participants are responsible for holding or disbursing such payments to beneficial owners of the Series A Preferred Units in accordance with the instructions of such beneficial owners.

No distribution may be declared or paid or set apart for payment on any Junior Securities (other than a distribution payable solely in Junior Securities or cash in lieu of fractional Junior Securities) unless full cumulative distributions have been or contemporaneously are being paid or provided for on all outstanding Series A Preferred Units and any Parity Securities through the most recent respective distribution payment dates. Accumulated distributions in arrears for any past distribution period may be declared by the board of directors of our general partner and paid on any date fixed by the board of directors of our general partner, whether or not a Distribution Payment Date, to holders of the Series A Preferred Units on the record date for such payment, which may not be more than 60 days, nor less than 15 days, before such payment date. Subject to the next succeeding sentence, if all accumulated distributions in arrears on all outstanding Series A Preferred Units and any Parity Securities have not been declared and paid, or sufficient funds for the payment thereof have not been set apart, payment of accumulated distributions in arrears will be made in order of their respective distribution payment dates, commencing with the earliest. If less than all distributions payable with respect to all Series A Preferred Units and any Parity Securities are paid, any partial payment will be made pro rata with respect to the Series A Preferred Units and any Parity Securities entitled to a distribution payment at such time in proportion to the aggregate amounts remaining due in respect of such limited partner interests at such time. Holders of the Series A Preferred Units will not be entitled to any distribution, whether payable in cash, property or limited partner interests, in excess of full cumulative distributions. Except insofar as distributions accrue on the amount of any accumulated and unpaid distributions as described under " Distributions Distribution Rate," no interest or sum of money in lieu of interest will be payable in respect of any distribution payment which may be in arrears on the Series A Preferred Units.

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Redemption

Optional Redemption

In the event of a Change of Control (as set forth in " Change of Control") or any time on or after April 15, 2019, we may redeem, at our option, in whole or in part, the Series A Preferred Units at a redemption price in cash equal to $25.00 per Series A Preferred Unit plus an amount equal to all accumulated and unpaid distributions thereon to the date of redemption, whether or not declared. Any such optional redemption shall be effected only out of funds legally available for such purpose. We may undertake multiple partial redemptions. Any such redemption is subject to compliance with the provisions of our credit facility, our 8% Senior Notes due 2020, our 6.625% Senior Notes due 2021 and any debt securities or Senior Securities we may issue in the future prior to such redemption.

Redemption Procedures

We will give notice of any redemption by mail, postage prepaid, not less than 30 days and not more than 60 days before the scheduled date of redemption, to the holders of any Series A Preferred Units to be redeemed as such holders' names appear on our unit transfer books maintained by the Registrar and Transfer Agent at the address of such holders shown therein. Such notice shall state: (i) the redemption date, (ii) the number of Series A Preferred Units to be redeemed and, if less than all outstanding Series A Preferred Units are to be redeemed, the number (and the identification) of Series A Preferred Units to be redeemed from such holder, (iii) the redemption price, (iv) the place where the Series A Preferred Units are to be redeemed and shall be presented and surrendered for payment of the redemption price therefor and (v) that distributions on the Series A Preferred Units to be redeemed will cease to accumulate from and after such redemption date.

If fewer than all of the outstanding Series A Preferred Units are to be redeemed, the number of Series A Preferred Units to be redeemed will be determined by us, and such Series A Preferred Units will be redeemed by such method of sy:inherit;font-size:10pt;">

$310.8

$345.5

Loss from discontinued operations, net of tax
(0.4
)

(0.1
)

(2.0
)

(1.4
)
Net income

$128.4

$179.9

$308.8

$344.1

Dividends declared per common share (a)

$0.29375

$0.275

$0.88125

$0.825

(a) Amounts reflect the effects of a two-for-one common stock split distributed in May 2016. Refer to Note 6 for additional details.

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2016	December 31, 2015
	(in millions, except per share and share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$84.7	$5.8
Accounts receivable, less allowance for doubtful accounts	491.5	397.6
Production fuel, at weighted average cost	92.6	98.8
Gas stored underground, at weighted average cost	37.8	43.3
Materials and supplies, at weighted average cost	89.5	81.4
Regulatory assets	63.1	120.2
Other	98.9	79.7
Total current assets	958.1	826.8
Property, plant and equipment, net	9,920.4	9,519.1
Investments:		
Investment in American Transmission Company LLC	309.9	293.3
Other	19.7	53.0
Total investments	329.6	346.3
Other assets:		
Regulatory assets	1,811.7	1,788.4
Deferred charges and other	9.4	14.6
Total other assets	1,821.1	1,803.0
Total assets	$13,029.2	$12,495.2

LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	$314.0	$313.4
Commercial paper	238.3	159.8
Accounts payable	365.1	402.4
Regulatory liabilities	178.4	187.1
Other	273.9	296.6
Total current liabilities	1,369.7	1,359.3
Long-term debt, net (excluding current portion)	3,816.9	3,522.2
Other liabilities:		
Deferred tax liabilities	2,530.6	2,381.2
Regulatory liabilities	497.4	550.6
Pension and other benefit obligations	455.3	451.8
Other	300.2	306.0
Total other liabilities	3,783.5	3,689.6
Commitments and contingencies (Note 13)		
Equity:		
Alliant Energy Corporation common equity:		
Common stock - $0.01 par value - 480,000,000 shares authorized; 227,500,428 and 226,918,432 shares outstanding (a)	2.3	2.3
Additional paid-in capital	1,686.0	1,661.8

Retained earnings	2,181.0	2,068.9
Accumulated other comprehensive loss	(0.4)	(0.4)
Shares in deferred compensation trust - 432,619 and 430,186 shares at a weighted average cost of $22.54 and $19.84 per share (a)	(9.8)	(8.5)
Total Alliant Energy Corporation common equity	3,859.1	3,724.1
Cumulative preferred stock of Interstate Power and Light Company	200.0	200.0
Total equity	4,059.1	3,924.1
Total liabilities and equity	$13,029.2	$12,495.2

(a) Share and per share amounts reflect the effects of a two-for-one common stock split distributed in May 2016. Refer to Note 6 for additional details.

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,	
	2016	2015
	(in millions)	
Cash flows from operating activities:		
Net income	$316.5	$351.8
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	308.7	299.9
Deferred tax expense and investment tax credits	76.7	101.0
Asset valuation charges for Franklin County wind farm	86.4	—
Other	(44.0)	(2.5)
Other changes in assets and liabilities:		
Accounts receivable	(101.0)	11.7
Sales of accounts receivable	(4.0)	(21.0)
Regulatory assets	36.6	(51.3)
Regulatory liabilities	(66.5)	(61.5)
Deferred income taxes	71.8	74.1
Other	(27.2)	(6.9)
Net cash flows from operating activities	654.0	695.3
Cash flows used for investing activities:		
Construction and acquisition expenditures:		
Utility business	(743.6)	(678.9)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	(43.3)	(47.5)
Proceeds from Minnesota electric and natural gas distribution asset sales	—	138.1
Other	15.1	(24.7)
Net cash flows used for investing activities	(771.8)	(613.0)
Cash flows from financing activities:		
Common stock dividends	(199.8)	(185.1)
Proceeds from issuance of common stock, net	20.4	145.4
Proceeds from issuance of long-term debt	300.0	250.7
Payments to retire long-term debt	(1.9)	(182.0)
Net change in commercial paper	78.5	(32.2)
Other	(0.5)	3.2
Net cash flows from financing activities	196.7	—
Net increase in cash and cash equivalents	78.9	82.3
Cash and cash equivalents at beginning of period	5.8	56.9
Cash and cash equivalents at end of period	$84.7	$139.2
Supplemental cash flows information:		
Cash (paid) refunded during the period for:		
Interest, net of capitalized interest	($140.7)	($133.9)
Income taxes, net	($8.3)	$—
Significant non-cash investing and financing activities:		
Accrued capital expenditures	$99.9	$180.0

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
	(in millions)			
Operating revenues:				
Electric utility	$483.2	$468.6	$1,209.2	$1,170.6
Gas utility	23.9	23.1	142.6	164.1
Steam and other	9.1	12.9	34.1	41.1
Total operating revenues	516.2	504.6	1,385.9	1,375.8
Operating expenses:				
Electric production fuel and purchased power	125.0	131.4	324.8	332.0
Electric transmission service	95.9	87.5	270.7	249.3
Cost of gas sold	8.0	9.4	76.3	93.4
Other operation and maintenance	94.8	94.3	279.8	287.5
Depreciation and amortization	52.7	51.2	157.8	155.1
Taxes other than income taxes	13.9	13.8	40.6	42.2
Total operating expenses	390.3	387.6	1,150.0	1,159.5
Operating income	125.9	117.0	235.9	216.3
Interest expense and other:				
Interest expense	25.5	23.8	75.4	71.8
Allowance for funds used during construction	(13.8)	(7.3)	(36.2)	(19.3)
Interest income and other	—	0.1	(0.1)	—
Total interest expense and other	11.7	16.6	39.1	52.5
Income before income taxes	114.2	100.4	196.8	163.8
Income tax benefit	(2.5)	(18.7)	(2.5)	(24.4)
Net income	116.7	119.1	199.3	188.2
Preferred dividend requirements	2.6	2.6	7.7	7.7
Earnings available for common stock	$114.1	$116.5	$191.6	$180.5

Earnings per share data is not disclosed given Alliant Energy Corporation is the sole shareowner of all shares of IPL's common stock outstanding during the periods presented.

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2016	December 31, 2015
	(in millions, except per share and share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$77.7	$4.5
Accounts receivable, less allowance for doubtful accounts	266.8	200.0
Production fuel, at weighted average cost	70.0	60.2
Gas stored underground, at weighted average cost	17.4	18.2
Materials and supplies, at weighted average cost	50.0	45.7
Regulatory assets	15.0	39.6
Other	37.2	28.2
Total current assets	534.1	396.4
Property, plant and equipment, net	5,220.1	4,925.1
Investments	0.8	19.6
Other assets:		
Regulatory assets	1,402.2	1,363.0
Deferred charges and other	3.8	5.0
Total other assets	1,406.0	1,368.0
Total assets	$7,161.0	$6,709.1
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$172.6	$197.2
Accounts payable to associated companies	55.0	37.7
Regulatory liabilities	132.5	130.9
Accrued taxes	41.2	67.6
Other	85.9	97.7
Total current liabilities	487.2	531.1
Long-term debt, net (excluding current portion)	2,153.1	1,856.9
Other liabilities:		
Deferred tax liabilities	1,493.6	1,378.0
Regulatory liabilities	298.9	358.3
Pension and other benefit obligations	161.2	160.2
Other	229.1	229.3
Total other liabilities	2,182.8	2,125.8
Commitments and contingencies (Note 13)		
Equity:		
Interstate Power and Light Company common equity:		
Common stock - $2.50 par value - 24,000,000 shares authorized; 13,370,788 shares outstanding	33.4	33.4
Additional paid-in capital	1,472.8	1,407.8
Retained earnings	631.7	554.1
Total Interstate Power and Light Company common equity	2,137.9	1,995.3
Cumulative preferred stock	200.0	200.0
Total equity	2,337.9	2,195.3
Total liabilities and equity	$7,161.0	$6,709.1

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,	
	2016	2015
	(in millions)	
Cash flows from operating activities:		
Net income	$199.3	$188.2
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	157.8	155.1
Other	24.3	32.3
Other changes in assets and liabilities:		
Accounts receivable	(66.5)	(8.3)
Sales of accounts receivable	(4.0)	(21.0)
Regulatory assets	(14.1)	(38.1)
Regulatory liabilities	(64.5)	(63.1)
Deferred income taxes	67.7	72.0
Other	(43.5)	0.9
Net cash flows from operating activities	256.5	318.0
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	(436.5)	(432.6)
Proceeds from Minnesota electric and natural gas distribution asset sales	—	138.1
Other	1.1	(24.9)
Net cash flows used for investing activities	(435.4)	(319.4)
Cash flows from financing activities:		
Common stock dividends	(114.0)	(105.0)
Capital contributions from parent	65.0	100.0
Proceeds from issuance of long-term debt	300.0	250.0
Payments to retire long-term debt	—	(150.0)
Other	1.1	0.5
Net cash flows from financing activities	252.1	95.5
Net increase in cash and cash equivalents	73.2	94.1
Cash and cash equivalents at beginning of period	4.5	5.3
Cash and cash equivalents at end of period	$77.7	$99.4
Supplemental cash flows information:		
Cash (paid) refunded during the period for:		
Interest	($72.5)	($66.7)
Income taxes, net	$0.7	$31.1
Significant non-cash investing and financing activities:		
Accrued capital expenditures	$44.5	$115.5

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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WISCONSIN POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
	(in millions)			
Operating revenues:				
Electric utility	$381.1	$367.2	$999.9	$976.9
Gas utility	15.6	14.9	106.1	124.0
Other	0.3	0.5	0.9	3.5
Total operating revenues	397.0	382.6	1,106.9	1,104.4
Operating expenses:				
Electric production fuel and purchased power	120.9	114.4	321.5	314.9
Electric transmission service	42.7	40.1	126.1	118.4
Cost of gas sold	4.5	4.2	56.0	72.9
Other operation and maintenance	54.2	57.0	157.2	167.7
Depreciation and amortization	48.7	45.7	143.5	137.5
Taxes other than income taxes	11.0	10.9	33.8	33.6
Total operating expenses	282.0	272.3	838.1	845.0
Operating income	115.0	110.3	268.8	259.4
Interest expense and other:				
Interest expense	22.9	23.1	68.7	69.5
Equity income from unconsolidated investments	(9.3)	(11.1)	(29.0)	(30.2)
Allowance for funds used during construction	(2.0)	(2.4)	(8.1)	(5.8)
Interest income and other	0.1	(0.3)	(0.2)	(0.3)
Total interest expense and other	11.7	9.3	31.4	33.2
Income before income taxes	103.3	101.0	237.4	226.2
Income taxes	33.7	32.6	77.1	73.0
Net income	69.6	68.4	160.3	153.2
Net income attributable to noncontrolling interest	0.6	0.4	1.6	1.1
Earnings available for common stock	$69.0	$68.0	$158.7	$152.1

Earnings per share data is not disclosed given Alliant Energy Corporation is the sole shareowner of all shares of WPL’s common stock outstanding during the periods presented.

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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WISCONSIN POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2016	December 31, 2015
	(in millions, except per share and share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$5.6	$0.4
Accounts receivable, less allowance for doubtful accounts	190.7	185.4
Production fuel, at weighted average cost	22.6	38.6
Gas stored underground, at weighted average cost	20.4	25.1
Materials and supplies, at weighted average cost	35.7	33.5
Regulatory assets	48.1	80.6
Other	53.9	59.9
Total current assets	377.0	423.5
Property, plant and equipment, net	4,289.1	4,103.7
Investments:		
Investment in American Transmission Company LLC	309.9	293.3
Other	13.4	15.4
Total investments	323.3	308.7
Other assets:		
Regulatory assets	409.5	425.4
Deferred charges and other	6.9	9.1
Total other assets	416.4	434.5
Total assets	$5,405.8	$5,270.4
LIABILITIES AND EQUITY		
Current liabilities:		
Commercial paper	$11.8	$19.9
Accounts payable	122.3	136.0
Accounts payable to associated companies	32.8	21.6
Regulatory liabilities	45.9	56.2
Other	91.0	103.2
Total current liabilities	303.8	336.9
Long-term debt, net (excluding current portion)	1,534.9	1,533.9
Other liabilities:		
Deferred tax liabilities	1,108.8	1,005.4
Regulatory liabilities	198.5	192.3
Capital lease obligations - Sheboygan Falls Energy Facility	78.9	83.6
Pension and other benefit obligations	186.2	188.7
Other	162.4	162.0
Total other liabilities	1,734.8	1,632.0
Commitments and contingencies (Note 13)		
Equity:		
Wisconsin Power and Light Company common equity:		
Common stock - $5 par value - 18,000,000 shares authorized; 13,236,601 shares outstanding	66.2	66.2
Additional paid-in capital	959.0	959.0

Retained earnings	788.6	731.1
Total Wisconsin Power and Light Company common equity	1,813.8	1,756.3
Noncontrolling interest	18.5	11.3
Total equity	1,832.3	1,767.6
Total liabilities and equity	$5,405.8	$5,270.4

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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WISCONSIN POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,	
	2016	2015
	(in millions)	
Cash flows from operating activities:		
Net income	$160.3	$153.2
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	143.5	137.5
Deferred tax expense and investment tax credits	97.9	60.0
Other	(20.3)	(8.3)
Other changes in assets and liabilities:		
Regulatory assets	50.7	(13.2)
Derivative liabilities	(13.3)	19.0
Other	20.5	27.7
Net cash flows from operating activities	439.3	375.9
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	(307.1)	(246.3)
Other	(19.6)	(13.3)
Net cash flows used for investing activities	(326.7)	(259.6)
Cash flows used for financing activities:		
Common stock dividends	(101.2)	(95.3)
Payments to retire long-term debt	—	(30.6)
Other	(6.2)	(1.4)
Net cash flows used for financing activities	(107.4)	(127.3)
Net increase (decrease) in cash and cash equivalents	5.2	(11.0)
Cash and cash equivalents at beginning of period	0.4	46.7
Cash and cash equivalents at end of period	$5.6	$35.7
Supplemental cash flows information:		
Cash (paid) refunded during the period for:		
Interest	($67.7)	($69.2)
Income taxes, net	$19.6	($10.0)
Significant non-cash investing and financing activities:		
Accrued capital expenditures	$50.8	$57.2

The accompanying Combined Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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ALLIANT ENERGY CORPORATION
INTERSTATE POWER AND LIGHT COMPANY
WISCONSIN POWER AND LIGHT COMPANY

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
NOTE 1(a) General - The interim unaudited Financial Statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, although management believes that the disclosures are adequate to make the information presented not misleading. These Financial Statements should be read in conjunction with the financial statements and the notes thereto included in the latest combined Annual Report on Form 10-K.

In the opinion of management, all adjustments, which unless otherwise noted are normal and recurring in nature, necessary for a fair presentation of the results of operations, financial position and cash flows have been made. Results for the nine months ended September 30, 2016 are not necessarily indicative of results that may be expected for the year ending December 31, 2016. A change in management’s estimates or assumptions could have a material impact on financial condition and results of operations during the period in which such change occurred. Certain prior period amounts in the Financial Statements and Notes have been reclassified to conform to the current period presentation for comparative purposes. Unless otherwise noted, the Notes herein exclude discontinued operations for all periods presented. In the fourth quarter of 2015, IPL and WPL implemented a change in method of recording income taxes that impacts the separate financial statements of IPL and WPL. As discussed in Note 6, all Alliant Energy share and per share amounts have been adjusted to reflect a two-for-one common stock split distributed in May 2016. As required by GAAP, all prior period financial statements and disclosures presented herein have been restated to reflect the tax method change and common stock split.

NOTE 1(b) New Accounting Standards -
Revenue Recognition - In May 2014, the Financial Accounting Standards Board issued an accounting standard providing principles for recognizing revenue for the transfer of promised goods or services to customers with the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also requires disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Alliant Energy, IPL and WPL currently expect to adopt this standard on January 1, 2018 and are evaluating the impact of this standard on their financial condition and results of operations.

Leases - In February 2016, the Financial Accounting Standards Board issued an accounting standard requiring lease assets and lease liabilities, including operating leases, to be recognized on the balance sheet for all leases with terms longer than 12 months. The standard also requires disclosure of key information about leasing arrangements. Alliant Energy, IPL and WPL are required to adopt this standard on January 1, 2019 and are currently evaluating the impact of this standard on their financial condition and results of operations. Early adoption of this standard is permitted.