

OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF LEGACY RESERVES INC., ET AL.

c/o Brown Rudnick LLP
7 Times Square
New York, New York 10036

September 24, 2019

To: Holders Of Class 5 Notes Claims Under Joint Chapter 11 Plan Of Reorganization For Legacy Reserves Inc. And Its Debtor Affiliates

The Official Committee of Unsecured Creditors (the “**Committee**”) in the chapter 11 cases of Legacy Reserves, Inc. and certain of its affiliated entities (collectively, “**Legacy**”) was appointed by the Office of the United States Trustee (an arm of the United States Department of Justice) to represent the interests of all unsecured creditors, including you as a Holder of Notes Claims, in Legacy’s chapter 11 cases. Claims relating to the Notes are classified as Class 5 Notes Claims pursuant to Legacy’s *Joint Chapter 11 Plan Of Reorganization For Legacy Reserves Inc. And Its Debtor Affiliates* [Docket No. 498] (the “**Plan**”).¹ The Plan and Ballot to vote to accept or reject the Plan are included among the materials accompanying this letter.

OUR RECOMMENDATION TO YOU IS TO VOTE TO REJECT (VOTE AGAINST) THE PLAN AND OPT OUT OF PROVIDING THE THIRD-PARTY RELEASES REQUESTED BY THE PLAN.

THE COMMITTEE NEEDS YOUR SUPPORT TO SEEK BETTER TREATMENT FOR CLASS 5 NOTES CLAIMS.

For updates, please visit the Committee’s website at www.LegacyOCC.com. Alternatively, follow us on Twitter @Legacy_OCC. We will use our website and Twitter account to provide regular updates regarding our recommendation and details on any webcasts or calls during which we will discuss the Plan and our recommendation.

**Please contact the Committee’s counsel at Brown Rudnick LLP with any questions regarding our recommendation or the Plan:
Bennett Silverberg (212-209-4924; BSilverberg@brownrudnick.com)
Jeffrey Jonas (617-856-8577; JJonas@brownrudnick.com)**

YOUR VOTE IS IMPORTANT. Without your vote to reject the Plan, the Committee may be unable to advocate for a greater recovery to Holders of Notes Claims such as yourself. Even though a limited number of Holders of a large amount of Class 5 Notes Claims are supporting the Plan, Class 5 would reject the Plan if *more noteholders vote to reject the plan than accept the Plan*. Accordingly, every vote counts.

YOU WILL RECEIVE A RECOVERY EVEN IF YOU VOTE TO REJECT THE PLAN. You do not need to accept the Plan or grant the third-party releases to receive the treatment offered to you

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

under the Plan. If the Plan is ultimately approved by the Bankruptcy Court over the objection of the Committee and consummated by Legacy, you will still receive the same treatment as other Holders of Class 5 Notes Claims who vote to accept the Plan and, if eligible, you may still participate in the Rights Offering and receive the Participation Premium Shares. However, if the Plan is not ultimately approved, we can not provide you with any assurances of your ultimate recovery under any alternative restructuring transaction.

THE PLAN DOES NOT OFFER YOU FAIR VALUE. The Plan is the product of a negotiation among a limited number of supporting creditors with their own interests in mind. The Plan they negotiated offers Holders of Class 5 Notes Claims their *pro rata* share of 2.5% of the New Common Stock that Legacy intends to issue upon emergence from bankruptcy and offers Accredited Investors in Class 5 the right to participate in the Rights Offering. Without counting the Rights Offering participation and Participation Premium Shares (*i.e.*, 1.5% of the New Common Stock),² this equates to a recovery of between 2%-3% based upon Legacy's valuation of its business.

We believe that Legacy's estimated total enterprise valuation range of \$725-925 million is flawed in several material respects and that a proper valuation, which the Committee is in the process of finalizing with the assistance of its investment bankers at Miller Buckfire & Co., LLC and Stifel, Nicolaus & Co., Inc., will demonstrate that Legacy's valuation is actually higher than the total amount of Legacy's secured and administrative claims. This could entitle you to greater value on account of your Class 5 Notes Claim under a chapter 11 plan. The Bankruptcy Court should deny approval of Legacy's proposed Plan if the Committee demonstrates that Legacy's valuation is improperly low.

THERE WILL BE NO ACTIVE MARKET FOR THE NEW COMMON STOCK. Any projected recovery on your Class 5 Notes Claim is illusory if you cannot sell the New Common Stock you receive on account of your Class 5 Notes Claims. The Debtors advise you that "[i]t is anticipated that there will be no active trading market for the New Common Stock." Therefore, it is unclear when you may ever realize any value on account of the New Common Stock.

THE PLAN HAS A MANAGEMENT INCENTIVE PLAN THAT WILL BENEFIT MANAGEMENT. Legacy's executive management team is highly incentivized to pursue this Plan given the contemplated management incentive plan under the Plan. This management incentive plan would provide members of Legacy's senior management team with certain equity-based grants in Reorganized Legacy and incentivizes them to support this Plan. Additionally, a member of Legacy's senior management team is a former employee of GSO Capital Partners LP ("**GSO**") and certain members of Legacy's board of directors have connections with GSO. GSO – the Plan Sponsor – is an alternative asset manager which is slated to receive in excess of 85% of the New Common Stock in exchange for its Term Loan Claims, Notes Claims and an equity investment if the Bankruptcy Court approves Legacy's Plan.

LEGACY SUPPORTS THIS PLAN. Legacy intends to vote the Notes Claims it repurchased on the open market in support of its Plan to make it more difficult for the Committee to oppose the Plan

² Accredited Investors that participate in the Rights Offering and Non-Accredited Noteholders (which complete item 3 on the Ballot) will receive their *pro rata* share of the Participation Premium Shares.

on your behalf. So, rather than entirely rely on the voices of creditors to vote, Legacy will vote to support its own Plan.

WE BELIEVE YOU CAN DO BETTER. The creditors supporting the Plan are opposing our efforts in Bankruptcy Court to obtain a better recovery for you. Rejection of the Plan provides us with significant leverage, through litigation or negotiation, to improve your recovery. We believe there are serious legal defects to the Plan. But, we need your help to prosecute them.

*For these reasons, the Committee urges Holders of Class 5 Notes Claims vote to **REJECT** the Plan.*
PLEASE READ THE DIRECTIONS ON THE BALLOT CAREFULLY AND COMPLETE YOUR BALLOT IN ITS ENTIRETY BEFORE RETURNING IT IN ACCORDANCE WITH THE DIRECTIONS CONTAINED IN THE BALLOT.

Very truly yours,

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS LEGACY RESERVES INC., *ET AL.*