



APRIL 2016

# INVESTOR PRESENTATION

# Certain Disclosures

This presentation contains forward-looking statements. These forward-looking statements can be identified by use of forward-looking terminology including “may,” “assume,” “estimate,” “project,” “believe,” “plan,” “expect,” “anticipate,” “intend,” “forecast,” “continue” or other similar words. These statements discuss future operating or financial performance or events. Descriptions of Legacy’s objectives, goals, targets, plans, strategies, budgets and projected financial and operating performance are also forward-looking statements. These statements represent our present expectation or beliefs concerning future events and are not guarantees. Such statements speak only as of the date they are made, and Legacy does not undertake any obligation to update any forward-looking statement. We caution that forward-looking statements involve risks and uncertainties and are qualified by important factors that could cause actual events or results to differ materially from those expressed or implied in any such forward-looking statements.

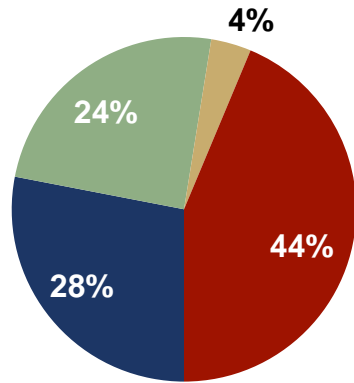
Investors are also urged to consider closely the disclosure relating “Risk Factors” and “Forward-Looking Statements” in Legacy Reserves LP’s Annual Report on Form 10-K for the year ended December 31, 2015 (the “Annual Report”), and subsequent EDGAR filings. The Annual Report is available from Legacy’s website at [www.legacylp.com](http://www.legacylp.com). You can also obtain this form from the SEC by visiting EDGAR.

Legacy continues to evaluate opportunities to improve its balance sheet. Potential future repurchases or cancellations of outstanding senior notes and/or asset sales by the Company could result in a tax liability for Legacy’s unitholders. The effect to each unitholder would depend on the unitholder’s individual tax position with respect to the units. If available, prior year passive losses from a unitholder’s interest in the Company may serve to reduce or eliminate a unitholder’s current and future year taxable income and related income tax liability.

# Legacy Reserves LP Overview

## Midland, Texas-based Master Limited Partnership (NASDAQ: LGCY, LGCYP, LGCYO)

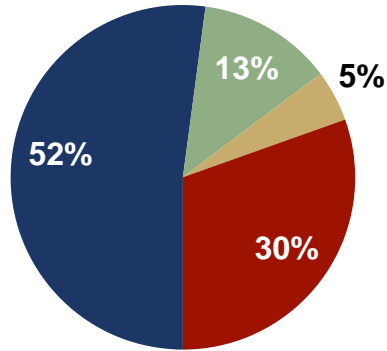
Proved Reserves by Region



Total Proved - 164 MMBoe

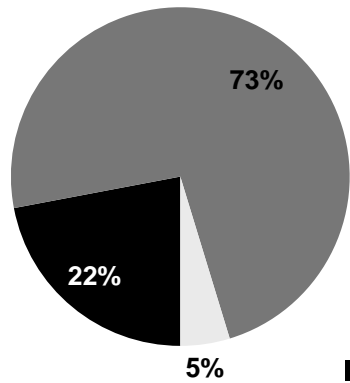
■ Permian Basin ■ Rocky Mountain ■ Mid-Continent ■ East Texas

PV-10 by Region



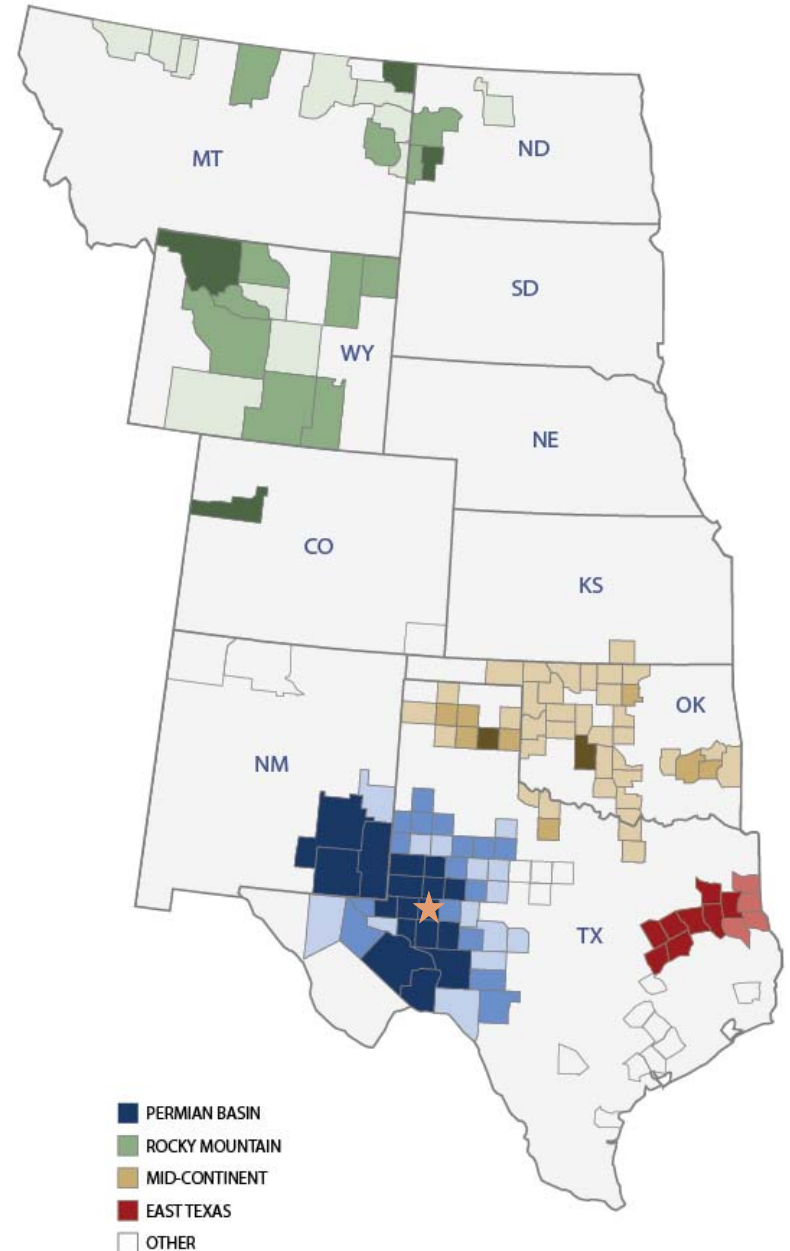
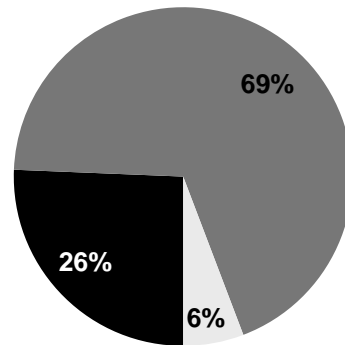
Total PV-10 - \$695 million

Reserves by Product



■ Oil ■ Gas ■ NGL

2016E Production by Product



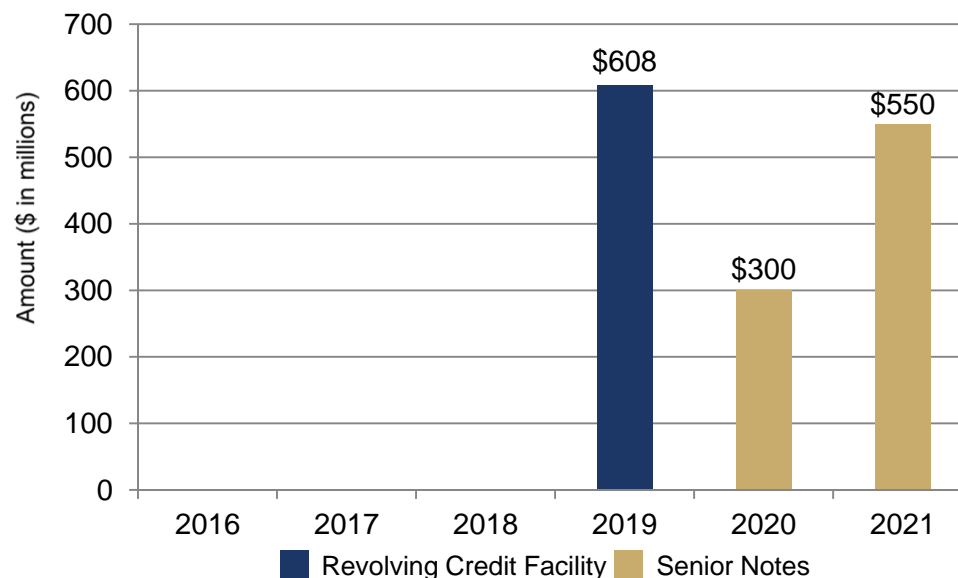
■ PERMIAN BASIN  
 ■ ROCKY MOUNTAIN  
 ■ MID-CONTINENT  
 ■ EAST TEXAS  
 ■ OTHER

Note: Darker shading represents increased reserve concentration

# Balance Sheet

(\$ in millions)	December 31, 2015
Cash and cash equivalents	\$2.0
Long-term debt:	
Revolving credit facility due 2019	\$608.0
8% Senior Notes due 2020	\$300.0
6.625% Senior Notes due 2021	\$550.0
<b>Total Debt</b>	<b>\$1,458.0</b>
Preferred Equity	\$237.5
Market Capitalization (4/06/16)	\$68.8
<b>Total Enterprise Value (TEV)</b>	<b>\$1,762.3</b>
Borrowing Base	\$725.0
Liquidity	\$117.0

## No Near-Term Debt Maturities



## Key Financial Covenants

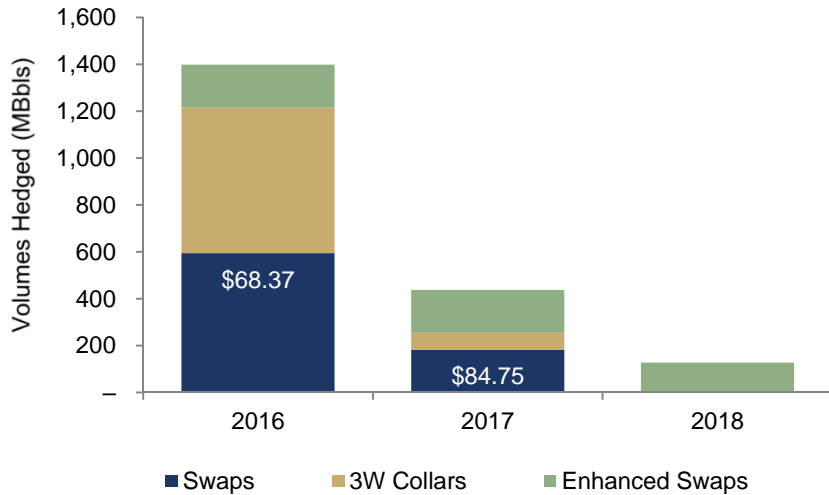
- › 1st Lien Debt / EBITDA: 3.5x through 2016, tapers to 2.5x by Q3'17
- › EBITDA / Interest: 2.0x from Q2'16 through Q2'17, 2.5x thereafter
- › Current Ratio: 1.0x

## Borrowing Base

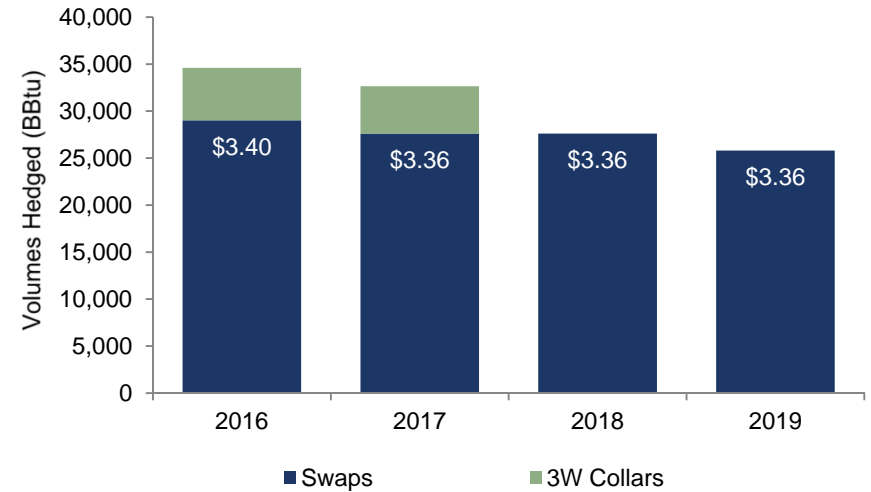
- › Reduced from \$900 million to \$725 million in February alongside above-referenced financial covenant changes. Remain subject to Spring redetermination.

# Oil and Natural Gas Hedging Summary

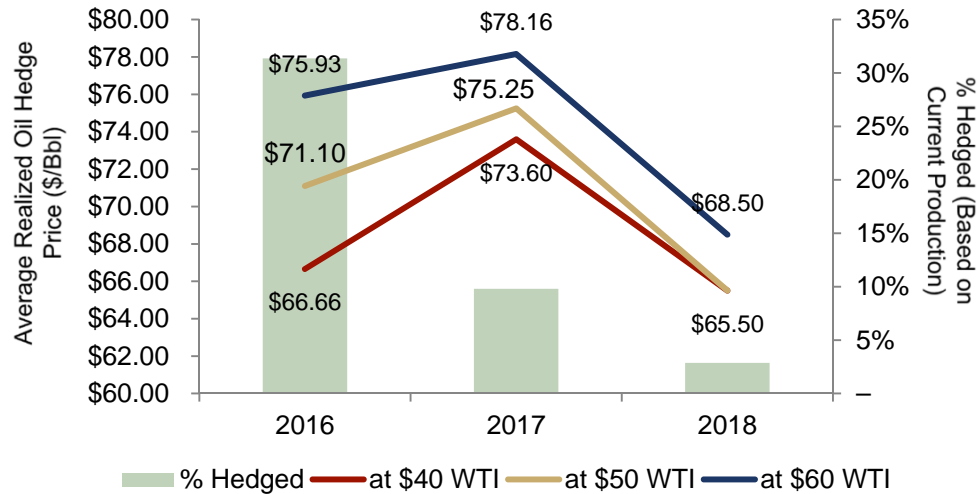
## Oil Hedging Summary<sup>(1)</sup>



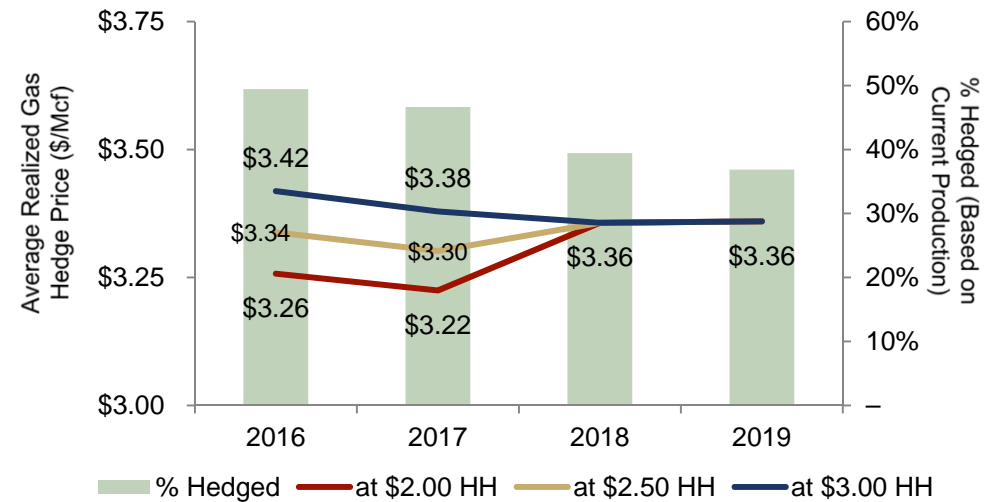
## Natural Gas Hedging Summary<sup>(2)</sup>



## % Oil Hedged<sup>(3)</sup> and Hedge Realizations



## % Natural Gas Hedged<sup>(3)</sup> and Hedge Realizations



(1) Oil hedge prices reflect a weighted average of swap prices.

(2) Natural gas hedge prices reflect a weighted average of NYMEX and Waha index swap prices (excluding basis swaps).

(3) Q4 2015 production of 45,435 Boe/d (26% oil, 6% NGL, 68% natural gas).

# Recent Events and Current Initiatives to Improve the Balance Sheet

## ► January Distribution Suspension

- › Suspended distributions to both “common” and Preferred units

## ► February Bank Amendment

- › Reduced Borrowing Base
- › Relaxed Financial Covenants through 6/30/17, though additional improvement in performance and/or further adjustment to metrics may be needed

## ► Asset Sales

- › Sold \$14.5 million in Q4 2015
- › Aim to sell \$100 million of credit-accretive asset packages by 1H 2016; optimistic about goal
- › Will sell additional assets on an opportunistic and as-needed basis with goal of improving balance sheet

## ► Cost Reductions

- › Continuing efforts to reduce operating and capital costs throughout the business (see pg 9)

## ► Debt Reduction

- › All-of-the-above aims to reduce debt outstanding
- › Project to be FCF positive in 2016 with any asset sales enhancing FCF and debt reduction

## Recent Events and Current Initiatives to Create Value

### ▶ Asset Purchases / Swaps

- › Utilizing little-to-no cash to “core up” select acreage positions via swaps and back-to-back trades

### ▶ Completed 12 horizontal JDA wells – Achieved target production levels with substantial cost savings (see pg 9)

- › Analyzing results to realize even more efficient operations once the market recovers

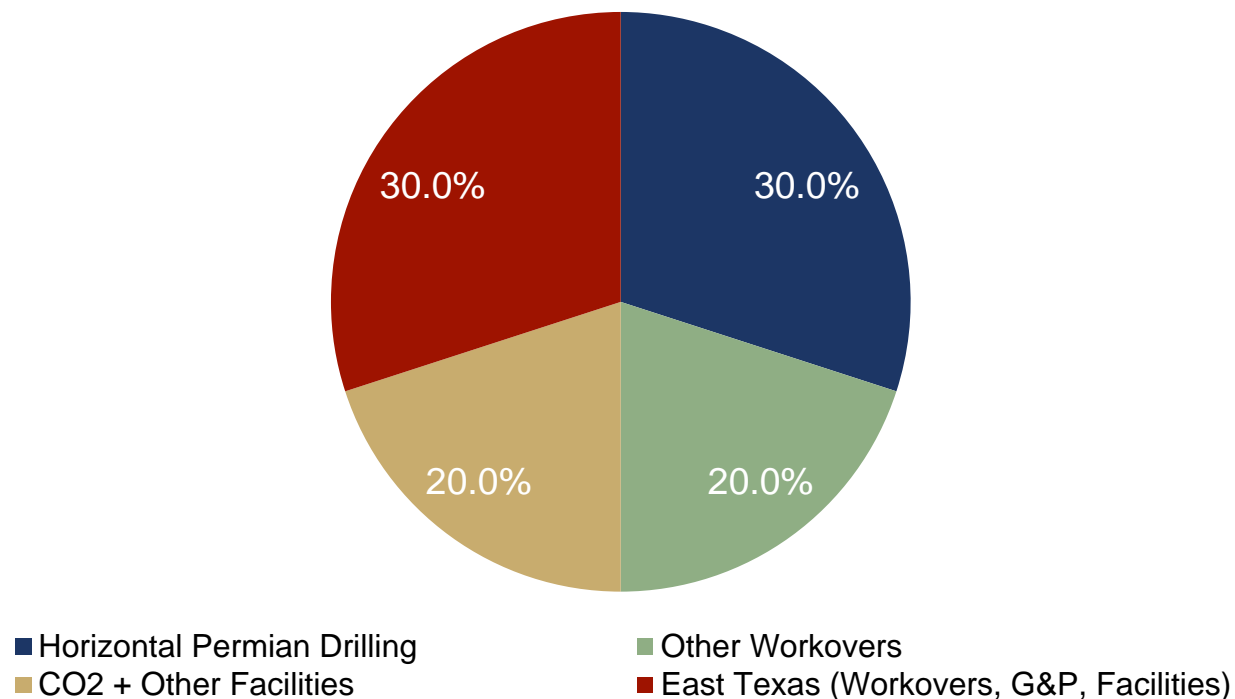
### ▶ Managing the marginal well population through shut-ins and divestitures

### ▶ Commenced East Texas recompletion program

- › Excellent results imply accretive development opportunities in the current gas pricing environment with significant upside when the market recovers

## \$37.0 million Preliminary Capital Budget

### % of Total Net Capital Program

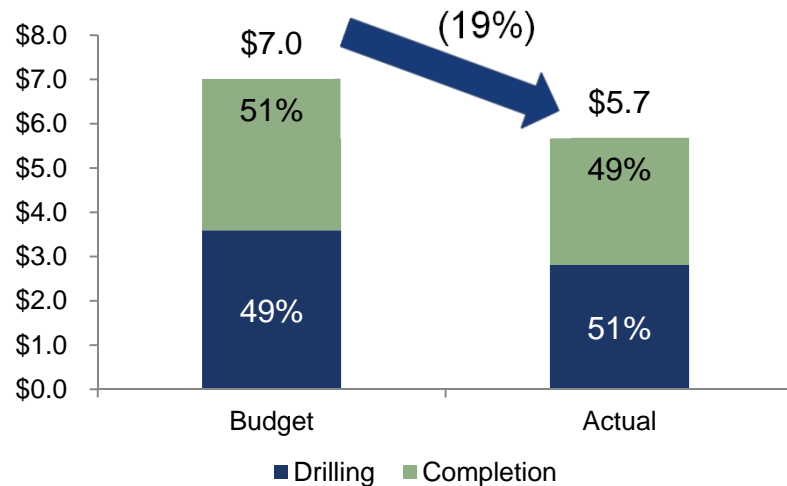


- ▶ LGCY operates ~90% of its capital budget and, with no long-term service contracts, maintains great flexibility in its capital deployment opportunities

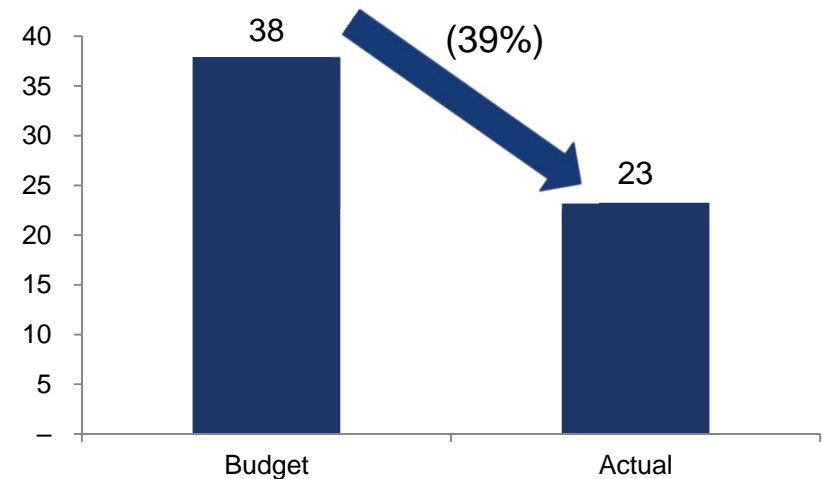


# Successful Cost Reduction Efforts

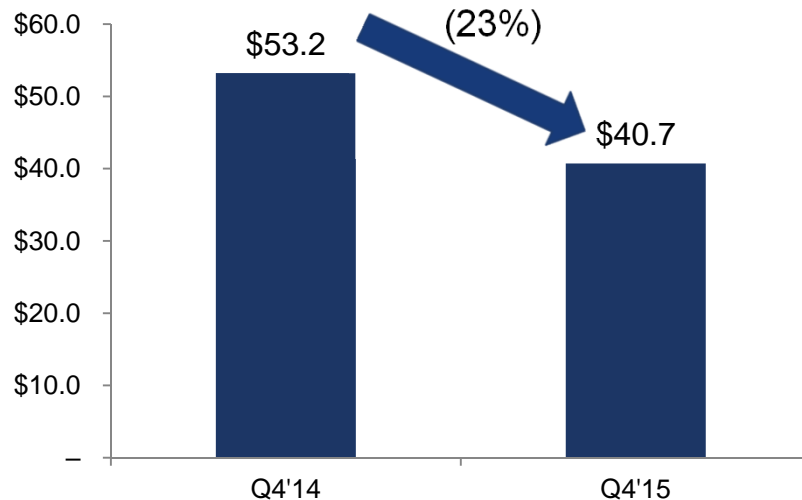
## Avg. Gross D&C Cost per Well (12 Horizontal JDA Wells)



## Average Drilling Days (12 Horizontal JDA Wells)



## Q4'15 vs. Q4'14 LOE Comparison<sup>(1)</sup>

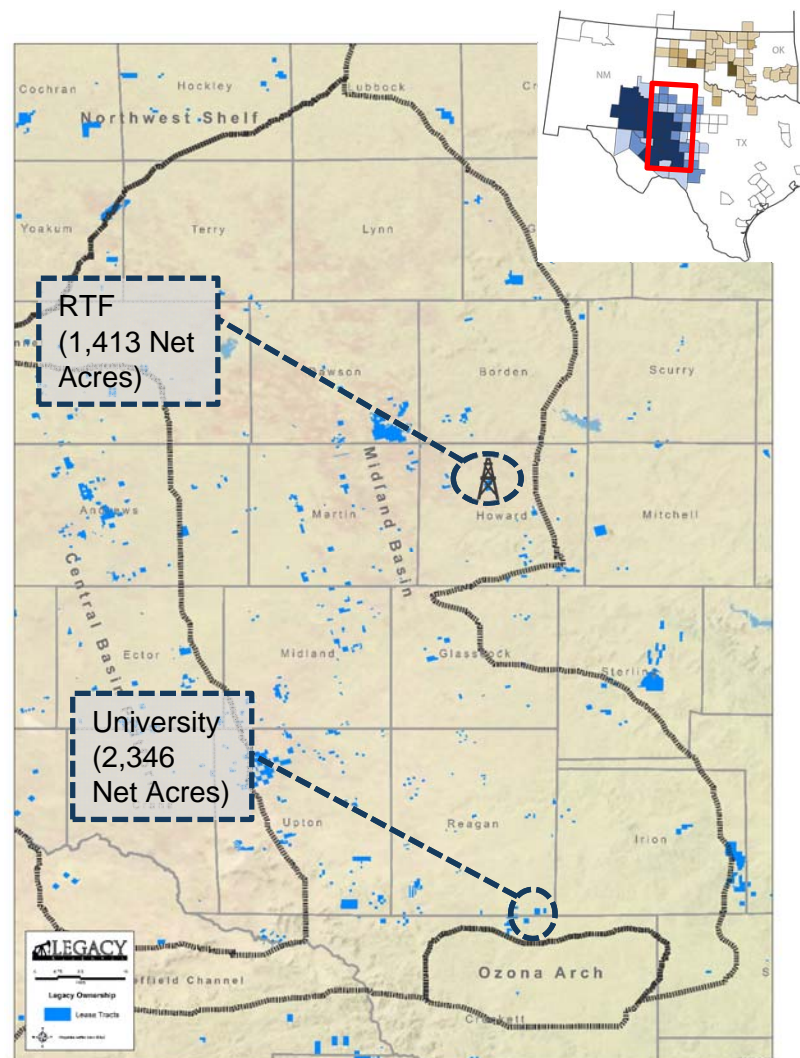
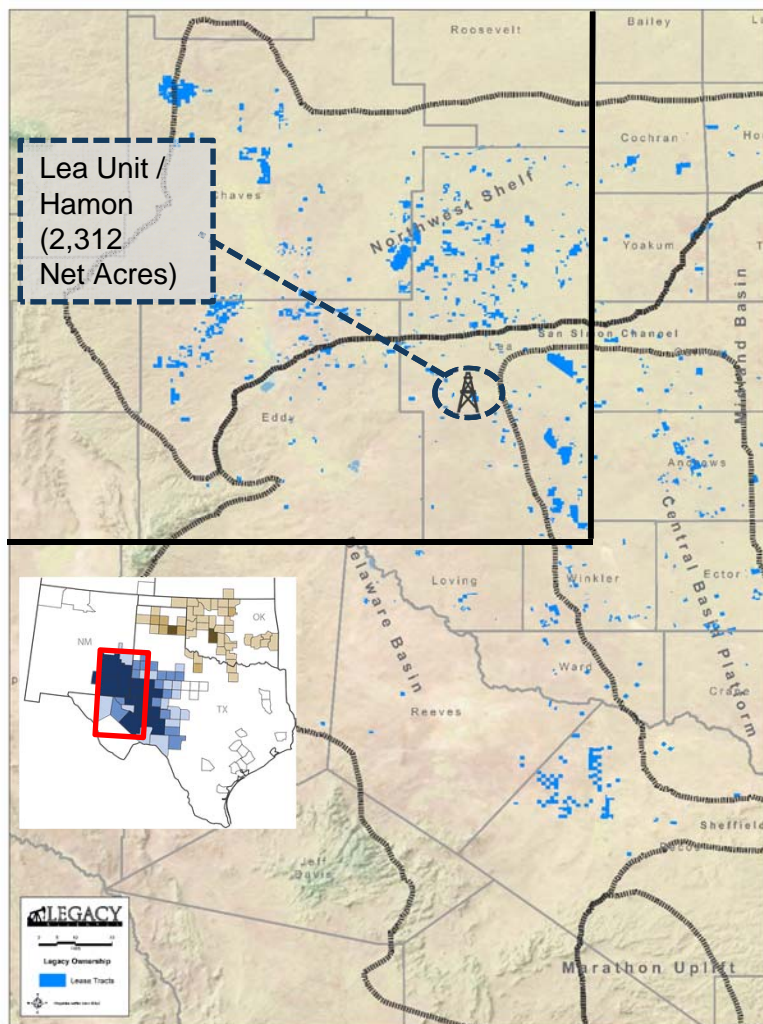


- By re-engineering our operational techniques and squeezing down costs from third-party service providers, we lowered operating expenses by 23% from Q4'14 to Q4'15<sup>(1)</sup>

(1) Excludes impact from Q3'15 East Texas acquisitions.

# JDA Acreage

- Target acreage includes ~6,000 net acres across 3 Blocks
- AMI includes broader Permian horizontal development



**Joint Development Agreement provides significant cost-effective drilling opportunities**

# East Texas and Bolt-on Acquisitions Overview – Ideal MLP Assets

## ■ \$492 million of acquisitions of mature, low-decline, gas-weighted PDP properties & midstream assets in East Texas

- Approximately 504 Bcfe of Proved Reserves (100% gas; 95% PDP); 1,488 wells (97% operated by value)
- 87 Mmcfe/d current production (15.9 R/P)

## ■ Upside

- 89,000 net acres in Anderson, Freestone, Leon, Limestone and Robertson Counties, TX (96% HBP)
- 15,300 net acres in Shelby County (100% HBP)
- Approximately 350 low-risk, low-cost recompletions further reduce projected decline
- Stacked pay across numerous horizons offers tremendous optionality in high gas price environment

## ■ Midstream

- 567 miles of high-pressure pipeline & low-pressure gathering
- 500 Mmcf/d processing plant (<25% utilization rate)

