LEGACY RESERVES LP
Form DEFM14A
August 03, 2018

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Legacy Reserves LP**

**(Name of Registrant as Specified In Its Charter)**

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

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**REORGANIZATION PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Unitholders of Legacy Reserves LP:

The board of directors (the GP Board ) of Legacy Reserves GP, LLC (the Partnership GP ), which is the general partner of Legacy Reserves LP (the Partnership ), has unanimously approved a corporate reorganization of the Partnership to transition from a master limited partnership to a corporation (the Corporate Reorganization ). The Corporate Reorganization is to be accomplished through (i) a merger between the Partnership and Legacy Reserves Merger Sub LLC ( Merger Sub ), a wholly owned subsidiary of Legacy Reserves Inc. ( New Legacy ), pursuant to which all of the units representing limited partner interests in the Partnership ( units ), the 8% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units representing limited partner interests in the Partnership and the 8% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units representing limited partner interests in the Partnership will be converted into the right to receive shares of common stock, par value $0.01 per share, of New Legacy ( common stock ), and Merger Sub will be merged with and into the Partnership (the Merger ) and (ii) the purchase by New Legacy of all of the outstanding limited liability company interests in the Partnership GP (the GP Interests ) from Lion GP Interests, LLC (the GP Seller ) for an aggregate purchase price of $3.0 million in cash (the GP Purchase ). The conflicts committee of the GP Board (the Conflicts Committee ) has unanimously determined that the GP Purchase is fair and reasonable to, and in the best interests of, the Partnership, its subsidiaries and the holders of units ( unitholders ) (other than the Partnership GP and its affiliates). In addition, the GP Board (acting based upon the Special Approval of the Conflicts Committee (as further described herein)) has unanimously determined that the GP Purchase is advisable, fair to and in the best interests of the Partnership, its subsidiaries and the unitholders (other than the Partnership GP and its affiliates).

Following the Corporate Reorganization, the Partnership and the Partnership GP will each be wholly owned subsidiaries of New Legacy, a newly formed Delaware corporation. Upon consummation of the Corporate Reorganization, New Legacy common stock is expected to be listed on the Nasdaq Global Select Market under the symbol LGCY.

The GP Board believes that the Corporate Reorganization is critical to the future success of the Partnership. Following the widespread bankruptcy filings and the destruction of nearly all of the collective equity value in the upstream master limited partnership space, the GP Board believes that maintaining the current master limited partnership structure is no longer in the best interests of the Partnership. Reorganizing the Partnership will provide management and the board of New Legacy better ability to grow the business, including removing the Partnership GP members negative control rights. The GP Board believes that the Partnership s assets and growth development plan are no longer best suited for the yield-based MLP sector, and the Partnership has already been transitioning its business model to reinvest its cash flow into the business in order to grow its asset base. The GP Board also believes that the transition to a C-Corp will increase New Legacy s access to, and lower the cost of, capital through an expanded field of investors, as many investors are unwilling or unable to invest in pass-through entities.

The Partnership is holding a special meeting of its unitholders on September 19, 2018. At this meeting, unitholders will be asked to approve the Amended and Restated Agreement and Plan of Merger (the Merger Agreement ), to

approve the classification of the New Legacy Board of Directors (the New Legacy Board ), to approve a new equity incentive plan to be used by New Legacy and to consider and vote upon, on an advisory, non-binding basis, the compensation payments that may be paid or become payable to the named executive officers of the Partnership in connection with the Corporate Reorganization. Information about the special meeting, the Corporate Reorganization, the New Legacy Board, the new equity incentive plan and the compensation payments are contained in this proxy statement/prospectus. We encourage you to read this entire proxy statement/prospectus, including the annexes, carefully. **In particular, you should read the Risk Factors section beginning on page 30 for a description of various risks you should consider in evaluating the proposed Corporate Reorganization.**

The GP Board has unanimously determined that the Merger Agreement and the Merger are advisable, fair to and in the best interests of the Partnership and the unitholders of the Partnership and has unanimously approved and adopted the Merger Agreement and the Merger. **The GP Board unanimously recommends that the unitholders of the Partnership vote FOR the approval of the Merger Agreement, FOR the approval of the classification of the New Legacy Board, FOR the approval of the new equity incentive plan, FOR the compensation payments to named executive officers of the Partnership in connection with the Corporate Reorganization and FOR the adjournment of the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the proposal to approve the Merger Agreement.**

**EVERY VOTE IS IMPORTANT.** Whether or not you plan to attend the special meeting, please take the time to vote by following the instructions on your proxy card as soon as possible. If your units are held in street name, please instruct your broker or bank how to vote your units.

Thank you, and we look forward to seeing you at the special meeting.

Sincerely,

Paul T. Horne

Chief Executive Officer and

Chairman of the Board of Directors of

Legacy Reserves GP, LLC

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or has determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.**

This proxy statement/prospectus is dated August 3, 2018 and is being first mailed to unitholders on or about August 3, 2018.

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Midland, Texas

August 3, 2018

**Legacy Reserves LP**

**303 W. Wall St., Suite 1800**

**Midland, Texas 79701**

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS**

To the Unitholders of Legacy Reserves LP:

A special meeting (the special meeting ) of holders of units ( units ) representing limited partner interests in Legacy Reserves LP (the Partnership ) will be held on September 19, 2018 at 10:30 a.m., local time, at Midland Country Club located at 6101 N. Highway 349, Midland, Texas 79705, for the following purposes:

to consider and vote upon a proposal to approve the Amended and Restated Agreement and Plan of Merger (the Merger Agreement ), a copy of which is attached as Annex A to this proxy statement/prospectus, by and among the Partnership, Legacy Reserves Inc. ( New Legacy ), Legacy Reserves Merger Sub LLC (the Merger Sub ), a wholly owned subsidiary of New Legacy, and Legacy Reserves GP, LLC, the general partner of the Partnership (the Partnership GP ), pursuant to which Merger Sub will be merged with and into the Partnership (the Merger ), with the Partnership continuing as the surviving entity and a wholly owned subsidiary of New Legacy (the Merger Proposal );

to consider and vote upon a proposal to approve the classification of the New Legacy Board in accordance with the Amended and Restated Certificate of Incorporation of New Legacy, a copy of which is attached as Exhibit A to Annex A to this proxy statement/prospectus, to be in effect following the consummation of the Corporate Reorganization (as defined below) (the Board Classification Proposal );

to consider and vote upon a proposal to approve the Legacy Reserves Inc. 2018 Omnibus Incentive Plan, a copy of which is attached as Annex B to this proxy statement/prospectus, to be in effect following the consummation of the Corporate Reorganization (the LTIP Proposal );

to consider and vote upon, on an advisory, non-binding basis, the compensation payments that may be paid or become payable to the Partnership s named executive officers in connection with the Corporate Reorganization (the Compensation Proposal ); and

to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if presented, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the Merger Proposal (the Adjournment Proposal and, collectively with the Merger Proposal, the Board Classification Proposal, the LTIP Proposal and the Compensation Proposal, the Proposals ).

Additionally, New Legacy, the Partnership and the Partnership GP entered into a GP Purchase Agreement (the GP Purchase Agreement ) with Lion GP Interests, LLC (the GP Seller ) and all of the current members of the Partnership GP, pursuant to which New Legacy will purchase all of the outstanding limited liability company interests in the Partnership GP from the GP Seller for an aggregate purchase price of $3.0 million in cash (the GP Purchase, and together with the Merger, the Corporate Reorganization ). A vote for the Merger Proposal is effectively a vote in favor of the Corporate Reorganization which will result in a reorganization from a master limited partnership to a corporation.

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The Board Classification Proposal and the LTIP Proposal will be implemented only if the Merger is consummated and the Merger Proposal is approved.

Approval of the Merger Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the Board Classification Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the LTIP Proposal is being sought to satisfy the stockholder approval policy of the Nasdaq Global Select Market. For these purposes, approval of the LTIP Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval, on an advisory, non-binding basis, of the Compensation Proposal, requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the Adjournment Proposal, if presented, requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Abstentions and broker non-votes (if any) will not be taken into account in determining the outcome of the Merger Proposal, Board Classification Proposal, LTIP Proposal, Compensation Proposal and Adjournment Proposal. The votes on each Proposal are separate and apart from the votes on the other Proposals. Accordingly, you may vote to approve certain of the Proposals and vote not to approve other Proposals. Because the vote on the Compensation Proposal is advisory in nature only, it will not be binding on the Partnership or New Legacy.

We cannot complete the Corporate Reorganization unless the unitholders approve the Merger Proposal. **Accordingly, your vote is very important regardless of the number of units you own.**

**The board of directors (the GP Board ) of the Partnership GP (acting based upon the Special Approval (as defined in both the Amended and Restated Limited Liability Company Agreement of the Partnership GP and the Fifth Amended and Restated Agreement of Limited Partnership of the Partnership (the Partnership Agreement )) of the Conflicts Committee of the GP Board (the Conflicts Committee )) and the Conflicts Committee have unanimously determined that the GP Purchase Agreement is fair and reasonable to, and in the best interests of, the Partnership and the unitholders (other than the Partnership GP and its affiliates). The GP Board has determined that the Merger is fair and reasonable to, and in the best interests of, the Partnership and the unitholders; approved the Merger Agreement and the execution, delivery and performance of the Merger Agreement and the transactions contemplated thereby; and resolved to submit the Merger Agreement to a vote of the unitholders and recommend approval of the Merger Agreement by the unitholders. The GP Board recommends that the unitholders vote FOR the Merger Proposal, FOR the Board Classification Proposal, FOR the LTIP Proposal, FOR the Compensation Proposal and FOR the Adjournment Proposal.**

For more information regarding the recommendation of the GP Board, including the obligations of the GP Board in making such determination under the Partnership Agreement, see The Corporate Reorganization Recommendation of the GP Board and Reasons for the Corporate Reorganization. In considering the recommendation of the GP Board, unitholders should be aware that some of the Partnership GP s directors and executive officers may have interests in the Corporate Reorganization that are different from, or in addition to, the interests they may have as unitholders. See The Corporate Reorganization Interests of Certain Persons in the Merger.

Only unitholders of record at the close of business on July 26, 2018 are entitled to notice of and to vote at the special meeting. A list of unitholders entitled to vote at the special meeting will be available for inspection at the Partnership s offices in Midland, Texas for any purpose relevant to the special meeting during normal business hours for a period of ten days before the meeting and at the special meeting. References to the special meeting in this proxy statement/prospectus are to such special meeting as adjourned or postponed.

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**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, PLEASE SUBMIT YOUR PROXY IN ONE OF THE FOLLOWING WAYS:**

If you hold your units in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or other nominee when voting your units.

If you hold your units in your own name, you may submit your proxy by:

using the toll-free telephone number shown on the proxy card;

using the Internet website shown on the proxy card; or

marking, signing, dating and promptly returning the enclosed proxy card in the postage-paid envelope. It requires no postage if mailed in the United States.

The enclosed proxy statement/prospectus provides a detailed description of the Corporate Reorganization and the Merger Agreement. You are urged to read this proxy statement/prospectus and the Annexes carefully and in their entirety. If you have any questions concerning the Corporate Reorganization, the Merger Agreement or this proxy statement/prospectus, would like additional copies or need help voting your units, please contact the Partnership s proxy solicitor:

Morrow Sodali Global, LLC

470 West Avenue

Stamford, Connecticut 06902

Banks and Brokers Call: (203) 658-9400

All Others Call Toll Free: (800) 662-5200

Email: LGCYinfo@morrowsodali.com

By order of the Board of Directors of

Legacy Reserves GP, LLC,

Paul T. Horne

Chief Executive Officer and

Chairman of the Board of Directors of

Legacy Reserves GP, LLC

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## IMPORTANT NOTE ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission (the SEC ), constitutes a proxy statement of the Partnership under Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), with respect to the solicitation of proxies for the special meeting to approve the Merger Proposal, the Board Classification Proposal, the LTIP Proposal, the Compensation Proposal and the Adjournment Proposal. This proxy statement/prospectus is also a prospectus of New Legacy under Section 5 of the Securities Act of 1933, as amended (the Securities Act ), for the shares (the shares ) of New Legacy common stock, par value $0.01 (the common stock ), that New Legacy will issue to the unitholders and Preferred Unitholders of the Partnership in the Corporate Reorganization pursuant to the Merger Agreement, a copy of which is attached as Annex A to this proxy statement/prospectus, by and among the Partnership, New Legacy, Merger Sub and the Partnership GP.

The Partnership and New Legacy have not authorized anyone to give any information or make any representation about the Corporate Reorganization, the Partnership or New Legacy that is different from, or in addition to, that contained in this proxy statement/prospectus. Therefore, if anyone distributes this type of information, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this proxy statement/prospectus or the solicitation of proxies are unlawful, or you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement/prospectus does not extend to you. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies.

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## QUESTIONS AND ANSWERS ABOUT THE CORPORATE REORGANIZATION AND THE SPECIAL MEETING

*Important Information and Risks. The following are brief answers to some questions that you may have regarding the Corporate Reorganization and matters being considered at the special meeting. You should read and consider carefully the remainder of this proxy statement/prospectus, including the Risk Factors beginning on page 30 and the attached Annexes, because the information in this section does not provide all of the information that might be important to you.*

**Q: Why am I receiving these materials?**

A: This proxy statement/prospectus is being used:
(1) by the Partnership to solicit proxies to be used at its special meeting of unitholders; and

(2) by New Legacy in connection with its offering of shares of its common stock, par value $0.01 per share ( common stock ), to unitholders as part of the Corporate Reorganization.

The Partnership and New Legacy have agreed to reorganize by merging Merger Sub, a subsidiary of New Legacy, with and into the Partnership under the terms of the Merger Agreement that is described in this proxy statement/prospectus and attached as Annex A. You are receiving this document because the Corporate Reorganization cannot be completed without the approval of the Merger Agreement by the unitholders.

**Q: When and where will the special meeting be held?**

A: The special meeting will be held on September 19, 2018 at 10:30 a.m., local time, at Midland Country Club located at 6101 N. Highway 349, Midland, Texas 79705.

**Q: What am I being asked to vote on?**

A: The unitholders are being asked to consider and vote on a proposal to approve and adopt the Merger Agreement and the Merger, as a result of which the Partnership will become a wholly owned subsidiary of New Legacy, and the unitholders will become stockholders of New Legacy (the Merger Proposal ). A vote for the Merger Proposal is effectively a vote in favor of the Corporate Reorganization which will result in a reorganization from a master limited partnership to a corporation.
The unitholders are also being asked to consider and vote on a proposal to approve the classification of the New Legacy Board in accordance with the Amended and Restated Certificate of Incorporation of New Legacy, to be in effect following the consummation of the Corporate Reorganization (the Board Classification Proposal ).

Under the Merger Agreement, the approval of the Board Classification Proposal is not a condition to the consummation of the Merger.

To satisfy the stockholder approval policy of the Nasdaq Global Select Market ( NASDAQ ), where the common stock is expected to be listed following the Corporate Reorganization, the unitholders are also being asked to consider and vote on a proposal to approve a new long-term incentive plan of New Legacy to be in effect following the consummation of the Corporate Reorganization to make incentive compensation awards to directors, officers and employees of New Legacy (the LTIP Proposal ).

In accordance with Section 14A of the Exchange Act, the unitholders are also being asked to consider and vote upon, on an advisory, non-binding basis, the compensation payments that may be paid or become payable to the Partnership s named executive officers in connection with the Corporate Reorganization and the agreements and understandings pursuant to which such compensation may be paid or become payable (the Compensation Proposal ).

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Unitholders may also be asked to consider and vote on a proposal to adjourn the special meeting to a later date to solicit additional proxies in the event there are insufficient votes in favor of the Merger Proposal (the Adjournment Proposal and, collectively with the Merger Proposal, the Board Classification Proposal, the LTIP Proposal and the Compensation Proposal, the Proposals ).

**Q: What is the Corporate Reorganization?**

A. The Corporate Reorganization is the transaction that will occur if the Merger Agreement receives all necessary approvals of the unitholders and the other closing conditions are satisfied or waived. The most important steps in the transaction that will occur as part of the Corporate Reorganization are:

- a wholly owned subsidiary of New Legacy will merge with and into the Partnership and the unitholders and Preferred Unitholders will receive shares of common stock in exchange for their units and Preferred Units, as applicable; and

- New Legacy will purchase all of the outstanding limited liability company interests in the Partnership GP for an aggregate purchase price of $3.0 million in cash. See The Merger Agreement The GP Purchase Agreement.

There are other steps in the transaction that will occur as part of the Corporate Reorganization. You should read The Merger Agreement for a description of these other transactions.

**Q: Why are the Partnership and New Legacy proposing the Corporate Reorganization?**

A: The Partnership and New Legacy believe that the Corporate Reorganization will benefit the unitholders. See The Corporate Reorganization Recommendation of the GP Board and Reasons for the Corporate Reorganization.

**Q: What will limited partners receive in the Corporate Reorganization?**

A: If the Corporate Reorganization is completed,

- each outstanding unit will be converted into the right to receive one share of common stock for each outstanding unit (the Common Unit Exchange Ratio );

each outstanding 8% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Unit of the Partnership (the Series A Preferred Units ) will be converted into a right to receive 2.92033118 shares of common stock for each Series A Preferred Unit (the Series A Exchange Ratio ) pursuant to the Settlement Agreement (as defined below);

each outstanding 8% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Unit of the Partnership (the Series B Preferred Units, and together with the Series A Preferred Units, the Preferred Units, and the Preferred Units together with the units, the limited partner interests ) will be converted into a right to receive 2.90650421 shares of common stock for each Series B Preferred Unit (the Series B Exchange Ratio and, together with the Common Unit Exchange Ratio and the Series A Exchange Ratio, the Exchange Ratios ) pursuant to the Settlement Agreement; and

the incentive distribution units will be cancelled in the Corporate Reorganization for no consideration.

Immediately following the Corporate Reorganization, the former unitholders (other than the Partnership, the Partnership GP, members of the Partnership GP and their affiliates, the founding investors (the Founding Investors ) and members of the GP Board and management) will own approximately 60.95%, members of the Partnership GP and their affiliates, along with the Founding Investors and members of the GP Board and management, will own approximately 13.35%, former holders of Series A Preferred Units will own approximately 6.24% and the former holders of Series B Preferred Units will own approximately 19.45% of the common stock of New Legacy.

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The Exchange Ratios are fixed and will not be adjusted on account of any change in price of units or Preferred Units prior to consummation of the Corporate Reorganization. If the Exchange Ratios would result in a unitholder or a holder of Series A Preferred Units or Series B Preferred Units (each, a Preferred Unitholder, and together, the Preferred Unitholders ) being entitled to receive a fraction of a share, such unitholder or Preferred Unitholder, as applicable, will receive cash from New Legacy in lieu of such fractional interest in an amount equal to the product of (i) the average closing prices of the units over the five trading days prior to the closing date of the Corporate Reorganization and (ii) the fraction of the share that such holder would otherwise be entitled to receive based on the applicable Exchange Ratio.

**Q: What will happen to the accrued but unpaid distributions on the Preferred Units?**

A: Pursuant to the Fifth Amended and Restated Agreement of Limited Partnership of the Partnership (the Partnership Agreement ) and the Merger Agreement, if the Corporate Reorganization is completed, each Preferred Unitholder will receive in respect of his or her Preferred Units shares of common stock of New Legacy pursuant to the applicable Exchange Ratio, which shall constitute all consideration to be paid in respect to such Preferred Units, and any rights to accumulated and unpaid distributions on such Preferred Units will be discharged.

**Q. What is the status of the litigation challenging the Merger?**

A. On March 28, 2018, a holder of the Preferred Units filed a putative class action challenging the Merger against the Partnership, the Partnership GP and New Legacy (the Doppelt Action ). On June 22, 2018, the Partnership, New Legacy, the Partnership GP and the plaintiff in the Doppelt Action reached an agreement in principle to settle the Doppelt Action, which agreement sets forth the Series A Exchange Ratio and the Series B Exchange Ratio. The parties submitted a stipulation and agreement of settlement to the court on July 6, 2018 (the Settlement Agreement ) and, on July 11, 2018, the court entered a scheduling order for consideration of the Settlement Agreement (the Scheduling Order ). The Scheduling Order sets September 12, 2018 as the date for the hearing at which the court will consider various matters related to the Settlement Agreement. For details regarding the Doppelt Action, the other lawsuits that have been filed challenging the Merger, the Settlement Agreement and the Scheduling Order, see Summary Other Information Related to the Corporate Reorganization Pending Litigation .

**Q: Where will my shares or limited partner interests trade after the Corporate Reorganization?**

A: The common stock is expected to be listed on NASDAQ under the symbol LGCY. The units will no longer be publicly traded and the Preferred Units will be cancelled after the consummation of the Corporate Reorganization.

**Q: Who is entitled to vote at the special meeting?**

A: The record date for the special meeting is July 26, 2018. Only unitholders of record as of the close of business on the record date are entitled to notice of, and to vote at, the special meeting. Pursuant to the Partnership Agreement, the Preferred Unitholders are not entitled to any voting rights with respect to their Preferred Units at the special meeting.

**Q: What constitutes a quorum at the special meeting?**

A: A majority of the voting power of the outstanding units entitled to vote at the meeting as of the record date represented in person or by proxy (by submitting a properly executed proxy card or properly submitting a proxy by telephone or Internet) will constitute a quorum and will permit the Partnership to conduct the proposed business at the special meeting. Proxies received but marked as abstentions and broker non-votes (if any) will be counted as units that are present and entitled to vote for purposes of determining the presence of a quorum.

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**Q: What is the vote required to approve each proposal?**

A: Approval of the Merger Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the Board Classification Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the LTIP Proposal is being sought to satisfy the stockholder approval policy of NASDAQ. For these purposes, approval of the LTIP Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval, on an advisory, non-binding basis, of the Compensation Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the Adjournment Proposal, if presented, requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting.

Abstentions and broker non-votes (if any) will not be taken into account in determining the outcome of the Merger Proposal, Board Classification Proposal, LTIP Proposal, Compensation Proposal and Adjournment Proposal. The votes on each Proposal are separate and apart from the votes on the other Proposals. Accordingly, you may vote to approve certain of the Proposals and vote not to approve other Proposals. Because the vote on the Compensation Proposal is advisory in nature only, it will not be binding on the Partnership or New Legacy.

All of the directors and executive officers of the Partnership GP beneficially owned, in the aggregate, approximately 11.5% of the outstanding units as of the record date. The Partnership and New Legacy believe that the directors and executive officers of the Partnership GP will vote in favor of the Merger Proposal, in favor of the Board Classification Proposal, in favor of the LTIP Proposal, in favor of the Compensation Proposal and in favor of the Adjournment Proposal.

Each of the holders of limited liability company interests in the Partnership GP is party to the GP Purchase Agreement, which contains a voting covenant obligating such holder and its affiliates to vote any units it owns, directly or indirectly, in favor of the Merger Proposal. As of the record date, such holders beneficially owned 10,285,059 units or approximately 13.4% of the outstanding units. Certain of these holders are directors and/or executive officers of the Partnership GP and are included in the beneficial ownership amounts included in the previous paragraph.

Additionally, the Partnership and the Partnership GP have entered into a Standstill and Voting Agreement (the Standstill and Voting Agreement ), dated as of December 31, 2017, by and among the Partnership, the Partnership GP, Fir Tree Capital Management LP and certain funds managed by Fir Tree Capital Management LP (the Fir Tree Parties ), pursuant to which, subject to certain limitations, the Fir Tree Parties are obligated to vote their units in accordance with the recommendation of the GP Board. As of the record date, the Fir Tree Parties own 3,633,533 units or approximately 4.7% of the outstanding units.

**Q: How do I vote my units if I hold them in my own name?**

A: After you have read this proxy statement/prospectus carefully, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope, or by submitting your proxy by telephone or the Internet as soon as possible in accordance with the instructions provided under The Special Meeting Voting Procedure.

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**Q: If my units are held in street name by my bank, broker or other nominee, will my bank, broker or other nominee vote them for me?**

A: As a general rule, absent specific instructions from you, your bank, broker or other nominee is not allowed to vote your units on any proposal on which your bank, broker or other nominee does not have discretionary authority. The only proposals for consideration at the special meeting are the Merger Proposal, the Board Classification Proposal, the LTIP Proposal, the Compensation Proposal and the Adjournment Proposal, which are non-discretionary matters for which banks, brokers or other nominees do not have discretionary authority to vote. To instruct your bank, broker or other nominee how to vote, you should follow the directions that your bank, broker or other nominee provides to you.

Please note that you may not vote your units held in street name by returning a proxy card directly to the Partnership or by voting in person at the special meeting unless you provide a legal proxy, which you must obtain from your bank, broker or other nominee. If you do not instruct your bank, broker or other nominee on how to vote your units, your bank, broker or other nominee cannot vote your units. You should therefore provide your bank, broker or other nominee with instructions as to how to vote your units.

**Q: When do you expect the Corporate Reorganization to be consummated?**

A: We currently expect the Merger to close in late September 2018. A number of conditions must be satisfied before the Partnership and New Legacy can complete the Corporate Reorganization, including the approval of the Merger Agreement by the unitholders. Although the Partnership and New Legacy cannot be sure when all of the conditions to the Corporate Reorganization will be satisfied, the Partnership and New Legacy expect to consummate the Corporate Reorganizations as soon as practicable following the special meeting (assuming the Merger Agreement is approved by the unitholders), which is currently expected to be held in late September 2018, subject to, among other things, the registration statement of which this proxy statement/prospectus forms a part having been declared effective under the Securities Act. See Summary The Merger Agreement Conditions to Consummation of the Merger and Risk Factors The Corporate Reorganization is subject to conditions, including some conditions that may not be satisfied on a timely basis, if at all. Failure to complete the Corporate Reorganization, or significant delays in completing the Corporate Reorganization, could negatively affect the Partnership s business and financial results and the price of the units or, following the consummation of the Corporation Reorganization, future business and financial results and the price of the common stock.

**Q: What if the proposed Corporate Reorganization is not consummated?**

A: It is possible that the proposed Corporate Reorganization will not be consummated. The Corporate Reorganization will not be consummated if all closing conditions are not satisfied or waived. If the Corporate Reorganization is not consummated, the Partnership will remain a public master limited partnership. In addition, the failure to consummate the Corporate Reorganization may adversely impact the Partnership s business going forward. See Risk Factors. Whether or not the Corporate Reorganization is

consummated, the costs and expenses incurred in connection with the Corporate Reorganization will be paid in full by the Partnership.

**Q: Should I send in my unit certificates now?**

A: No. If the Corporate Reorganization is completed, we will send the limited partners a letter of transmittal with detailed written instructions for exchanging their certificates representing limited partner interests. The shares of New Legacy issued in the Merger will be in uncertificated, book-entry form unless a physical certificate is requested by the stockholder. Please do not send your certificates now.

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**Q: How does the GP Board recommend that the unitholders vote?**

A: The GP Board recommends that unitholders vote FOR the Merger Proposal, FOR the Board Classification Proposal, FOR the LTIP Proposal, FOR the Compensation Proposal and FOR the Adjournment Proposal.

The GP Board has determined that the Merger is fair and reasonable to, and in the best interests of, the Partnership and the unitholders, approved the Merger Agreement and the execution, delivery and performance of the Merger Agreement and the transactions contemplated thereby, and resolved to submit the Merger Agreement to a vote of the unitholders and recommend approval of the Merger Agreement by the unitholders. For more information regarding the recommendation of the GP Board, including the obligations of the GP Board in making such determination under the Partnership Agreement, see The Corporate Reorganization Recommendation of the GP Board and Reasons for the Corporate Reorganization.

The Conflicts Committee and the GP Board (acting based upon the Special Approval (as defined in both the amended and restated limited liability company agreement of the Partnership GP, as amended (the GP LLC Agreement ), and the Partnership Agreement) of the Conflicts Committee) have unanimously determined that the GP Purchase Agreement is fair and reasonable to, and in the best interests of, the Partnership and the unitholders (other than the Partnership GP and its affiliates).

In considering the recommendation of the GP Board, unitholders should be aware that some of the Partnership GP s directors and executive officers may have interests in the Corporate Reorganization that are different from, or in addition to, the interests they may have as unitholders. See The Corporate Reorganization Interests of Certain Persons in the Merger.

**Q: What are the expected U.S. federal income tax consequences to a unitholder and a Preferred Unitholder as a result of the Merger?**

A: The receipt of common stock and cash in lieu of fractional shares, if any, in exchange for units and Preferred Units pursuant to the Merger Agreement is generally intended to qualify as an exchange described in Section 351 of the Code for U.S. holders (as defined in Material U.S. Federal Income Tax Consequences ) for U.S. federal income tax purposes. It is intended that a U.S. holder generally will not recognize gain or loss (or cancellation of indebtedness income) on the receipt of common stock in exchange for units and Preferred Units (although they may recognize gain with respect to any cash received in lieu of fractional shares). See Material U.S. Federal Income Tax Consequences for a more complete discussion of the expected material U.S. federal income tax consequences of the Merger.

**Q. How will previously accrued but unpaid distributions with respect to the Preferred Units be treated for U.S. federal income tax purposes?**

A: Accrued but unpaid distributions with respect to the Preferred Units have been treated for U.S. federal income tax purposes as guaranteed payments for the use of capital and have generally already been included

in the taxable income of the Preferred Unitholders as ordinary income. Although the law is not certain, the basis of the common stock received by Preferred Unitholders should include the amounts such holders have previously included in taxable income with respect to accrued but unpaid distributions.

**Q: What are the expected U.S. federal income tax consequences for a unitholder and a Preferred Unitholder of the ownership of common stock after the Merger is completed?**

A: New Legacy is classified as a corporation for U.S. federal income tax purposes and is subject to U.S. federal income tax on its taxable income. As such, equity owners will no longer receive Forms K-1. Any future distribution of cash by New Legacy to a stockholder who is a U.S. holder (as defined in Material U.S. Federal Income Tax Consequences ) generally will be included in such U.S. holder s

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income as ordinary dividend income to the extent of New Legacy s current or accumulated earnings and profits as determined under U.S. federal income tax principles and will be reported to such owner on Form 1099-DIV. A portion of the cash distributed to holders of shares (the stockholders ) by New Legacy after the Merger may exceed New Legacy s current or accumulated earnings and profits. Distributions of cash in excess of New Legacy s current or accumulated earnings and profits will be treated as a non-taxable return of capital reducing a U.S. holder s adjusted tax basis in such U.S. holder s common stock and, to the extent the distribution exceeds such stockholder s adjusted tax basis, as capital gain from the sale or exchange of such common stock. See Material U.S. Federal Income Tax Consequences for a more complete discussion of the expected material U.S. federal income tax consequences of owning and disposing of common stock received in the Merger.

**Q: Are unitholders entitled to appraisal rights or dissenters rights?**

A: No. The unitholders are not entitled to appraisal rights or dissenters rights in connection with the Corporate Reorganization under applicable law or contractual appraisal rights or dissenters rights under the Partnership Agreement or the Merger Agreement.

**Q: What if I do not vote?**

A: If you do not vote in person or by proxy, vote abstain on your proxy card or a broker non-vote is made, it will be deemed to not be a vote cast with respect to the Merger Proposal, Board Classification Proposal, LTIP Proposal, Compensation Proposal and Adjournment Proposal. If you sign and return your proxy card but do not indicate how you want to vote, your proxy will be counted as a vote FOR the Merger Proposal, FOR the Board Classification Proposal, FOR the LTIP Proposal, FOR the Compensation Proposal and FOR the Adjournment Proposal.

**Q: If I am planning to attend the special meeting in person, should I still vote by proxy?**

A: Yes. Whether or not you plan to attend the special meeting, you should vote by proxy. Your units will not be voted if you do not vote by proxy or do not vote in person at the special meeting, as applicable.

**Q: Who may attend the special meeting?**

A: The unitholders (or their authorized representatives) and the Partnership s invited guests may attend the special meeting. All attendees should be prepared to present government-issued photo identification (such as a driver s license or passport) for admittance. The Preferred Unitholders are not entitled to attend the special meeting or to vote on any matters to be brought before the special meeting.

**Q: Can I change my vote after I have submitted my proxy?**

A: Yes. If you own your units in your own name, you may revoke your proxy at any time prior to its exercise by:

- giving written notice of revocation to the Secretary of the Partnership at or before the special meeting;
- appearing and voting in person at the special meeting; or
- properly completing and executing a later dated proxy and delivering it to the Secretary of the Partnership at or before the special meeting.

Your presence without voting at the special meeting will not automatically revoke your proxy, and any revocation during the meeting will not affect votes previously taken.

**Q: What should I do if I receive more than one set of voting materials for the special meeting?**

A: You may receive more than one set of voting materials for the special meeting, and the materials may include multiple proxy cards or voting instruction cards. For example, you will receive a separate

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voting instruction card for each brokerage account in which you hold units. Additionally, if you are a holder of record registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive according to the instructions on it.

**Q: Whom do I call if I have further questions about voting, the special meeting or the Merger?**

A: Any unitholders who have questions about the Merger, including the procedures for voting their units, or who desire additional copies of this proxy statement/prospectus or additional proxy cards should contact:

**Morrow Sodali Global, LLC**

470 West Avenue

Stamford, Connecticut 06902

Banks and Brokers Call: (203) 658-9400

All Others Call Toll Free: (800) 662-5200

Email: LGCYinfo@morrowsodali.com

or

**Legacy Reserves LP**

303 W. Wall St., Suite 1800

Midland, Texas 79701

Telephone: (432) 689-5200

Email: IR@legacylp.com

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## SUMMARY

*This summary highlights some of the information in this proxy statement/prospectus. It may not contain all of the information that is important to you. To understand the Corporate Reorganization fully and for a more complete description of the terms of the Corporate Reorganization, you should carefully read this document and the Annexes to this document, including the full text of the Merger Agreement included as Annex A.*

*References in this proxy statement/prospectus to the Partnership refer to Legacy Reserves LP and its subsidiaries. References to Partnership GP refer to Legacy Reserves GP, LLC, the general partner of the Partnership. References to New Legacy refer to Legacy Reserves Inc. References to Series A Preferred Units refer to the 8% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Units of the Partnership. References to Series B Preferred Units refer to the 8% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Units of the Partnership. References to units refers to the units representing limited partner interests in the Partnership and not to the Series A Preferred Units or the Series B Preferred Units, and unitholders refers to the holders of units. As used herein, unless the context requires otherwise, the term limited partner interests refers to the units, the Series A Preferred Units, the Series B Preferred Units and the Incentive Distribution Units (as defined herein), collectively, and limited partners refers to the holders of limited partner interests. References to Preferred Units refer to the Series A Preferred Units and the Series B Preferred Units, collectively, and Preferred Unitholders refers to holders of the Preferred Units. References to common stock refer to the common stock, par value $0.01, of New Legacy.*

### The Parties

***Legacy Reserves Inc.***

Legacy Reserves Inc., or New Legacy, is a Delaware corporation incorporated on March 22, 2018 for the purpose of effecting the Corporate Reorganization. New Legacy has not conducted any business operations other than incidental to its formation and in connection with the transactions contemplated by the Corporate Reorganization. Following the Corporate Reorganization, New Legacy will own the Partnership and the Partnership GP as direct or indirect wholly owned subsidiaries and will have no significant assets other than the stock or other voting securities of its subsidiaries. Its principal executive offices are located at 303 W. Wall St., Suite 1800, Midland, Texas 79701, and its telephone number is (432) 689-5200.

***Legacy Reserves LP***

Legacy Reserves LP, or the Partnership, is a master limited partnership headquartered in Midland, Texas, focused on the development of oil and natural gas properties primarily located in the Permian Basin, East Texas, Rocky Mountain and Mid-Continent regions of the United States.

The Partnership s oil and natural gas production and reserve data as of December 31, 2017 were as follows:

- proved reserves of approximately 180.0 MMBoe, of which 66% were natural gas, 34% were oil and natural gas liquids ( NGLs ) and 94% were classified as proved developed producing; and

proved reserves to production ratio of approximately 10.0 years based on the annualized production volumes for the three months ended December 31, 2017.

The Partnership has built a diverse portfolio of oil and natural gas reserves, primarily through the acquisition of producing oil and natural gas properties and the development of properties in established producing trends. These acquisitions, along with its ongoing development activities and operational improvements, have allowed the Partnership to achieve significant production and reserve growth over the last decade.

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The Partnership s principal executive offices are located at 303 W. Wall St., Suite 1800, Midland, Texas 79701, and its telephone number is (432) 689-5200.

**The Merger**

Subject to the terms and conditions of the Merger Agreement and in accordance with Delaware law, at the effective time of the Merger, Merger Sub, a subsidiary of New Legacy, will merge with and into the Partnership, with the Partnership continuing as the surviving entity and a wholly owned subsidiary of New Legacy.

**The Merger Consideration**

At the effective time of the Merger:

- each outstanding unit will be converted into the right to receive one share of common stock;
- each outstanding Series A Preferred Unit will be converted into the right to receive 2.92033118 shares of common stock pursuant to the Settlement Agreement as defined below;
- each outstanding Series B Preferred Unit will be converted into the right to receive 2.90650421 shares of common stock pursuant to the Settlement Agreement; and
- the incentive distribution units will be cancelled for no consideration;

with the exception that (a) limited partner interests that are owned immediately prior to the effective time of the Merger by the Partnership or its subsidiaries will be automatically cancelled and cease to exist and (b) any units owned immediately prior to the effective time of the Merger by the Partnership GP or New Legacy or any of its subsidiaries (other than the Partnership and its subsidiaries) will remain outstanding in the Partnership, unaffected by the Merger (collectively, the Merger Consideration ).

New Legacy will not issue any fractional shares in the Merger. Instead, each holder of units or Preferred Units that are converted pursuant to the Merger Agreement who otherwise would have received a fraction of a share will be entitled to receive, from the exchange agent appointed by New Legacy pursuant to the Merger Agreement, a cash payment in lieu of such fractional shares in an amount equal to the product of (i) the average closing prices of the units over the five trading days prior to the closing date of the Merger and (ii) the fraction of the share that such holder would otherwise be entitled to receive based on the applicable Exchange Ratio. The amount of cash required to be paid in lieu of fractional shares is not expected to be material.

**The GP Purchase Agreement**

Additionally, New Legacy, the Partnership and the Partnership GP entered into the GP Purchase Agreement with the GP Seller and all of the current members of the Partnership GP (the GP Members ), pursuant to which New Legacy will purchase all of the outstanding limited liability company interests in the Partnership GP (the GP Interests ) for an

aggregate purchase price of $3.0 million in cash. In addition, New Legacy has agreed to pay certain legal fees and $100,000 in advisor fees of GP Seller. The GP Purchase Agreement also contains certain representations and warranties by New Legacy, the GP Seller and each of the current GP Members as well as certain indemnification and release provisions. The Conflicts Committee has unanimously determined that the GP Purchase Agreement is fair and reasonable to, and in the best interests of, the Partnership, its subsidiaries and the unitholders (other than the Partnership GP and its affiliates). In addition, the GP Board (acting based upon the Special Approval (as defined in both the GP LLC Agreement and the Partnership Agreement) of the Conflicts Committee) has unanimously determined that the GP Purchase Agreement is advisable, fair to and in the best interests of the Partnership, its subsidiaries and the unitholders (other than the Partnership GP and its affiliates).

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**Ownership Structure Before and After the Corporate Reorganization**

(a) Includes entities controlled by Paul T. Horne, the Partnership s Chairman and Chief Executive Officer, Cary D. Brown, a Director, Dale A. Brown, a Director, and Kyle A. McGraw, the Partnership s Executive Vice President and Chief Development Officer and a Director, as well as certain members of Mr. McGraw s family.

(b) Held by WPX Energy Holdings, LLC, a controlled affiliate of WPX Energy, Inc.

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(a) Includes entities controlled by Paul T. Horne, the Partnership s Chairman and Chief Executive Officer, Cary D. Brown, a Director, Dale A. Brown, a Director, and Kyle A. McGraw, the Partnership s Executive Vice President and Chief Development Officer and a Director, as well as certain members of Mr. McGraw s family.

(b) Includes 3,010,680 shares to be issued to management at the closing of the Corporate Reorganization. 1,524,115 shares will be issued upon the conversion of certain phantom units which will vest in units of the Partnership upon the closing of the Corporate Reorganization and be converted to stock of New Legacy pursuant to the Merger Agreement. The remaining 1,486,565 shares will be granted as Excess Settlement Awards (as defined below) under the New Legacy LTIP (as defined below) and may be subject to change based on the unit price at the closing of the Corporate Reorganization. See Treatment of Partnership Equity Awards.

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## Treatment of the Partnership Equity Awards

Pursuant to the Merger Agreement and the approval of the GP Board, and as more fully described under The Merger Agreement Treatment of the Partnership Equity Awards, for each named executive officer of the Partnership GP and for all of the employees of the Partnership, each award previously granted pursuant to the Amended and Restated Legacy Reserves LP Long-Term Incentive Plan, as amended (the Partnership LTIP ), held by such person that is outstanding and unvested immediately prior to the effective time of the Corporate Reorganization will, automatically and without any action on the part of the holder, fully vest or become exercisable in full, as the case may be and shall be settled in accordance with each award s applicable award agreement provided that to the extent the aggregate amount of the aggregate award merger cashout exceeds $30 million (the Excess Settlement Awards ), certain executives including our named executive officers will, in lieu of cash, receive a proportionate amount of such excess in the form of vested shares of Legacy Reserve Inc. s common stock, pursuant to the terms of the New Legacy 2018 Omnibus Incentive Plan (the New Legacy LTIP ). In addition, certain or all such executives may elect, subject to approval by the compensation committee of the Partnership GP, to take a greater portion of his or her vesting award under the Partnership LTIP in the form of shares of New Legacy as opposed to cash. Lastly, all amounts previously credited to the named executive officers as distribution equivalent rights under awards granted pursuant to the Partnership LTIP shall continue to remain so credited and payable on the same payment date set forth in the respective award agreements, subject to the same time-based vesting schedule previously included in the award, but without application of any performance factor.

## Special Meeting

*When and where*: The special meeting will be held on September 19, 2018 at 10:30 a.m., local time, at Midland Country Club located at 6101 N. Highway 349, Midland, Texas 79705.

*What you are being asked to vote on*: At the special meeting, unitholders will vote on the Merger Proposal, the Board Classification Proposal, the LTIP Proposal, the Compensation Proposal and the Adjournment Proposal. A vote for the Merger Proposal is effectively a vote in favor of the Corporate Reorganization which will result in a reorganization from a master limited partnership to a corporation. The unitholders also may be asked to consider other matters as may properly come before the special meeting. At this time, the Partnership knows of no other matters that will be presented for the consideration of the unitholders at the special meeting.

*Who may vote*: You may vote at the special meeting if you owned units at the close of business on the record date of July 26, 2018. On that date, there were 76,929,029 units outstanding. You may cast one vote for each outstanding unit that you owned on the record date. Pursuant to the Partnership Agreement, the holders of the Preferred Units are not entitled to any voting rights with respect to their Preferred Units at the special meeting nor are such holders entitled to attend the special meeting solely on account of their Preferred Units.

*What vote is needed*: Approval of the Merger Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the Board Classification Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the LTIP Proposal is being sought to satisfy the stockholder approval policy of NASDAQ. For these purposes, approval of the LTIP Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval, on an

advisory, non-binding basis, of the Compensation Proposal, requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting.

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Approval of the Adjournment Proposal, if presented, requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Abstentions and broker non-votes (if any) will not be taken into account in determining the outcome of the Merger Proposal, Board Classification Proposal, LTIP Proposal, Compensation Proposal and Adjournment Proposal. The votes on each Proposal are separate and apart from the votes on the other Proposals. Accordingly, you may vote to approve certain of the Proposals and vote not to approve other Proposals. Because the vote on the Compensation Proposal is advisory in nature only, it will not be binding on the Partnership or New Legacy.

All of the directors and executive officers of the Partnership GP beneficially owned, in the aggregate, approximately 11.5% of the outstanding units as of the record date. The Partnership and New Legacy believe that the directors and executive officers of the Partnership GP will vote in favor of the Merger Proposal, in favor of the Board Classification Proposal, in favor of the LTIP Proposal, in favor of the Compensation Proposal and in favor of the Adjournment Proposal.

Each of the holders of limited liability company interests in the Partnership GP is party to the GP Purchase Agreement, which contains a voting covenant obligating such holder and its affiliates to vote any units it owns, directly or indirectly, in favor of the Merger Proposal. As of the record date, such holders beneficially owned 10,285,059 units or approximately 13.4% of the outstanding units. Certain of these holders are directors and/or executive officers of the Partnership GP and are included in the beneficial ownership amounts included in the previous paragraph.

Additionally, the Partnership and the Partnership GP have entered into the Standstill and Voting Agreement, pursuant to which, subject to certain limitations, the Fir Tree Parties are obligated to vote their units as recommended by the GP Board to the unitholders. As of the record date, the Fir Tree Parties own 3,633,533 units or approximately 4.7% of the outstanding units.

**Recommendation of the GP Board and Reasons for the Corporate Reorganization**

The Conflicts Committee has unanimously determined that the GP Purchase Agreement is fair and reasonable to, and in the best interests of, the Partnership and the unitholders (other than the Partnership GP and its affiliates), provided Special Approval (as defined in both the GP LLC Agreement and the Partnership Agreement) and recommended that the GP Board approve the GP Purchase Agreement. The GP Board (acting based upon the Special Approval of the Conflicts Committee) has unanimously determined that the GP Purchase Agreement is advisable, fair to and in the best interests of the Partnership, its subsidiaries and the unitholders (other than the Partnership GP and its affiliates). The GP Board has also determined that the Merger is advisable, fair to and in the best interests of the Partnership, its subsidiaries and the unitholders; approved the Merger Agreement and the execution, delivery and performance of the Merger Agreement and the transactions contemplated thereby; and resolved to submit the Merger Agreement to a vote of the unitholders and recommend approval of the Merger Agreement by the unitholders. **Accordingly, the GP Board unanimously recommends that the unitholders vote FOR the approval of the Merger Agreement and the Merger.**

In reaching its determinations and recommendations described above, the GP Board consulted with the Partnership s senior management and outside legal counsel. These consultations included discussions regarding the Partnership s strategic business plan, the Partnership s past and current business operations and financial condition and performance, the Partnership s future prospects, other potential strategic alternatives that may be available to the Partnership and the

potential Corporate Reorganization. The GP Board considered a number of substantive factors, both positive and negative, and potential benefits and detriments of the Corporate Reorganization to the Partnership and the unitholders. For a more complete discussion of these factors, see the section entitled The Corporate Reorganization Recommendation of the GP Board and Reasons for the Corporate Reorganization.

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### Interests of Certain Persons in the Merger

In considering the recommendations of the GP Board, unitholders should be aware that some of the executive officers and directors of the Partnership GP have interests in the Corporate Reorganization that may differ from, or may be in addition to, the interests of unitholders generally. These interests include:

- Certain indemnification arrangements and insurance policies for directors and officers of the Partnership GP and New Legacy will be continued for six years if the Corporate Reorganization is completed.

- Pursuant to the Merger Agreement and the approval of the GP Board, and as more fully described under The Merger Agreement Treatment of the Partnership Equity Awards, the outstanding incentive equity awards of each executive officer of the Partnership GP (as well as any such awards held by employees of the Partnership) will fully vest or become exercisable in full, as the case may be.

- Nearly all of the directors and executive officers of the Partnership GP beneficially own units and will receive the applicable Merger Consideration upon consummation of the Corporate Reorganization.

- All of the officers of Legacy GP have been offered continued employment with New Legacy after the effective time of the Corporate Reorganization and new employment agreements have been approved by the GP Board and are anticipated to be entered into upon the closing of the Corporate Reorganization.

- Certain of the officers of the Partnership GP are expected to receive grants under the New Legacy LTIP (subject to its approval) in connection with the Corporate Reorganization.

### New Legacy s Board of Directors and Management

If the Board Classification Proposal is approved by the unitholders, upon consummation of the Corporate Reorganization, the New Legacy Board of Directors (the New Legacy Board ) will consist of six directors, one of whom will be designated by GSO Capital Partners LP ( GSO ) (D. Dwight Scott), divided into three classes. The members of each class will serve staggered, three-year terms (other than with respect to the initial terms of the Class I and Class II directors, which will be one and two years, respectively). Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. Following the completion of this offering:

- Paul T. Horne and Cary D. Brown will be Class I directors, whose initial terms will expire at the 2019 annual meeting of stockholders;

D. Dwight Scott and William R. Granberry will be Class II directors, whose initial terms will expire at the 2020 annual meeting of stockholders; and

G. Larry Lawrence and Kyle D. Vann will be a Class III directors, whose initial terms will expire at the 2021 annual meeting of stockholders.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors of New Legacy. This classification of the New Legacy Board may have the effect of delaying or preventing changes in control. Mr. Horne will be the chairman of the New Legacy Board unless he is not able or willing to serve as a director at the time of the consummation of the Corporate Reorganization, in which case the New Legacy Board will elect a chairman.

If any of the designees to the New Legacy Board identified above are not able or willing to serve as a director at the time of the consummation of the Corporate Reorganization, the party that designated such

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designee will determine a replacement. After the consummation of the Corporate Reorganization, each director of New Legacy will serve as a director until such person s successor is elected or, if earlier, until such director dies, resigns or is removed in accordance with New Legacy s organizational documents and applicable law.

The designees to the New Legacy Board identified above have indicated that they intend to vote all units held by them or over which they have control in favor of approval and adoption of the Merger Agreement and the transactions contemplated by the Merger Agreement.

If the Board Classification Proposal is not approved by the unitholders, the New Legacy Board will consist of a single class of six directors of the individuals identified above, each of whom will serve until the next annual meeting of stockholders and until his or her successor has been duly elected and qualified.

### The Merger Agreement

#### *Conditions to Consummation of the Merger*

The Partnership and New Legacy may not complete the Merger unless each of the following conditions is satisfied or waived:

- the Merger Agreement must have been approved by the affirmative vote of a majority of the votes cast by unitholders who are entitled to vote on the matter at the special meeting (the unitholder approval );

- any waiting period applicable to the transactions contemplated by the Merger Agreement under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act ), must have been terminated or become expired;

- no law, injunction, judgment or ruling enacted, promulgated, issued, entered, amended or enforced by any governmental entity (collectively, restraints ) is in effect enjoining, restraining, preventing or prohibiting the consummation of the transactions contemplated by the Merger Agreement or making the consummation of the transactions contemplated by the Merger Agreement illegal;

- the registration statement of which this proxy statement/prospectus forms a part must have been declared effective under the Securities Act and must not be subject to any stop order suspending the effectiveness of the registration statement or proceedings initiated or threatened by the SEC for that purpose;

- the shares deliverable to the unitholders as contemplated by the Merger Agreement must have been approved for listing on a national securities exchange, subject to official notice of issuance;

the Second Supplemental Indenture (the 2020 Supplemental Indenture ), among the Partnership, Legacy Reserves Finance Corporation (together with the Partnership, the Issuers ), the guarantors party thereto and Wilmington Trust, National Association (as successor to Wells Fargo Bank, National Association), as trustee (the Trustee ), to the Indenture, dated as of December 4, 2012, among the Issuers, the guarantors party thereto and the Trustee relating to the issuance by the Issuers of the 8% senior notes due 2020 (the 2020 Senior Notes ) must have been entered into and all conditions precedent necessary for its effectiveness, other than any conditions related to the transactions contemplated by the Merger Agreement, must have been satisfied or waived;

the Second Supplemental Indenture (the 2021 Supplemental Indenture ), among the Issuers, the guarantors party thereto and the Trustee, to the Indenture, dated as of May 28, 2013, among the Issuers, the guarantors party thereto and the Trustee relating to the issuance by the Issuers of the 6.625% senior notes due 2021 (the 2021 Senior Notes, together with the 2020 Senior Notes, the Senior Notes ), must have been entered into and all conditions precedent necessary for its effectiveness, other than any conditions related to the transactions contemplated by the Merger Agreement, must have been satisfied or waived;

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- the Ninth Amendment to the Third Amended and Restated Credit Agreement (the Credit Agreement Amendment ), among the Partnership, as borrower, Wells Fargo Bank, National Association, as administrative agent, Compass Bank, as syndication agent, UBS Securities LLC and U.S. Bank National Association, as co-documentation agents and the lenders party thereto, dated as of April 1, 2014, must have been entered into and all conditions precedent necessary for the effectiveness of the Credit Agreement Amendment, other than any conditions related to the transactions contemplated by the Merger Agreement, must have been satisfied or waived;

- the Fourth Amendment to the Credit Agreement (the Term Loan Amendment ), dated as of October 25, 2016, by and among the Partnership, the financial institutions from time to time party thereto as lenders, and Cortland Capital Market Services LLC, as the administrative agent, must have been entered into and all conditions precedent necessary for the effectiveness of the Term Loan Amendment, other than any conditions related to the transactions contemplated by the Merger Agreement, must have been satisfied or waived;

- all conditions precedent required to consummate the GP Purchase Agreement, other than any conditions related to the transactions contemplated by the Merger Agreement, must have been satisfied or waived;

- the New Legacy Board or its compensation committee shall have adopted the New Legacy LTIP and authorized certain equity awards thereunder as of the effective time of the Merger; and

- the Partnership GP must have delivered or caused to be delivered to each of the Partnership, New Legacy and Merger Sub a consent authorizing, among other things, the Merger Agreement and the transactions contemplated thereby, duly executed by each of the members of the Partnership GP.

The obligations of New Legacy and Merger Sub to effect the Merger are subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties in the Merger Agreement of the Partnership and the Partnership GP being true and correct as of March 23, 2018 and as of the closing date of the Merger, subject to certain standards, including materiality and material adverse effect qualifications, as described in The Merger Agreement Conditions to Consummation of the Merger ;

- the Partnership and the Partnership GP having performed in all material respects all obligations required to be performed by each of them under the Merger Agreement; and

- the receipt by New Legacy of an officer s certificate signed on behalf of the Partnership and the Partnership GP by an executive officer of the Partnership GP certifying that the preceding conditions have been satisfied.

The obligation of the Partnership to effect the Merger is subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties in the Merger Agreement of New Legacy being true and correct as of March 23, 2018 and as of the closing date of the Merger, subject to certain standards, including materiality and material adverse effect qualifications, as described in The Merger Agreement Conditions to Consummation of the Merger ;

- New Legacy and Merger Sub having performed in all material respects all obligations required to be performed by each of them under the Merger Agreement; and

- the receipt by the Partnership of an officer s certificate signed on behalf of New Legacy by an executive officer of New Legacy certifying that the preceding conditions have been satisfied.

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***Unitholder Approval***

The Partnership has agreed to hold a special meeting of the unitholders as promptly as practicable for purposes of obtaining the unitholder approval. See Special Meeting.

The Merger Agreement also requires the Partnership, through the GP Board, to recommend to the unitholders the approval of the Merger Agreement, unless the GP Board has concluded that recommending approval of the Merger Agreement to the unitholders would be inconsistent with its duties to the unitholders under applicable law, and to use reasonable best efforts to obtain from the unitholders of the Partnership the unitholder approval. This obligation of the Partnership to hold the special meeting is not affected by the withdrawal or modification by the GP Board of its recommendation with respect to the Merger Proposal or its approval of the Merger Agreement or the transactions contemplated by the Merger Agreement.

***Termination of the Merger Agreement***

The Partnership and New Legacy may terminate the Merger Agreement at any time prior to the effective time of the Merger by mutual written consent authorized by the New Legacy Board and GP Board.

In addition, either the Partnership or New Legacy may terminate the Merger Agreement at any time prior to the effective time of the Merger by written notice to the other party if:

- the closing of the Merger has not occurred on or before December 31, 2018;
- any restraint is in effect and has become final and nonappealable, except that the right to terminate will not be available to the Partnership or New Legacy if the failure to satisfy such condition was due to the failure of, in the case of the Partnership, the Partnership or the Partnership GP and in the case of New Legacy or Merger Sub, to perform any of its obligations under the Merger Agreement; or
- the special meeting is concluded and the unitholder approval is not obtained.

New Legacy also may terminate the Merger Agreement if:

- the Partnership or the Partnership GP breaches or fails to perform any of its representations, warranties, covenants or agreements such that certain closing conditions would not be satisfied, or if such breach or failure is capable of being cured, such breach or failure has not been cured within 30 days following delivery of written notice by New Legacy and New Legacy is not then in any material breach.

The Partnership also may terminate the Merger Agreement if:

the GP Board, prior to the special meeting, shall have concluded that recommending to the unitholders approval of the Merger Agreement would be inconsistent with its duties to the unitholders under applicable laws; or

New Legacy breaches or fails to perform any of its representations, warranties, covenants or agreements such that certain closing conditions would not be satisfied, or if such breach or failure is capable of being cured, such breach or failure has not been cured within 30 days following delivery of written notice by the Partnership and the Partnership GP and the Partnership and the Partnership GP are not then in any material breach.

***Fees and Expenses***

The Merger Agreement provides that all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the Corporate Reorganization shall be paid by the Partnership, except that New Legacy has agreed to pay certain legal fees and $100,000 in advisor fees to GP Seller in connection with the GP Purchase pursuant to the GP Purchase Agreement.

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### Material U.S. Federal Income Tax Consequences

The receipt of common stock in exchange for units or Preferred Units pursuant to the Merger Agreement is generally intended to qualify as an exchange described in Section 351 of the Code for U.S. holders (as defined in Material U.S. Federal Income Tax Consequences ) for U.S. federal income tax purposes. A U.S. holder generally will not recognize gain or loss on the receipt of common stock in exchange for units or Preferred Units (although they may recognize gain with respect to any cash received in lieu of fractional shares as discussed below). Accordingly, other than with respect to cash received in lieu of fractional shares, it is intended that:

- U.S. holders will generally recognize no gain or loss (or cancellation of indebtedness income) on their receipt of common stock in exchange for units or Preferred Units;

- each U.S. holder s aggregate tax basis in the shares of common stock received in the Merger will generally be the same as their aggregate tax basis in the units or Preferred Units surrendered in exchange therefor, with such aggregate basis allocated pro rata among each share of common stock received in the Merger; and

- the holding period of common stock received in exchange for units or Preferred Units will generally include the holding period of the units or Preferred Units for which it is exchanged, except to the extent the common stock is received by such holder in exchange for interests in Section 751 assets of Partnership that are neither capital assets nor Section 1231 assets, in which case the holding period of such stock begins on the day following the date of the Merger.

The foregoing discussion assumes that no U.S. holder s share of the Partnership s nonrecourse liabilities exceeds their adjusted tax basis in their units or Preferred Units. If this assumption is not accurate with respect to any U.S. holder, such U.S. holder is strongly urged to consult its own tax advisor with respect to the U.S. holder s specific tax consequences of the Merger, taking into account its own particular circumstances.

The tax treatment of cash received in lieu of fractional shares by Preferred Unitholders is not entirely certain. New Legacy intends to take the position that the receipt of cash in lieu of fractional shares by Preferred Unitholders generally will be treated as money received in the Section 351 exchange and U.S. holders may recognize gain, if any, but not loss as a result thereof. The amount of gain required to be recognized by a holder will be equal to the lesser of (i) the amount of cash received and (ii) the amount of gain realized on the exchange. The amount of gain realized on the exchange, if any, will be the excess of (x) the sum of the fair value of the common stock received, plus any cash received in lieu of fractional shares, plus such holder s share of the Partnership s nonrecourse liabilities immediately prior to the Merger, over (y) such holder s adjusted tax basis in the units and Preferred Units exchanged in the Merger. Except as noted below, gain recognized by a U.S. holder on the receipt of cash in lieu of fractional shares in the Merger generally will be taxable as capital gain. However, a portion of this gain, if any, may be separately computed and taxed as ordinary income under Section 751 of the Code to the extent attributable to unrealized receivables, including depreciation recapture, or to inventory items owned by the Partnership and its subsidiaries. To the extent a U.S. holder of Preferred Units receives cash in lieu of fractional shares, such holder s basis in the common stock received in the Merger will be calculated as described above, but increased by the amount of any gain, if any, recognized in the Merger and decreased by the amount of cash received. It is possible, however, that the receipt of cash in lieu of a fractional share may be treated as if the U.S. holder received the fractional share in the Merger and

then received the cash in a redemption of the fractional share, in which case the U.S. holder should generally recognize gain or loss equal to the difference between the amount of the cash received in lieu of the fractional share and the U.S. holder s tax basis allocable to such fractional share.

Capital gain recognized by a U.S. holder will generally be long-term capital gain if the U.S. holder has held its units for more than one year as of the effective time of the Merger. If the U.S. holder is an individual, such long-term capital gain will generally be eligible for reduced rates of taxation.

Passive losses that were not deductible by a U.S. holder in prior taxable periods because they exceeded a U.S. holder s share of the Partnership s income may be utilized to offset any gain recognized in the Merger and may be deducted in full upon the U.S. holder s taxable disposition of its common stock received in the Merger.

**The U.S. federal income tax consequences of the Merger to a unitholder or Preferred Unitholder are complex and will depend on such limited partner s own personal tax situation. Accordingly, each U.S. holder is strongly urged to consult its own tax advisor with respect to the specific tax consequences of the Merger, taking into account its own particular circumstances. See Material U.S. Federal Income Tax Consequences for a more complete discussion of certain U.S. federal income tax consequences of the Merger.**

### Other Information Related to the Corporate Reorganization

***No Appraisal Rights or Dissenters Rights***

The limited partners are not entitled to appraisal rights or dissenters rights in connection with the Corporate Reorganization under applicable law or contractual appraisal rights under the Partnership Agreement or the Merger Agreement.

***Antitrust and Regulatory Matters***

The Partnership and New Legacy have determined that the Corporate Reorganization is not subject to the requirements of the HSR Act, and no other governmental consents are required.

***Listing of New Legacy Common Stock; Deregistration and Delisting of the Units***

It is a condition to the consummation of the Merger that the common stock issuable in the Merger be approved for listing on NASDAQ, subject to official notice of issuance. The common stock is expected to trade on NASDAQ under the symbol LGCY. Upon consummation of the Merger, the units currently listed on NASDAQ will cease to be listed on NASDAQ and will be subsequently deregistered under the Exchange Act.

The former unitholders and Preferred Unitholders will become stockholders of New Legacy, and their rights as stockholders will be governed by Delaware law and by New Legacy s amended and restated certificate of incorporation and bylaws that will be in effect upon consummation of the Corporate Reorganization. The Partnership intends to cease filing periodic reports pursuant to the Exchange Act with the SEC following deregistration of its limited partner interests, pursuant to securities laws requirements, with New Legacy becoming the successor registrant.

***Accounting Treatment of the Merger***

The Merger will be accounted for as an equity transaction among the owners of New Legacy using historical cost accounting with no gain or loss being recognized.

***Pending Litigation***

On March 28, 2018, a holder of the Preferred Units filed a putative class action challenging the Merger against the Partnership, the Partnership GP and New Legacy (the Doppelt Action ) in the Court of Chancery of the State of

Delaware (the Court ). The initial complaint in the Doppelt Action contained two causes of action challenging the Merger, including breach of the Partnership Agreement and breach of the implied covenant of good faith and fair dealing. The plaintiff in the Doppelt Action sought injunctive relief prohibiting consummation

of the Merger or, in the event the Merger is consummated, rescission or rescissory damages, as well as reasonable attorneys and experts fees and expenses. On April 4, 2018, a motion to expedite was filed in connection with the Doppelt Action, by which the plaintiff sought a hearing on a motion for a preliminary injunction prior to the close of the Merger and requested that the Court set an expedited discovery schedule prior to any such hearing. The plaintiff in the Doppelt Action also filed a lawsuit against the Partnership and the Partnership GP in 2017 for breach of the Partnership Agreement based on the treatment of the accrued but unpaid preferred distributions as guaranteed payments for tax purposes (the Doppelt Tax Action ).

A second putative class action lawsuit challenging the Merger was filed in the Court on April 3, 2018 against the Partnership, the Partnership GP and New Legacy (the Chammah Ventures Action ). The Chammah Ventures Action contained the same causes of action and sought substantially the same relief as the Doppelt Action.

On April 13, 2018, the Court issued an order consolidating the Doppelt Action and Chammah Ventures Action (together, the Consolidated Action ) and appointing the plaintiff in the Doppelt Action as lead plaintiff and his counsel as lead counsel for the putative class action. On April 13, 2018, the Court also granted the motion to expedite the Consolidated Action. On April 23, 2018, the plaintiff in the Consolidated Action filed an amended complaint, adding an additional count for breach of the Partnership Agreement. A hearing on the plaintiff s motion for a preliminary injunction and the Partnership s motion to dismiss occurred on June 4, 2018.

On June 22, 2018, the Partnership, New Legacy, the Partnership GP and the plaintiff in the Consolidated Action reached an agreement in principle to settle the Consolidated Action. The parties submitted a stipulation and agreement of settlement to the Court on July 6, 2018 (the Settlement Agreement ) and, on July 11, 2018, the Court entered a scheduling order for consideration of the Settlement Agreement (the Scheduling Order ). The Scheduling Order sets September 12, 2018 as the date for the hearing at which the Court will consider (i) the fairness of the Settlement Agreement; (ii) whether a judgment should be entered dismissing the Doppelt Action with prejudice; (iii) the plaintiff s counsel s application for fees and expenses; and (iv) any objections to the Settlement Agreement. The Settlement Agreement, if approved by the Court, will grant holders of Series A Preferred Units and Series B Preferred Units approximately 10,730,000 shares of common stock in New Legacy in addition to the approximately 16,913,592 shares those holders would collectively receive pursuant to the exchange ratios that were included in the Agreement and Plan of Merger, dated March 23, 2018, by and among the Partnership, New Legacy, Merger Sub and the Partnership GP. In exchange, the class of Preferred Unitholders (dating back to January 21, 2016 through the consummation of the Merger) have agreed to release the Partnership, the Partnership GP and New Legacy, and any of their parent entities, controlling persons, associates, affiliates, including any person or entity owning, directly or indirectly, any portion of the Partnership GP, or subsidiaries and each and all of their respective officers, directors, stockholders, employees, representatives, advisors, consultants and other released parties (the Released Parties ), from liability for any claims related to or arising out of the rights inhering to the Preferred Units (subject to limited exceptions related to tax liabilities), including all claims brought in the Consolidated Action. As part of the Settlement Agreement, the Doppelt Tax Action will be dismissed. Each of the administrative agent for the Revolving Credit Agreement (as defined below) and the majority lenders under the Term Loan Credit Agreement (as defined below) have consented to the terms of the Settlement Agreement, as required pursuant to the terms of the Revolving Credit Agreement and the Term Loan Credit Agreement, respectively.

A third putative class action lawsuit challenging the Merger was filed against the Partnership, the Partnership GP, New Legacy and Merger Sub on April 27, 2018 by Patrick Irish in the District Court in Midland County, Texas (the Irish Action ). The Irish Action contains the same general causes of action as the initial complaint filed in the Doppelt Action and the Chammah Ventures Action and seeks the same relief. The Partnership, the Partnership GP, New

Legacy and the plaintiff s counsel in the Consolidated Action have agreed to coordinate efforts to obtain a dismissal of the Irish Action following the consummation of the Merger.

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The Partnership and New Legacy cannot predict the outcome of these or any other lawsuits that might be filed subsequent to the date of the filing of this proxy statement/prospectus, nor can the Partnership or New Legacy predict the amount of time and expense that will be required to resolve such litigation.

***Comparison of the Rights of Stockholders and Unitholders***

A limited partnership is inherently different from a corporation. Ownership interests in a limited partnership are therefore fundamentally different from ownership interests in a corporation. Unitholders and Preferred Unitholders will own common stock following the consummation of the Merger, and their rights associated with the common stock will be governed by the Delaware General Corporation Law (the DGCL ) and New Legacy s organizational documents (which will be effective upon consummation of the Merger), which differ in a number of respects from the Partnership Agreement and Delaware Revised Uniform Limited Partnership Act (the Delaware LP Act ). These differences are described in more detail under Comparison of the Rights of Stockholders and Unitholders.

## Recent Developments

On July 31, 2018, the lenders for the Revolving Credit Agreement agreed to waive the Partnership s compliance with the ratio of consolidated current assets to consolidated current liabilities covenant contained in the Revolving Credit Agreement for the fiscal quarter ended June 30, 2018.

## Summary of Risk Factors

You should consider carefully all the risk factors together with all of the other information included in this proxy statement/prospectus before deciding how to vote. The risks related to the Corporate Reorganization and the related transactions, the Partnership s business, common stock and risks resulting from New Legacy s organizational structure are described under Risk Factors beginning on page 30. Some of these risks include, but are not limited to, those described below:

- The Corporate Reorganization is subject to conditions, including some conditions that may not be satisfied on a timely basis, if at all. Failure to complete the Corporate Reorganization, or significant delays in completing the Corporate Reorganization, could negatively affect the Partnership s business and financial results and the price of the units or, following the consummation of the Corporate Reorganization, future business and financial results and the price of the common stock.

- If the Corporate Reorganization is approved by unitholders, the date that the unitholders and Preferred Unitholders will receive the Merger Consideration is uncertain.

- The Partnership will incur substantial transaction-related costs in connection with the Corporate Reorganization.

Certain executive officers and directors of the Partnership GP have interests in the Corporate Reorganization that are different from, or in addition to, the interests they may have as unitholders, which could have influenced their decision to support or approve the Corporate Reorganization.

The unaudited pro forma financial information included in this proxy statement/prospectus is presented for illustrative purposes only and may not be an indication of New Legacy s financial condition or results of operations following the Corporate Reorganization.

The Partnership and New Legacy are subject to litigation related to the Merger.

The Merger may be treated as a taxable transaction, and result in tax liability, for a limited partner, depending on such limited partner s particular situation.

The U.S. federal income tax treatment of owning and disposing of common stock received in the Merger will be different than the U.S. federal income tax treatment of owning and disposing of units.

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## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF THE PARTNERSHIP

The following table sets forth the Partnership s selected historical consolidated financial data derived from the Partnership s unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2018 and 2017 and from the Partnership s audited consolidated financial statements as of and for each of the years ended December 31, 2017, 2016, 2015, 2014 and 2013. You should read the following data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations of the Partnership and the consolidated financial statements and the related notes thereto included within this proxy statement/prospectus. You should not assume the results of operations for any past period indicate results for any future period.

| | Three Months Ended March 31, | | Years Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2017[a] | 2016 | 2015[b] | 2014[c] | 2013 |
| | (In thousands, except per unit data) | | | | | | |
| **Statement of Operations Data:** | | | | | | | |
| **Revenues:** | | | | | | | |
| Oil sales | $ 93,411 | $ 49,142 | $ 239,448 | $ 152,507 | $ 199,841 | $ 396,774 | $ 405,536 |
| Natural gas liquids sales | 7,396 | 5,050 | 24,796 | 15,406 | 16,645 | 27,483 | 14,095 |
| Natural gas sales | 36,672 | 45,355 | 172,057 | 146,444 | 122,293 | 108,042 | 65,858 |
| Total revenues | 137,479 | 99,547 | 436,301 | 314,357 | 338,779 | 532,299 | 485,489 |
| **Expenses:** | | | | | | | |
| Oil and natural gas production | 47,967 | 51,217 | 183,219 | 179,333 | 194,491 | 198,801 | 154,679 |
| Production and other taxes | 7,326 | 4,159 | 19,825 | 14,267 | 16,383 | 31,534 | 29,508 |
| General and administrative | 24,090 | 10,552 | 49,372 | 43,639 | 46,511 | 38,980 | 28,907 |
| Depletion, depreciation, amortization and accretion | 36,547 | 28,796 | 126,938 | 150,414 | 177,258 | 173,686 | 158,415 |
| Impairment of long-lived assets | | 8,062 | 37,283 | 61,796 | 633,805 | 448,714 | 85,757 |
| (Gain) loss on disposal of assets | (20,395) | (5,524) | 1,606 | (50,095) | (3,972) | (2,479) | 579 |
| Total expenses | 95,535 | 97,262 | 418,243 | 399,354 | 1,064,476 | 889,236 | 457,845 |
| Operating income (loss) | 41,944 | 2,285 | 18,058 | (84,997) | (725,697) | (356,937) | 27,644 |
| **Other income (expense):** | | | | | | | |
| Interest income | 12 | 1 | 64 | 67 | 329 | 873 | 776 |
| Interest expense | (27,368) | (20,133) | (89,206) | (79,060) | (76,891) | (67,218) | (50,089) |
| Gain on extinguishment of debt | 51,693 | | | 150,802 | | | |
| | 17 | 11 | 17 | | 126 | 428 | 559 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Equity in income of equity method investees | | | | | | | |
| Net gains (losses) on commodity derivatives | (1,704) | 34,669 | 17,776 | (41,224) | 98,253 | 138,092 | (13,531) |
| Other | 275 | (40) | 792 | (179) | 841 | 258 | 18 |
| Income (loss) before income taxes | 64,869 | 16,793 | (52,499) | (54,591) | (703,039) | (284,504) | (34,623) |
| Income tax (expense) benefit | (487) | (421) | (1,398) | (1,229) | 1,498 | 859 | (649) |
| Net income (loss) | 64,382 | 16,372 | (53,897) | (55,820) | (701,541) | (283,645) | (35,272) |
| Distributions to Preferred Unitholders | (4,750) | (4,750) | (19,000) | (19,000) | (19,000) | (11,694) | |
| Net income (loss) attributable to unitholders | $ 59,632 | $ 11,622 | $ (72,897) | $ (74,820) | $ (720,541) | $ (295,339) | $ (35,272) |

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| | Three Months Ended March 31, | | Years Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2017[a] | 2016 | 2015[b] | 2014[c] | 2013 |
| | (In thousands, except per unit data) | | | | | | |
| **Income (loss) per unit** | | | | | | | |
| Basic and diluted | $ 0.78 | $ 0.16 | $ (1.01) | $ (1.06) | $ (10.45) | $ (4.92) | $ (0.62) |
| **Distributions paid per unit** | $ | $ | $ | $ | $ 1.46 | $ 2.41 | $ 2.31 |
| **Cash Flow Data:** | | | | | | | |
| Net cash provided by (used in) operating activities | $ 54,017 | $ 34,892 | $ 100,209 | $ (310) | $ 2,046 | $ 207,216 | $ 241,134 |
| Net cash provided by (used in) investing activities | $ (49,622) | $ (20,390) | $ (279,236) | $ 119,989 | $ (377,420) | $ (632,414) | $ (209,401) |
| Net cash provided by (used in) financing activities | $ (5,633) | $ (15,049) | $ 177,718 | $ (119,130) | $ 376,655 | $ 423,339 | $ (32,658) |
| Capital expenditures | $ 73,927 | $ 29,023 | $ 314,491 | $ 41,932 | $ 579,463 | $ 640,414 | $ 204,911 |

| | Three Months Ended March 31, | Historical As of December 31, | | | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017[a] | 2016 | 2015[b] | 2014[c] | 2013 |
| | (In thousands) | | | | | |
| **Balance Sheet Data** | | | | | | |
| Cash and cash equivalents | $ | $ 1,246 | $ 2,555 | $ 2,006 | $ 725 | $ 2,584 |
| Other current assets | 109,939 | 111,358 | 80,217 | 127,453 | 191,529 | 72,115 |
| Oil and natural gas properties, net of accumulated depletion, depreciation, amortization and impairment | 1,359,444 | 1,353,356 | 1,181,909 | 1,408,956 | 1,639,974 | 1,535,429 |
| Other assets | 26,226 | 27,122 | 35,145 | 74,705 | 66,378 | 49,705 |
| Total assets | $ 1,495,609 | $ 1,493,082 | $ 1,299,826 | $ 1,613,120 | $ 1,898,606 | $ 1,659,833 |
| Current liabilities | $ 139,945 | $ 144,810 | $ 86,609 | $ 81,093 | $ 97,576 | $ 93,890 |
| Long-term debt | 1,296,953 | 1,346,769 | 1,161,394 | 1,427,614 | 938,876 | 878,693 |
| Other long-term liabilities | 259,825 | 273,190 | 273,902 | 284,090 | 224,949 | 176,854 |
| Partners equity (deficit) | (201,114) | (271,687) | (222,079) | (179,677) | 637,205 | 510,396 |
| Total liabilities and partners equity | $ 1,495,609 | $ 1,493,082 | $ 1,299,826 | $ 1,613,120 | $ 1,898,606 | $ 1,659,833 |

(a) Includes the production and operating results from the closing date on August 1, 2017 through December 31, 2017 of the properties acquired in conjunction with the $141 million acceleration payment (the Acceleration Payment ) under the Partnership s joint development agreement with certain investment funds of TPG Sixth Street Partners.

(b) Includes the Partnership s purchase of (1) 100% of the issued and outstanding limited liability company membership interests in Dew Gathering LLC, which owns directly and indirectly natural gas gathering and processing assets in Anderson, Freestone, Houston, Leon, Limestone and Robertson Counties, Texas (the WGR Acquisition ) from WGR Operating LP ( WGR ), and (2) various oil and natural gas properties and associated exploration and production assets (the Anadarko E&P Acquisition, together with the WGR

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Acquisition, the Anadarko Acquisitions ) from Anadarko E&P Onshore LLC ( Anadarko ) as of the closing date of the acquisition on July 31, 2015.

(c) Includes the Partnership s purchase of non-operated interests in 2,676 active wells acquired in the Piceance acquisition as of the closing date of the acquisition on June 4, 2014 (the Piceance Acquisition ).

**Non-GAAP Financial Measures**

The Partnership s management uses Adjusted EBITDA as a tool to provide additional information and metrics relative to the performance of its business. The management believes that Adjusted EBITDA is useful to investors because this measure is used by many companies in the industry as a measure of operating and financial performance and is commonly employed by financial analysts and others to evaluate the operating and financial performance of the Partnership from period to period and to compare it with the performance of other publicly traded partnerships within the industry. Adjusted EBITDA may not be comparable to a similarly titled measure of other publicly traded limited partnerships or limited liability companies because all companies may not calculate Adjusted EBITDA in the same manner. The following presents a reconciliation of Adjusted EBITDA, which is a non-GAAP measure, to its nearest comparable GAAP measure. Adjusted EBITDA should not be considered as an alternative to GAAP measures, such as net income, operating income, cash flow from operating activities, or any other GAAP measure of financial performance. Adjusted EBITDA is defined as net income (loss) plus:

Interest expense;

(Gain) loss on extinguishment of debt;

Income tax expense (benefit);

Depletion, depreciation, amortization and accretion;

Impairment of long-lived assets;

(Gain) loss on sale of partnership investment;

Loss (gain) on disposal of assets;

Equity in (income) loss of equity method investees;

Unit-based compensation expense (benefit) related to LTIP unit awards accounted for under the equity or liability methods;

Minimum payments received in excess of overriding royalty interest earned;

Equity in EBITDA of equity method investee;

Net (gains) losses on commodity derivatives;

Net cash settlements received (paid) on commodity derivatives; and

Transaction costs.

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The following table presents a reconciliation of the Partnership s consolidated net income (loss) to Adjusted EBITDA for the three months ended March 31, 2018 and 2017, and for the years ended December 31, 2017, 2016 and 2015, respectively.

| | Three Months Ended March 31, | | Years Ended December 31, | | |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2017 | 2016 | 2015 |
| | | | (in thousands) | | |
| **Net income (loss)** | $ 64,382 | $ 16,372 | $ (53,897) | $ (55,820) | $ (701,541) |
| Plus: | | | | | |
| Interest expense | 27,368 | 20,133 | 89,206 | 79,060 | 76,891 |
| Gain on extinguishment of debt | (51,693) | | | (150,802) | |
| Income tax expense (benefit) | 487 | 421 | 1,398 | 1,229 | (1,498) |
| Depletion, depreciation, amortization and accretion | 36,547 | 28,796 | 126,938 | 150,414 | 177,258 |
| Impairment of long-lived assets | | 8,062 | 37,283 | 61,796 | 633,805 |
| Loss (gain) on disposal of assets | (20,395) | (5,524) | 1,606 | (50,095) | (3,972) |
| Equity in income of equity method investees | (17) | (11) | (17) | | (126) |
| Unit-based compensation expense | 12,806 | 1,897 | 6,597 | 7,198 | 6,673 |
| Minimum payments received in excess of overriding royalty interest earned[(a)] | 522 | 445 | 1,936 | 1,659 | 1,130 |
| Equity in EBITDA of equity method investee[(b)] | | | | | 169 |
| Net (gains) losses on commodity derivatives | 1,704 | (34,669) | (17,776) | 41,224 | (98,253) |
| Net cash settlements received on commodity derivatives | (2,795) | 4,236 | 24,156 | 64,505 | 132,925 |
| Transaction costs | 1,782 | 32 | 8,769 | 5,245 | 8,919 |
| **Adjusted EBITDA** | $ 70,698 | $ 40,190 | $ 226,199 | $ 155,613 | $ 232,380 |

(a) A portion of minimum payments received in excess of overriding royalties earned under a contractual agreement expiring December 31, 2019. The remaining amount of the minimum payments are recognized in net income.

(b) EBITDA applicable to equity method investee is defined as the equity method investee s net income plus interest expense and depreciation. The Partnership divested its interest in this investee in May 2015.

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## SUMMARY SELECTED UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following sets forth summary selected unaudited pro forma condensed consolidated financial information for New Legacy after giving effect to the Corporate Reorganization. The amount of cash required to be paid in lieu of fractional shares has not been included in the unaudited pro forma financial information because such amount is not expected to be material and is based on the unit price on the closing of the Transaction and as such cannot be determined until the consummation of the Corporate Reorganization. See The Merger Consideration.

*Balance Sheet*. Had the Corporate Reorganization occurred as of March 31, 2018, the pro forma balance sheet would have reflected pro forma adjustments as follows:

- an increase in the Partnership s current liabilities of $6.5 million to $146.5 million due to a $3.0 million payment for the acquisition of the Partnership GP as well as other estimated professional fees to be incurred in connection with the Corporate Reorganization;

- an increase in the Partnership s current liabilities by $26.8 million to $173.3 million due to the acceleration of vesting dates related to the change of control. As these long term incentive plan liabilities are determined based upon the Partnership s unit price on the closing of the Transaction, a $6.15 unit price is assumed, which was the closing price of the units on July 9, 2018. Upon closing, New Legacy anticipates funding these obligations with approximately $30 million of borrowings under the $1.5 billion secured revolving credit facility with Wells Fargo Bank, National Association, as administrative agent, Compass Bank, as syndication agent, UBS Securities LLC and U.S. Bank National Association, as co-documentation agents and the lenders party thereto as amended most recently by the Ninth Amendment thereto (as amended, the Revolving Credit Agreement ) with the remainder of the obligation to be satisfied with the issuance of approximately 1.5 million shares of corporate stock;

- an increase in our deferred tax asset of $119.6 million determined using the current federal tax rate of 21%, as enacted under the Tax Cuts and Jobs act. This balance is due to historic impairment charges and recent net cumulative tax losses. However, due to our recent cumulative losses and current realization assessment, we would have recorded a full valuation allowance to fully offset such deferred tax asset and therefore would have no pro forma balance sheet impact related to our conversion to a taxable entity from a pass-through entity; and

- partners equity (deficit) would be eliminated and replaced with the common shares, paid in capital and retained earnings (deficit). There would be an increase in the Partnership s retained deficit of $33.4 million to $234.5 million representing the effect on partners deficit of the above noted adjustments.

*Statement of Operations*. Had the Corporate Reorganization occurred on January 1, 2017, the pro forma statements of operations for the year ended December 31, 2017 and the three months ended March 31, 2018 would have reflected pro forma adjustments as follows:

any costs associated with the Corporate Reorganization are direct costs and non-recurring by nature. As such, there would be no related pro forma adjustment to the Partnership s statement of operations;

there would not be a pro forma adjustment for income taxes upon becoming a taxable entity based on the Partnership s history of losses. Tax benefit calculated using the federal statutory rate would be offset by a full valuation allowance resulting in no net effect upon the Partnership s statement of operations;

distributions to preferred unit holders historically used to calculate net loss attributable to unitholders would be eliminated; and

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Income (loss) per unit would be eliminated and replaced with income (loss) per share (basic and diluted). For the twelve months ended December 31, 2017, this amount would have been ($0.52) which is calculated based on a net loss of $53.9 million and assuming 103,059,396 outstanding shares of common stock to be issued in connection with the Corporate Reorganization. For the three months ended March 31, 2018, this amount would have been $0.60 which is calculated based on a net income of $64.4 million and assuming 107,004,538 (107,311,728 diluted) outstanding shares of common stock to be issued in connection with the Corporate Reorganization.

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## MARKET PRICE INFORMATION

The units are traded on NASDAQ under the ticker symbol LGCY. The following table sets forth, for the periods indicated, the range of high and low sales prices for the units, on the NASDAQ composite tape, as well as information concerning quarterly cash dividends declared and paid on the Preferred Units. The sales prices are as reported in published financial sources.

| | Common Units | |
|---|---|---|
| | **High** | **Low** |
| **2016** | | |
| First Quarter | $ 1.96 | $ 0.61 |
| Second Quarter | $ 3.89 | $ 0.78 |
| Third Quarter | $ 2.01 | $ 1.25 |
| Fourth Quarter | $ 2.74 | $ 1.13 |
| **2017** | | |
| First Quarter | $ 2.77 | $ 1.76 |
| Second Quarter | $ 2.42 | $ 1.26 |
| Third Quarter | $ 1.55 | $ 1.08 |
| Fourth Quarter | $ 1.82 | $ 1.07 |
| **2018** | | |
| First Quarter | $ 4.94 | $ 1.56 |
| Second Quarter | $ 10.54 | $ 4.11 |
| Third Quarter (through August 1, 2018) | $ 6.97 | $ 4.95 |

As of July 26, 2018, the record date for the special meeting, there were 76,929,029 units outstanding held by 124 holders of record. The Partnership Agreement requires, within 45 days after the end of each quarter, the Partnership to distribute all of its available cash, as defined in the Partnership Agreement, to holders of record on the applicable record date. Although the Partnership has suspended distributions to the Preferred Unitholders, such distributions continue to accrue in arrears. Pursuant to the terms of the Partnership Agreement, the Partnership is required to pay or set aside for payment all accrued but unpaid distributions with respect to the Preferred Units prior to or contemporaneously with making any distribution with respect to the units.

The following table presents unit closing prices for units on March 23, 2018, the last trading day before the public announcement of the Corporate Reorganization, and August 1, 2018, the last practicable trading day prior to the printing of this proxy statement/prospectus, as reported on the NASDAQ.

| | Common Units |
|---|---|
| March 23, 2018 | $ 4.47 |
| August 1, 2018 | $ 5.35 |

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# RISK FACTORS

*In addition to the other information included in this proxy statement/prospectus, including the matters addressed in the section titled   Cautionary Statement Regarding Forward-Looking Statements,   you should carefully consider the following risks before deciding whether to vote for the approval of the applicable proposals described in this proxy statement/prospectus. Realization of any of the risks described below or any of the events described under   Cautionary Statement Regarding Forward-Looking Statements   could have a material adverse effect on the Partnership  s or, following the consummation of the Corporation Reorganization, New Legacy  s business, financial condition, cash flows and results of operations and could result in a decline in the price of common stock and for the trading prices of units.*

## Risks Related to the Corporate Reorganization

***The Corporate Reorganization is subject to conditions, including some conditions that may not be satisfied on a timely basis, if at all. Failure to complete the Corporate Reorganization, or significant delays in completing the Corporate Reorganization, could negatively affect the Partnership  s business and financial results and the price of the units or, following the consummation of the Corporate Reorganization, future business and financial results and the price of the common stock.***

The consummation of the Corporate Reorganization is subject to a number of conditions. The consummation of the Corporate Reorganization is not assured and is subject to risks, including the risk that the unitholder approval of the Merger is not obtained. Further, the Corporate Reorganization may not be consummated even if such unitholder approval is obtained. The Merger Agreement contains conditions, some of which are beyond the parties   control, that, if not satisfied or waived, may prevent, delay or otherwise result in the Merger and the Corporate Reorganization not being consummated. See   The Merger Agreement  Conditions to Consummation of the Merger.

If the Corporate Reorganization is not completed, or if there are significant delays in completing the Corporate Reorganization, the Partnership  s future business and financial results and the trading price of the units could be negatively affected or, following the consummation of the Corporation Reorganization, New Legacy  s future business and financial results and the price of the common stock could be negatively affected, and the parties will be subject to several risks, including the following:

- there may be negative reactions from the financial markets due to the fact that the current price of the units may reflect a market assumption that the Corporate Reorganization will be completed; and

- the attention of management will have been diverted to the Corporate Reorganization rather than the Partnership  s own operations and pursuit of other opportunities that could have been beneficial to the Partnership  s business.

***If the Corporate Reorganization is approved by unitholders, the date that the unitholders and Preferred Unitholders will receive the Merger Consideration is uncertain.***

As described in this proxy statement/prospectus, completing the proposed Corporate Reorganization is subject to several conditions, not all of which are controllable by the Partnership or New Legacy. Accordingly, if the proposed

Corporate Reorganization is approved by unitholders, the date that the unitholders and Preferred Unitholders will receive Merger Consideration depends on the completion date of the Corporate Reorganization, which is uncertain.

***The Partnership will incur substantial transaction-related costs in connection with the Corporate Reorganization.***

The Partnership expects to incur substantial expenses in connection with completing the Corporate Reorganization, including fees paid to legal, financial and accounting advisors, filing fees and printing costs. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time.

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***Certain executive officers and directors of the Partnership GP have interests in the Corporate Reorganization that are different from, or in addition to, the interests they may have as unitholders, which could have influenced their decision to support or approve the Corporate Reorganization.***

Certain executive officers and directors of the Partnership GP are parties to agreements or participants in other arrangements that give them interests in the Corporate Reorganization that may be different from, or be in addition to, your interests as a unitholder. These different interests are described in The Corporate Reorganization Interests of Certain Persons in the Merger.

***The unaudited pro forma financial information included in this proxy statement/prospectus is presented for illustrative purposes only and may not be an indication of New Legacy s financial condition or results of operations following the Corporate Reorganization.***

The unaudited pro forma financial information contained in this proxy statement/prospectus is presented for illustrative purposes only, is based on various adjustments, assumptions and preliminary estimates and may not be an indication of the financial condition or results of operations of New Legacy following the Corporate Reorganization for several reasons. The actual financial condition and results of operations of New Legacy following the Corporate Reorganization may not be consistent with, or evident from, this pro forma financial information. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the financial condition or results of operations of New Legacy following the Corporate Reorganization. Any potential decline in the financial condition or results of operations of New Legacy following the Corporate Reorganization may cause significant variations in the price of common stock after consummation of the Corporate Reorganization. See Summary Summary Selected Unaudited Pro Forma Condensed Consolidated Financial Information.

***The shares to be received by the unitholders and Preferred Unitholders as a result of the Corporate Reorganization have different rights than the units and Preferred Units.***

Following consummation of the Corporate Reorganization, unitholders and Preferred Unitholders will no longer hold units or Preferred Units, but will instead hold common stock. There are important differences between the rights of unitholders and Preferred Unitholders and the rights of stockholders. Ownership interests in a limited partnership are fundamentally different from ownership interests in a corporation. The unitholders and Preferred Unitholders will own common stock following the completion of the Corporate Reorganization, and their rights associated with the common stock will be governed by New Legacy s organizational documents and the DGCL, which differ in a number of respects from the Partnership Agreement and the Delaware LP Act. See Comparison of the Rights of Stockholders and Unitholders.

***The Partnership and New Legacy are subject to litigation related to the Merger.***

The Partnership and New Legacy are subject to litigation related to the Merger. See The Corporate Reorganization Pending Litigation. The Partnership, the Partnership GP and New Legacy have entered into the Settlement Agreement related to the Merger, which is subject to final court approval. There can be no assurances that final court approval will be obtained. In addition, it is possible that additional claims beyond those which have already been filed will be brought in an effort to enjoin the Merger or seek monetary relief from the Partnership or New Legacy. The Partnership and New Legacy cannot predict the outcome of this existing or potential litigation, nor can they predict the amount of time and expense that will be required to resolve such litigation. An unfavorable resolution

of any such litigation concerning the Merger could delay or prevent its consummation. In addition, the costs of defending the litigation, even if resolved in the Partnership s or New Legacy s favor, could be substantial and such litigation could distract the Partnership and New Legacy from pursuing the consummation of the Merger and other potentially beneficial business opportunities. The administrative agent for the Revolving Credit Agreement and the majority lenders under the Term Loan Credit Agreement each have consent rights relating to the settlement of certain litigation which may also limit the Partnership and New Legacy s ability to resolve any litigation in order to consummate the Merger and the Corporate Reorganization.

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### Tax Risks Related to the Merger

In addition to reading the following risk factors, you are urged to read Material U.S. Federal Income Tax Consequences for a more complete discussion of the expected material U.S. federal income tax consequences of the Merger and owning and disposing of common stock received in the Merger.

***No ruling has been requested with respect to the tax consequences of the Merger.***

Although it is intended that the Merger will qualify as an exchange described in Section 351 of the Code and that the U.S. holders of units will generally not recognize any gain or loss as a result of the Merger (other than gain that may be recognized with respect to cash received in lieu of fractional shares), no ruling has been or will be requested from the Internal Revenue Service, or IRS, with respect to the tax consequences of the Merger. Under certain circumstances, the Merger may be treated as a taxable transaction, and result in tax liability, for a limited partner, depending on such limited partner s particular situation. See Material U.S. Federal Income Tax Consequences.

***Unitholders will be allocated taxable income and gain of the Partnership through the time of the Merger and will not receive any additional distributions attributable to that income.***

Unitholders will be allocated their proportionate share of the Partnership s taxable income and gain for the period ending at the time of the Merger. Unitholders will have to report, and pay taxes on, such income even though they will not receive any additional cash distributions attributable to such income.

***The U.S. federal income tax treatment of owning and disposing of common stock received in the Merger will be different than the U.S. federal income tax treatment of owning and disposing of units.***

The Partnership is classified as a partnership for U.S. federal income tax purposes and, generally, is not subject to entity-level U.S. federal income taxes. Instead, each unitholder is required to take into account its respective share of the Partnership s items of income, gain, loss and deduction in computing its federal income tax liability as if the unitholder had earned such income directly, even if no cash distributions are made to the unitholder. A pro rata distribution of cash by the Partnership to a unitholder who is a U.S. holder (as defined in Material U.S. Federal Income Tax Consequences ) is generally not taxable for U.S. federal income tax purposes unless the amount of cash distributed is in excess of the unitholder s adjusted tax basis in its units.

In contrast, New Legacy is classified as a corporation for U.S. federal income tax purposes and is subject to U.S. federal income tax on its taxable income. As such, equity owners will no longer receive Forms K-1. Any future distribution of cash by New Legacy to a stockholder who is a U.S. holder generally will be included in such U.S. holder s income as ordinary dividend income to the extent of New Legacy s current or accumulated earnings and profits, as determined under U.S. federal income tax principles and will be reported to such owner of Form 1099-DIV. A portion of the cash distributed to stockholders by New Legacy after the Merger may exceed New Legacy s current or accumulated earnings and profits. Cash distributions in excess of New Legacy s current or accumulated earnings and profits will be treated as a non-taxable return of capital, reducing a U.S. holder s adjusted tax basis in such stockholder s common stock and, to the extent the cash distribution exceeds such stockholder s adjusted tax basis, as gain from the sale or exchange of such common stock. See Material U.S. Federal Income Tax Consequences.

### Risks Related to the Business

*Unless the context provides otherwise, when used in this Risks Related to the Business, references to we, us and our or like terms refer to (x) the Partnership, prior to the consummation of the Corporate Reorganization, and (y) New Legacy, after giving effect to the consummation of the Corporate Reorganization.*

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***If oil and natural gas prices decline, our cash flow from operations will decline.***

Lower oil and natural gas prices may decrease our revenues and thus cash flow from operations. Prices for oil and natural gas may fluctuate widely in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors that are beyond our control, such as:

- the domestic and foreign supply of and demand for oil and natural gas;
- market expectations about future prices of oil and natural gas;
- the price and quantity of imports of crude oil and natural gas;
- overall domestic and global economic conditions;
- political and economic conditions in other oil and natural gas producing countries, including embargoes and continued hostilities in the Middle East and other sustained military campaigns, and acts of terrorism or sabotage;
- the willingness and ability of members of the Organization of Petroleum Exporting Countries and other petroleum producing countries to agree to and maintain oil price and production controls;
- trading in oil and natural gas derivative contracts;
- the level of consumer product demand;
- weather conditions and natural disasters;
- technological advances affecting energy production and consumption;
- domestic and foreign governmental regulations and taxes;
- the proximity, cost, availability and capacity of oil and natural gas pipelines and other transportation facilities;

- the impact of the U.S. dollar exchange rates on oil and natural gas prices; and

- the price and availability of alternative fuels.

Historically, oil and natural gas prices have been extremely volatile. For example, for the five years ended December 31, 2017, the NYMEX-WTI oil price ranged from a high of $110.62 per Bbl to a low of $26.19 per Bbl, while the NYMEX-Henry Hub natural gas price ranged from a high of $8.15 per MMBtu to a low of $1.49 per MMBtu. As of June 30, 2018, the NYMEX WTI oil spot price was $74.15 per Bbl and the NYMEX-Henry Hub natural gas spot price was $2.96 per MMBtu. If oil and natural gas prices decline from current levels, it may have a material adverse effect on our operations and financial condition.

***Our business requires significant capital expenditures and we may be unable to obtain needed capital or financing on satisfactory terms or at all.***

Our development and acquisition activities require substantial capital expenditures. We expect to fund our capital expenditures through cash flows from operations. Future cash flows are subject to a number of variables, including the level of production from existing wells, prices of oil and natural gas and our success in developing and producing new reserves. If our cash flow from operations is not sufficient to fund our capital expenditure budget, we may have limited ability to obtain the additional capital necessary to sustain our operations at current levels. We may not be able to obtain debt or equity financing on terms favorable to us or at all. The failure to obtain additional financing could result in a curtailment of our operations relating to development of our oil and natural gas properties, which in turn could lead to a decline in our oil and natural gas production or reserves, and in some areas a loss of properties.

***Failure to replace reserves may negatively affect our business, results of operations and financial condition.***

The growth of our business depends upon our ability to find, develop or acquire additional oil and natural gas reserves that are economically recoverable. Our proved reserves generally decline when reserves are

produced, unless we conduct successful exploration or development activities or acquire properties containing proved reserves, or both. 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, develop or acquire additional reserves to replace our current and future production at acceptable costs. If oil and natural gas prices increase, our costs for additional reserves would also increase; conversely if natural gas or oil prices decrease, it could make it more difficult to fund the replacement of our reserves.

***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.***

The costs of rigs and oil field services necessary to implement our development projects decreased when oil and natural gas prices decreased in 2015. As oil and natural gas prices have increased, we are seeing service costs rise and availability diminish. Increased capital requirements for our projects will result in higher reserve replacement costs and could cause certain of our projects to become uneconomic even with increased commodity prices and therefore not to be implemented, reducing our production and cash flow. Decreased availability of drilling equipment and services could significantly impact the planned execution of our development program.

***Our substantial indebtedness and liquidity issues may impact our business, financial condition and operations.***

Due to our substantial indebtedness and liquidity issues, there is risk that, among other things:

- third parties confidence in our ability to develop oil and natural gas properties could erode, which could impact our ability to execute on our business strategy;
- it may become more difficult to retain, attract or replace key employees;
- employees could be distracted from performance of their duties or more easily attracted to other career opportunities; and
- our suppliers, vendors and service providers could renegotiate the terms of our arrangements, terminate their relationship with us or require financial assurances from us.

The occurrence of certain of these events may increase our operating costs and may have a material adverse effect on our business, results of operations and financial condition.

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

As of June 30, 2018, we had total long-term debt of approximately $1.3 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 and future business opportunities; 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 and cash flows are not sufficient to service our current or future indebtedness, in addition to the suspension of distributions, we will be forced to take actions such as further 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 Revolving Credit Agreement matures on April 1, 2019, our Term Loan Credit Agreement matures on August 31, 2021 (or August 31, 2020 if we have $15 million or more of outstanding Senior Notes), our 2020 Senior Notes mature on December 1, 2020 and our 2021 Senior Notes mature on December 1, 2021; if we are unable to refinance or otherwise repay such indebtedness there would be a material and adverse effect on our business continuity and our financial condition.***

As maturity dates for our outstanding indebtedness approach, particularly that of our Revolving Credit Agreement, we are evaluating, and will continue to evaluate and will opportunistically pursue, our options to refinance or repay such indebtedness, including alternatives in the debt and equity capital markets or discussions with lenders under our Revolving Credit Agreement and our second lien term loan credit agreement (the Term Loan Credit Agreement ).

If we do not have the capital necessary to repay our outstanding indebtedness when it matures, it will be necessary for us to take significant actions, such as revising or delaying our strategic plans, reducing or delaying planned capital expenditures, selling assets, restructuring or refinancing our debt or seeking additional equity capital. We may be unable to effect any of these remedial steps on a satisfactory basis, or at all. If we are unable to refinance or otherwise repay our debt upon the maturity of our indebtedness, we would be in default, which would result in material adverse consequences for us.

In addition, if we are unable to refinance indebtedness before that debt s maturity becomes current, there could be substantial doubt about our ability to continue as a going concern. If we are unable, or there is substantial doubt about our ability, to continue as a going concern, it would have a material adverse effect on the value of an investment in us.

***Our development projects require substantial capital expenditures. 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. We intend to finance our future capital expenditures with cash flow from operations and, subject to availability, borrowings under our Revolving Credit Agreement and our Term Loan Credit Agreement. 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;

- capital and lending market conditions;

- the prices at which our oil and natural gas are sold; and

- our ability to identify, acquire and exploit new reserves.

If our revenues or the borrowing base under our Revolving Credit Agreement 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

Agreement and our Term Loan Credit Agreement restrict our ability to obtain new financing. If additional capital is needed, we may not be able to obtain debt or equity financing due to such restrictions, market conditions or otherwise. If cash generated by operations or available under our Revolving Credit Agreement and our Term Loan Credit Agreement 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 and financial condition.

***Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could adversely affect our business, results of operations and financial condition.***

Our drilling activities are subject to many risks, including the risk that we will not encounter 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 or events;
- 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 and financial condition.

***If commodity prices decline, a significant portion of our development projects may become uneconomic and cause write downs of the value of our oil and natural gas properties, which may adversely affect our financial condition.***

Lower oil and natural gas prices may not only decrease our revenues, but also may render many of our development and production projects uneconomic and result in a downward adjustment of our reserve estimates,

which would negatively impact our borrowing base under our Revolving Credit Agreement and ability to fund operations.

A reduction in commodity prices may be caused by many factors, including substantial increases in U.S. production and reserves from unconventional (shale) reservoirs, without a corresponding increase in demand. The International Energy Agency forecasts continued U.S. oil production growth in 2018. This environment could cause the prices for oil to fall to lower levels.

Furthermore, a decrease in oil and natural gas prices may render a significant portion of our development projects uneconomic. In addition, if oil and natural gas prices decline, 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. For example, in the year ended December 31, 2017, we incurred impairment charges of $37.3 million, a portion of which was driven by commodity price changes. We may incur further 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.

***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 time frame 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 and financial condition.

***Fluctuations in price and demand for our production may force us to shut in a significant number of our producing wells, which may adversely impact our revenues.***

We are subject to great fluctuations in the prices we are paid for our production due to a number of factors. Drilling in shale resources has developed large amounts of new oil and natural gas supplies, both from natural gas wells and associated natural gas from oil wells, that have depressed the prices paid for our production, 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 production due to high levels of oil, 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, which may adversely impact our revenues. 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.

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***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. While this differential remained largely unchanged from 2015 through the first quarter of 2018, we have been adversely impacted by widening differentials in prior periods and a recurrence of such wider 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 East Texas, Colorado, West Texas, Southeast New Mexico, 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. In the past, we have used swaps on Northwest Pipeline, California SoCal NGI and San Juan Basin natural gas prices and we may do so again in the future. While we are paid a local price indexed to or closely related to these indexes, 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 both our Revolving Credit Agreement and our Term Loan Credit Agreement, any negative redetermination of our borrowing base under our Revolving Credit Agreement by our lenders and any potential disruptions of the financial markets could adversely affect our business, results of operations and financial condition.***

We depend on our Revolving Credit Agreement and our Term Loan Credit Agreement for future capital needs. Our Revolving Credit Agreement, 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 June 30, 2018, our borrowing base was $575.0 million and we had approximately $66.2 million available for borrowing. Our Term Loan Credit Agreement for second lien term loans maturing on August 31, 2020 provides for up to an aggregate principal amount of $400.0 million, of which we have used $338.6 million.

Our Revolving Credit Agreement and our Term Loan Credit Agreement restrict, among other things, our ability to incur debt 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 Agreement or our Term Loan Credit Agreement could result in a default under our Revolving Credit Agreement or our Term Loan Credit Agreement. A default under our Revolving Credit Agreement or our Term Loan Credit Agreement could cause all of our existing indebtedness, including our second lien term loans and our Senior Notes, to be immediately due and payable.

Outstanding borrowings in excess of the borrowing base must be repaid within four months, and, if mortgaged properties represent less than 95% 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 Agreement.

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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 and financial condition.

See Management s Discussion and Analysis of Financial Condition and Results of Operations of the Partnership Financing Activities.

***Low commodity prices may impact our ability to comply with debt covenants.***

Should oil and natural gas prices decline dramatically in 2018, we could breach certain financial covenants under our Revolving Credit Agreement or our Term Loan Credit Agreement, which would constitute a default under our Revolving Credit Agreement or our Term Loan Credit Agreement. Such default would require a waiver from our lenders in order for us to avoid an event of default and subsequent acceleration of all amounts outstanding under our Revolving Credit Agreement or our Term Loan Credit Agreement or foreclosure on our oil and natural gas properties. If the lenders under our Revolving Credit Agreement were to accelerate the indebtedness under our Revolving Credit Agreement as a result of such defaults, such acceleration could cause a cross-default of all of our other outstanding indebtedness and permit the holders of such indebtedness to accelerate the maturities of such indebtedness. Such a cross-default or cross-acceleration could have a wider impact on our liquidity than might otherwise arise from a default or acceleration of a single debt instrument. If an event of default occurs, or if other debt agreements cross-default, and the lenders under the affected debt agreements accelerate the maturity of any loans or other debt outstanding, the saleable value of our assets may not be sufficient to repay all of our outstanding indebtedness.

***Any acquisitions we complete are subject to substantial risks that could adversely affect our financial condition and results of operations.***

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 our cash flow, actual results may differ from our expectations and the impact of these acquisitions may actually result in a decrease in cash flow. Any acquisition involves potential risks, including, among other things:

- the validity of our assumptions about recoverable reserves, development potential, future production, revenues, capital expenditures, future oil and natural gas prices, operating costs and potential environmental and other liabilities;

- an inability to successfully integrate the assets and businesses we acquire;

- a decrease in our liquidity by using a portion of our available cash or borrowing capacity under our Revolving Credit Agreement and our Term Loan Credit Agreement 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 environmental and other 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; 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. Our estimates of future reserves and estimates of future development and production for our acquisitions and related forecasts of anticipated cash flow therefrom are initially based on detailed information furnished by the sellers and are 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.

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. Even when we inspect a well, we do not always discover structural, subsurface and environmental problems that may exist or arise.

***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 including the Bureau of Land Management. We may incur substantial costs in order to maintain compliance with these existing laws and regulations and could experience substantial disruptions to our operations if we do not timely receive permits required to drill new wells, especially on federal lands. 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 or disruptions may have a negative effect on our business, results of operations and financial condition.

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 and financial condition.

***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

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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 financial condition could be adversely affected.

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

From time to time, 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 wells in shale formations, as well as tight conventional formations including many of those that New Legacy completes and produces. This process involves the injection of water, sand and chemicals under pressure into rock formations to stimulate hydrocarbon 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 hydraulic fracturing process could make it easier for third parties opposed to the hydraulic fracturing process to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect the environment, including groundwater, soil or surface water. In addition, state and federal agencies recently have focused on a possible connection between the operation of injection wells used for oil and natural gas waste disposal and seismic activity. Similar concerns have been raised that hydraulic fracturing may also contribute to seismic activity. In light of these concerns, some state regulatory agencies have modified their regulations or issued order to address seismic activity. For example, the Railroad Commission of Texas has adopted regulations which place additional restrictions on the permitting of disposal well operations in areas of historical or future seismic activity. 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.

***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. In addition, in May 2016, the EPA issued rules covering methane emissions from new oil and natural gas industry operations. In July 2017, the EPA proposed a two-year stay of certain requirements of this rule pending reconsideration of the rule. Compliance with these requirements could increase our costs of development and production, which costs may be significant.

***We may not be able to maintain our listing on the Nasdaq Global Select Market or on any other national exchange.***

NASDAQ has established certain standards for the continued listing of a security on NASDAQ. The standards for continued listing include, among other things, that the minimum bid price for the listed securities

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not fall below $1.00 per share for a period of 30 consecutive trading days. Although we are currently in compliance with the minimum bid price requirement, in the future we may not satisfy NASDAQ s continued listing standards. If we do not satisfy any of NASDAQ s continued listing standards, the units and Preferred Units could be delisted. Other national exchanges have similar listing standards, and if we do not satisfy such listing standards following the completion of the Corporate Reorganization, the common stock, could be delisted from such exchange. Any such delisting could adversely affect the market liquidity of the units and Preferred Units, and following the Corporate Reorganization, the common stock, and the market price of our units and Preferred Units, and following the Corporate Reorganization, the common stock, could decrease. A delisting could adversely affect our ability to obtain financing for our operations or result in a loss of confidence by investors, customers, suppliers or employees.

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

The indentures governing 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 equity 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 or 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 Agreement, our Term Loan Credit Agreement, 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.

***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 and financial condition.

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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. To illustrate the price impact of commodity prices on our proved reserves subsequent to December 31, 2017, we recalculated the value of our proved reserves as of December 31, 2017 using the five-year average forward price as of March 31, 2018 for both WTI oil and NYMEX natural gas. While this 5-year NYMEX forward strip price is not necessarily indicative of our overall outlook on future commodity prices, this commonly used methodology may help provide investors with an understanding of the impact of a volatile commodity price environment. Under such assumptions, we estimate the cumulative projected production from our year-end proved reserves would increase by approximately 1.5% to 182.7 MMBoe from our previously reported 180.0 MMBoe, which is calculated as required by the SEC. In addition, the 10% discount factor we use when calculating discounted future net cash flows for reporting requirements in compliance with Financial Accounting Standards Board ( FASB ) Accounting Standards Codification 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 and financial condition.

***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 and financial condition.***

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 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 and financial condition.

***Increases in interest rates could adversely affect our business, results of operations, cash flows from operations and financial condition.***

Since all of the indebtedness outstanding under the Revolving Credit Agreement 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.

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***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 who are also subject to the effects of the current oil and natural gas commodity price environment. 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, industry 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 executive officer, member of our senior management or other key employees could negatively impact our ability to execute our strategy.

***Our business may be affected by shortages of skilled employees and labor cost inflation.***

Competition for skilled employees in the oil and gas industry in Midland, Texas is strong, and labor costs have increased moderately since 2015. We expect that the demand and, hence, costs for skilled employees will increase as prices for oil and natural gas rise. Continual high demand for skilled employees and continued increases in labor costs could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may be unable to compete effectively, which could have an adverse effect on our business, results of operations and financial condition.***

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 and financial condition.

***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 investors could lose confidence in our financial reporting, which would harm our business and the trading price of our securities.***

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

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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 securities.

***A failure in our operational systems or cyber security attacks on any of our facilities or those of third parties may have a material adverse effect on our business, results of operations and financial condition.***

Our business is dependent upon our operational systems to process a large amount of data and complex transactions. If any of our financial, operational or other data processing systems fail or have other significant shortcomings, our financial results could be adversely affected. Our financial results could also be adversely affected if an employee causes our operational systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating our operational systems. In addition, dependence upon automated systems may further increase the risk that operational system flaws, employee tampering or manipulation of those systems will result in losses that are difficult to detect.

Our operations are also subject to the risk of cyber security attacks. Any cyber security attacks that affect our facilities, our customers or our financial data could have a material adverse effect on our business. In addition, cyber security attacks on our customer and employee data may result in financial loss or potential liability and may negatively impact our reputation. Third-party systems on which we rely could also suffer system failures, which could negatively impact our business, results of operations and financial condition.

***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 and trading 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 and financial condition.

The swaps-related provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act ) and the rules the CFTC has adopted regulate the markets in certain derivative transactions, broadly referred to as swaps and which include hedging and non-hedging oil and gas and interest rate transactions, and market participants. Swaps falling within classes designated or to be designated by the CFTC are or will be subject to clearing on a derivatives clearing organization, and, if accepted for clearing, are subject to execution on an exchange or a swap execution facility if made available for trading on such facility. To date, the CFTC has designated only certain classes of interest rate and index credit default swaps for mandatory clearing. The Act provides an exception from application of the Act s clearing and trade execution requirements that qualifying commercial end-users may elect for swaps they use to hedge or mitigate commercial risks ( End-User Exception ). Although we believe we will be able to qualify for, and

have elected, the End-User Exception with respect to most, if not all, of the swaps we enter that otherwise would have to be cleared, if we cannot do so with respect to many of the swaps we enter into, our ability to execute our hedging program efficiently will be adversely affected. In addition, the CFTC and federal banking regulators have adopted rules (which are being

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phased in) requiring certain regulated persons to collect margin as to any uncleared swap from their counterparty to such swap if that counterparty is not a non-financial end user (as defined in such rules) Although we believe we qualify as a non-financial end user under such rules, if we do not do so and must provide margin regarding uncleared swaps to which we are a party, our results of operations and financial condition could be adversely affected.

The European Market Infrastructure Regulation ( EMIR ) 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. Such counterparties are required to comply with EMIR and accordingly will require us to transact with them in a manner that will ensure their compliance with EMIR. In broad terms, EMIR s effect on the derivatives markets and their participants, creates similar risks and could have similar adverse impacts as those under the swap regulatory provisions of the Act and the CFTC s swap rules. Finally, the Act included provisions, including related to position limits and reporting, that reflect that volatility in oil and natural gas prices is attributed by some legislators and regulators to speculative trading in derivatives and commodity instruments related to oil and natural gas. The CFTC and Congress periodically focus on such concerns, particularly at times of price rises in the market. Our revenues could be adversely affected if a consequence of that focus is legislative or regulatory actions that lead to lower commodity prices.

***Current and proposed derivatives legislation and rulemaking as well as restrictions on hedging activities in the Revolving Credit Agreement could have a material adverse effect on our business.***

If we or our derivatives counterparties are subject to additional requirements imposed as a result of the Act or any new (or newly implemented) regulations or international legislation, such changes may increase our transaction costs or make it more difficult for us to enter into hedging transactions on favorable terms. Any such regulations could also subject our hedge counterparties to limits on commodity positions and thereby have an adverse effect on our ability to hedge risks associated with our business or on the cost of our hedging activity. Further, our revolving credit agreement restricts the types of counterparties that we can enter into hedging transactions with and the security that we are able to provide counterparties that are not lenders under our Revolving Credit Agreement. Our inability to enter into hedging transactions on favorable terms, or at all, could increase our operating expenses and put us at increased exposure to risks of adverse changes in oil and natural gas prices. Any of these consequences could have a material adverse effect on us, our financial condition, and our results of operations and cash flows.

## Risks Related to the Common Stock

***The price of the common stock may experience volatility.***

Following the consummation of the Corporate Reorganization, the price of the common stock may be volatile. In addition to the risk factors described above, some of the factors that could affect the price of the common stock are quarterly increases or decreases in revenue or earnings, changes in revenue or earnings estimates by the investment community, sales of the common stock by significant stockholders, a turnover of the investor base as a result of the Corporate Reorganization, short-selling of the common stock by investors, issuance of a significant number of shares for equity-based compensation or to raise additional capital to fund New Legacy s operations, changes in market valuations of similar companies and speculation in the press or investment community about New Legacy s financial condition or results of operations, as well as any doubt about its ability to continue as a going concern. General market conditions and U.S. or international economic factors and political events unrelated to the performance of New Legacy may also affect its stock price. For these reasons, investors should not rely on recent trends in the price of the units to predict the future price of the common stock or New Legacy s future financial results.

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***New Legacy s amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon consummation of the Corporate Reorganization contain provisions that may make it more difficult for a third party to acquire control of it, even if a change in control would result in the purchase of your shares of common stock at a premium to the market price or would otherwise be beneficial to you.***

There are provisions in New Legacy s amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon consummation of the Corporate Reorganization that may make it more difficult for a third party to acquire control of Legacy, even if a change in control would result in the purchase of your shares of common stock at a premium to the market price or would otherwise be beneficial to you. For example, New Legacy s amended and restated certificate of incorporation authorizes the New Legacy Board to issue preferred stock without stockholder approval. If the New Legacy Board elects to issue preferred stock, it could be more difficult for a third party to acquire New Legacy.

In addition, provisions of New Legacy s amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon consummation of the Corporate Reorganization, including, if the Board Classification Proposal is approved by the unitholders, a classified board of directors, so that only approximately one-third of our directors are elected each year, and limitations on stockholder actions by written consent and on stockholder proposals and director nominations at meetings of stockholders, could make it more difficult for a third party to acquire control of New Legacy. Certain provisions of the DGCL may also discourage takeover attempts that have not been approved by the New Legacy Board.

***New Legacy does not expect to pay dividends on its common stock for the foreseeable future.***

New Legacy does not expect to pay dividends for the foreseeable future. In addition, New Legacy s Revolving Credit Agreement and Term Loan Credit Agreement may prohibit it from paying any dividends without the consent of the lenders under the Revolving Credit Agreement and Term Loan Credit Agreement, other than dividends payable solely in equity interests of New Legacy. Further, upon the consummation of the Corporate Reorganization, the Preferred Units will be converted into shares of common stock of New Legacy, and any rights to accumulated and unpaid distributions on such Preferred Units will be discharged. Accordingly, neither New Legacy nor the Partnership will make any distributions on account of any accrued but unpaid distributions on the Preferred Units that have accrued through the date of the Corporate Reorganization.

***The value of the shares you receive in connection with the Corporate Reorganization may be diluted by future equity issuances, and shares eligible for future sale may have adverse effects on New Legacy s share price.***

We cannot predict the effect of future sales of shares or the availability of shares for future sales, on the market price of or the liquidity of the market for the shares. Sales of substantial amounts of shares, or the perception that such sales could occur, could adversely affect the prevailing market price of the shares. 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.

New Legacy s authorized capital stock will consist of 945,000,000 shares of common stock and 105,000,000 shares of preferred stock, a significant portion of which will be unissued immediately following the Corporate Reorganization. New Legacy may need to raise a significant amount of capital to fund its drilling program and pay down outstanding indebtedness, including principal, interest and fees due under the Revolving Credit Agreement, the Term Loan Credit Agreement and the Senior Notes, and may raise such capital through the issuance of newly issued common stock or

preferred stock. Such issuance and sale of equity could be dilutive to the interests of existing stockholders.

Additionally, as of June 30, 2018, the Founding Investors and their affiliates, including members of the Partnership s management, currently own approximately 14.76% of the outstanding units and, following the Corporate Reorganization, will own 13.30% of the outstanding shares. The Partnership granted the Founding

Investors certain registration rights to have their units registered under the Securities Act (the Founders Registration Rights Agreement ). Following the consummation of the Corporate Reorganization, the Founding Investors will have registration rights with respect to the shares they receive pursuant to the Corporate Reorganization. The Founders Registration Rights Agreement gives the Founding Investors and their permitted transferees certain demand registration rights pursuant to which they will be entitled to cause us to register under the Securities Act all or a portion of the stock they receive in exchange for their units. The Founding Investors and their permitted transferees are entitled to exercise up to three demand registration rights with respect to registrations on SEC Form S-1, provided that the number of shares of common stock that the Founding Investors and their permitted transferees propose to include in each such registration is at least ten percent of the total number of shares (on an as-converted basis) they held following the completion of the private equity offering in March 2006, in which we issued 5,000,000 limited partnership units, the proceeds of which were used in the funding of our related formation transactions whereby we acquired our initial oil and natural gas properties and business operations. The Founding Investors and their permitted transferees also have an unlimited number of demand registration rights with respect to registrations on SEC Form S-3, provided that the gross proceeds to the selling stockholders in each such registration is expected to be at least $1 million. In addition, the Founders Registration Rights Agreement provides that if we at any time intend to file on our behalf or on behalf of any of our other shareholders a registration statement in connection with a public offering of any of our securities on a form and in a manner that would permit the registration for offer and sale of our common stock held by any of the Founding Investors or their permitted transferees, such groups will be able to exercise piggyback registration rights pursuant to which they will be entitled to participate in public offerings of our common stock. Upon registration, these shares 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 shares, or a perception in the market that such a sale is likely, could have a significant impact on the market price of such shares.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond the control of the Partnership and New Legacy, which may include statements about:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement;
- the outcome of any legal proceedings that have been or may be instituted against the Partnership or New Legacy and others relating to the Merger Agreement;
- the effect of the announcement of the Corporate Reorganization on the Partnership s customer relationships, operating results and business generally;
- the risks that the proposed Corporate Reorganization disrupts current plans and operations;
- the amount of the costs, fees, expenses and charges related to the Corporate Reorganization;
- the failure to obtain the unitholder approval and to satisfy the other conditions to the consummation of the Corporate Reorganization;
- the failure to realize a lower long-term cost of capital and other anticipated benefits of the proposed Corporate Reorganization;
- the Partnership and New Legacy s ability to access the debt and equity markets, which will depend on general market conditions and the credit ratings for debt obligations;
- the amount of oil and natural gas the Partnership produces;
- the price at which the Partnership is able to sell its oil and natural gas production;
- the Partnership s ability to identify, acquire, exploit and appropriately finance additional oil and natural gas properties at economically attractive prices;

the Partnership s ability to replace reserves and increase reserve value;

the Partnership s drilling locations and ability to continue its development activities at economically attractive costs;

the level of the Partnership s lease operating expenses, general and administrative costs and finding and development costs, including payments to the Partnership GP;

the level of the Partnership s capital expenditures;

the Partnership s ability to comply with, renegotiate or receive waivers of debt covenants under its Revolving Credit Agreement and Term Loan Credit Agreement;

the Partnership s ability to engage in lending and capital markets activity which may include debt refinancing or extensions, exchanges or repurchases or debt or equity issuances;

the Partnership s ability to divest non-core assets at economically attractive prices;

the Partnership s future operating results;

the Partnership s plans, objectives, expectations and intentions; and

other factors and uncertainties discussed in this proxy statement/prospectus and the Partnership s filings with the SEC, including the Partnership s Quarterly Report on Form 10-Q for the three months ended March 31, 2018 and Annual Report on Form 10-K for the year ended December 31, 2017.

All of these types of statements, other than statements of historical fact included in this document, 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, c such terms or other comparable terminology.

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The forward-looking statements contained in this document are largely based on the Partnership s expectations, which reflect estimates and assumptions made by the Partnership s management. These estimates and assumptions reflect the Partnership s 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 the Partnership s 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 document are not guarantees of future performance, and the Partnership s 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 described in Risk Factors. The forward-looking statements in this document speak only as of the date of this document; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to unduly rely on them.

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## INFORMATION ABOUT THE PARTIES

### Legacy Reserves Inc.

Legacy Reserves Inc., or New Legacy, is a Delaware corporation incorporated on March 22, 2018 for the purpose of effecting the Corporate Reorganization. New Legacy has not conducted any business operations other than incidental to its formation and in connection with the transactions contemplated by the Corporate Reorganization. Following the Corporate Reorganization, New Legacy will own the Partnership and the Partnership GP as direct or indirect wholly owned subsidiaries and will have no significant assets other than the stock or other voting securities of its subsidiaries. Its principal executive offices are located at 303 W. Wall St., Suite 1800, Midland, Texas 79701, and its telephone number is (432) 689-5200.

### Legacy Reserves LP

Legacy Reserves LP, or the Partnership, is a master limited partnership headquartered in Midland, Texas, focused on the development of oil and natural gas properties primarily located in the Permian Basin, East Texas, Rocky Mountain and Mid-Continent regions of the United States.

The Partnership s oil and natural gas production and reserve data as of December 31, 2017 were as follows:

- proved reserves of approximately 180.0 MMBoe, of which 66% were natural gas, 34% were NGLs and 94% were classified as proved developed producing; and

- proved reserves to production ratio of approximately 10.0 years based on the annualized production volumes for the three months ended December 31, 2017.

The Partnership has built a diverse portfolio of oil and natural gas reserves, primarily through the acquisition of producing oil and natural gas properties and the development of properties in established producing trends. These acquisitions, along with its ongoing development activities and operational improvements, have allowed the Partnership to achieve significant production and reserve growth over the last decade.

The Partnership s principal executive offices are located at 303 W. Wall St., Suite 1800, Midland, Texas 79701, and its telephone number is (432) 689-5200.

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# THE SPECIAL MEETING

## Time, Place and Date

The special meeting will be held on September 19, 2018 at 10:30 a.m., local time, at Midland Country Club located at 6101 N. Highway 349, Midland, Texas 79705.

## Proposal 1

## Approval of the Merger Agreement and New Legacy Merger

As discussed elsewhere in this proxy statement/prospectus, the unitholders are being asked at the special meeting to approve the Merger Agreement, pursuant to which the Merger will be completed, with the Partnership continuing as the surviving entity and a wholly owned subsidiary of New Legacy. Unitholders should carefully read this proxy statement/prospectus, including the annexes, in its entirety for more detailed information concerning the Merger Agreement and the Corporate Reorganization. A vote to approve the Merger Agreement is effectively a vote in favor of the Corporate Reorganization which will result in a reorganization from a master limited partnership to a corporation. In particular, unitholders are directed to the Merger Agreement, a copy of which is attached as Annex A to this proxy statement/prospectus.

The GP Board unanimously recommends that unitholders vote FOR approval of the Merger Agreement.

## Proposal 2

## Approval of the Classification of the New Legacy Board

As discussed elsewhere in this proxy statement/prospectus, the unitholders are being asked at the special meeting to approve the classification of the New Legacy Board in accordance with the Amended and Restated Certificate of Incorporation of New Legacy, a copy of which is attached as Exhibit A to Annex A to this proxy statement/prospectus, to be in effect following the consummation of the Corporate Reorganization (and giving effect to necessary revisions as described in Exhibit A to Annex A based on the outcome of this Proposal 2). For a more detailed discussion of the proposed classification of the New Legacy Board, see Management of New Legacy.

The GP Board recommends that unitholders vote FOR approval of the classification of the New Legacy Board.

## Proposal 3

## Approval of the New Legacy Incentive Plan

At the special meeting, the unitholders are being asked to approve the New Legacy LTIP, a copy of which is attached to this proxy statement/prospectus as Annex B to this proxy statement/prospectus, to be in effect following the consummation of the Corporate Reorganization. For a more detailed summary of the terms of the New Legacy LTIP, see Description of the New Legacy 2018 Omnibus Incentive Plan.

The GP Board recommends that unitholders vote FOR approval of the New Legacy LTIP.

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## Proposal 4

## Advisory Approval of the Compensation Payments to Named Executive Officers

In accordance with Section 14A of the Exchange Act, the Partnership is providing its unitholders with the opportunity to cast an advisory, non-binding vote at the special meeting on the compensation that may be paid or become payable to its named executive officers in connection with the Corporate Reorganization and the agreements and understandings pursuant to which such compensation may be paid or become payable. For a more detailed summary of the compensation payments, see The Corporate Reorganization Interests of Certain Persons in the Merger. As required by those rules, the Partnership is asking its unitholders to vote on the adoption of the following resolution:

RESOLVED, that the compensation that may be paid or become payable to the Partnership s named executive officers in connection with the Corporate Reorganization, as disclosed pursuant to Item 402(t) of Regulation S-K in the table in the section of the proxy statement/prospectus entitled The Corporate Reorganization Interests of Certain Persons in the Merger Quantification of Potential Payments to Named Executive Officers in Connection with the Corporate Reorganization, including the associated narrative discussion, are hereby APPROVED on an advisory (non-binding) basis.

The votes on each Proposal are separate and apart from the votes on the other Proposals. Accordingly, you may vote to approve certain of the Proposals and vote not to approve other Proposals. Because the vote on the Compensation Proposal is advisory in nature only, it will not be binding on the Partnership or New Legacy. Accordingly, if the Merger Proposal and LTIP Proposal are approved and the Corporate Reorganization is completed, the compensation may become payable, subject only to the conditions applicable thereto, regardless of the outcome of the non-binding, advisory vote of the unitholders.

The GP Board recommends that unitholders vote FOR approval of the compensation payments to named executive officers.

## Proposal 5

## Adjournment of the Special Meeting

Unitholders may be asked to consider and vote on a proposal to adjourn the special meeting to a later date to solicit additional proxies in the event there are insufficient votes in favor of any of the foregoing proposals. See Adjournments.

The GP Board recommends that the unitholders vote FOR approval of any adjournment proposal.

The unitholders may also be asked to consider other matters as may properly come before the special meeting. At this time, the Partnership, the Partnership GP and New Legacy know of no other matters that will be presented for the consideration of the unitholders at the special meeting.

### Quorum

A majority of the voting power of the outstanding units entitled to vote at the meeting as of the record date represented in person or by proxy (by submitting a properly executed proxy card or properly submitting a proxy by telephone or

Internet) will constitute a quorum and will permit the Partnership to conduct the proposed business at the special meeting. Proxies received but marked as abstentions and broker non-votes (if any) will be counted as units that are present and entitled to vote for purposes of determining the presence of a quorum.

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### Record Date

The unitholder record date for the special meeting is the close of business on July 26, 2018. Unitholders may vote at the Special Meeting if they owned units at the close of business on the record date. Unitholders may cast one vote for each unit owned on the record date.

### Votes Required

Approval of the Merger Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the Board Classification Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the LTIP Proposal is being sought to satisfy the stockholder approval policy of NASDAQ. For these purposes, approval of the LTIP Proposal requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval, on an advisory, non-binding basis, of the Compensation Proposal, requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Approval of the Adjournment Proposal, if presented, requires the affirmative vote of holders of a majority of the votes cast (not including abstentions and broker non-votes) by unitholders who are present (in person or by proxy) and entitled to vote at the special meeting. Abstentions and broker non-votes (if any) will not be taken into account in determining the outcome of the Merger Proposal, Board Classification Proposal, LTIP Proposal, Compensation Proposal and Adjournment Proposal. **The votes on each Proposal are separate and apart from the votes on the other Proposals. Accordingly, you may vote to approve certain of the Proposals and vote not to approve other Proposals. Because the vote on the Compensation Proposal is advisory in nature only, it will not be binding on the Partnership or New Legacy.**

All of the directors and executive officers of the Partnership GP beneficially owned, in the aggregate, approximately 11.5% of the outstanding units as of the record date. The Partnership and New Legacy believe that the directors and executive officers of the Partnership GP will vote in favor of the Merger Proposal, in favor of the Board Classification Proposal, in favor of the LTIP Proposal, in favor of the Compensation Proposal and in favor of the Adjournment Proposal.

Each of the holders of limited liability company interests in the Partnership GP is party to the GP Purchase Agreement, which contains a voting covenant obligating such holder and its affiliates to vote any units it owns, directly or indirectly, in favor of the Merger Proposal. As of the record date, such holders beneficially owned 10,285,059 units or approximately 13.4% of the outstanding units. Certain of these holders are directors and/or executive officers of the Partnership GP and are included in the beneficial ownership amounts included in the previous paragraph.

Additionally, the Partnership and the Partnership GP have entered into a Standstill and Voting Agreement, pursuant to which, subject to certain limitations, the Fir Tree Parties are obligated to vote their units as recommended by the GP Board to the unitholders. As of the record date, the Fir Tree Parties own 3,633,533 units or approximately 4.7% of the outstanding units.

### Units Outstanding

As of the close of business on the record date, there were 76,929,029 units outstanding held by 124 holders of record. Each outstanding unit entitles its holder of record to one vote on each matter considered at the special meeting. The units are the only class of securities entitled to vote at the special meeting, and holders of the units are entitled to vote on the Merger Proposal, the Board Classification Proposal, the LTIP Proposal, the Compensation Proposal and the Adjournment Proposal.

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A complete list of registered unitholders entitled to vote at the special meeting will be available for inspection during ordinary business hours at the principal place of business of Legacy Reserves LP, 303 W. Wall St., Suite 1800, Midland, Texas 79701 for a period of at least 10 days before the special meeting and at the place of the special meeting for the duration of the meeting.

### Adjournments

If, at the special meeting, the number of units present or represented and voting in favor of the Merger Proposal is insufficient to approve the Merger Proposal, the Partnership intends to move to adjourn the special meeting in order to enable the GP Board to solicit additional proxies for approval of the Merger Proposal. In that event, the Partnership will ask its unitholders to vote upon the Adjournment Proposal, but not the Merger Proposal. If it is deemed necessary to adjourn the special meeting, no notice of the adjourned meeting is required to be given to unitholders, other than an announcement at the special meeting of the time and place to which the meeting is adjourned, unless a new record date is fixed for the adjourned meeting, in which case notice of the place, date and time of adjourned meeting shall be given to persons who are unitholders as of the new record date.

The Partnership is asking its unitholders to authorize the holder of any proxy solicited by the GP Board on a discretionary basis to vote in favor of adjourning the special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from unitholders who have previously voted.

Pursuant to the Partnership Agreement, in the absence of a quorum, the special meeting may be adjourned by the affirmative vote of unitholders of at least a majority of the units present and entitled to vote at the special meeting.

Upon an adjournment to a date within 45 days of the special meeting, notice need not be given of the adjourned meeting and a new record date need not be fixed, if the time and place thereof are announced at the special meeting. At the adjourned special meeting, the Partnership may transact any business that might have been transacted at the original special meeting. If the adjournment is for more than 45 days or if a new record date is fixed for the adjourned special meeting, a notice of the adjourned special meeting shall be given to all unitholders as of the new record date. References to the special meeting in this proxy statement/prospectus are to such special meeting as adjourned or postponed.

### Voting Procedure

*Voting by Unitholders*. If you are a unitholder who holds units in your own name, you may submit your proxy using any of the following methods:

- call the toll-free telephone number listed on your proxy card and follow the recorded instructions;
- go to the Internet website listed on your proxy card and follow the instructions provided;
- complete, sign and mail your proxy card in the postage-paid envelope; or

attend the special meeting and vote in person.

If you have timely and properly submitted your proxy, clearly indicated your vote and have not revoked your proxy, your units will be voted as indicated. If you have timely and properly submitted your proxy but have not clearly indicated your vote, your units will be voted FOR the Merger Proposal, FOR the Board Classification Proposal, FOR the LTIP Proposal, FOR the Compensation Proposal and FOR the Adjournment Proposal.

*Revocation.* If you hold your units in your own name, you may revoke your proxy at any time prior to its exercise by:

giving written notice of revocation to the Secretary of the Partnership at or before the special meeting;

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- appearing and voting in person at the special meeting; or

- properly completing and executing a later dated proxy and delivering it to the Secretary of the Partnership at or before the special meeting.

Your presence without voting at the special meeting will not automatically revoke your proxy, and any revocation during the special meeting will not affect votes previously taken.

*Validity*. The inspectors of election will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of proxies. Their determination will be final and binding. The GP Board has the right to waive any irregularities or conditions as to the manner of voting. The Partnership may accept your proxy by any form of communication permitted by applicable law so long as the Partnership is reasonably assured that the communication is authorized by you.

*Solicitation of Proxies*. The accompanying proxy is being solicited by the Partnership on behalf of the GP Board. The expenses of preparing, printing and mailing the proxy and materials used in the solicitation will be borne by the Partnership.

Morrow Sodali Global, LLC has been retained by the Partnership to aid in the solicitation of proxies for an initial fee of $10,000 and the reimbursement of out-of-pocket expenses. In addition to the mailing of this proxy statement/prospectus, proxies may also be solicited from unitholders by personal interview, telephone, fax or other electronic means by directors and officers of the Partnership GP and employees of affiliates of the Partnership who provide services to the Partnership, who will not receive additional compensation for performing that service. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of proxy materials to the beneficial owners of units held by those persons, and the Partnership will reimburse them for any reasonable expenses that they incur.

*Units Held in Street Name*. If you hold units in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or other nominee when voting your units or when granting or revoking a proxy.

As a general rule, absent specific instructions from you, your bank, broker or other nominee is not allowed to vote your units on any proposal on which your bank, broker or other nominee does not have discretionary authority. The only proposals for consideration at the special meeting are the Merger Proposal, the Board Classification Proposal, the LTIP Proposal, the Compensation Proposal and the Adjournment Proposal, which are non-discretionary matters for which banks, brokers and other nominees do not have discretionary authority to vote. To instruct your bank, broker or other nominee how to vote, you should follow the directions that your bank, broker or other nominee provides to you.

Please note that you may not vote your units held in street name by returning a proxy card directly to the Partnership or by voting in person at the special meeting unless you provide a legal proxy, which you must obtain from your bank, broker or other nominee. If you do not instruct your bank, broker or other nominee on how to vote your units, your bank, broker or other nominee may not vote your units, which will be deemed to not be a vote cast with respect to the Merger Proposal, Board Classification Proposal, LTIP Proposal and Adjournment Proposal and will have the same effect as a vote against the Compensation Proposal. You should therefore provide your bank, broker or other nominee with instructions as to how to vote your units.

**Householding of Proxy Statement/Prospectus**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement or annual report, as applicable, addressed to those stockholders.

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As permitted by the Exchange Act, only one copy of this proxy statement/prospectus is being delivered to stockholders residing at the same address, unless the stockholders have notified the company whose shares they hold of their desire to receive multiple copies of this proxy statement/prospectus. This process, which is commonly referred to in this proxy statement/prospectus as householding, potentially provides extra convenience for stockholders and cost savings for companies.

If, at any time, you no longer wish to participate in householding and would prefer to receive a separate copy of this proxy statement/prospectus, or if you are receiving multiple copies of this proxy statement/prospectus and wish to receive only one, please contact the Partnership at its address identified below. The Partnership will promptly deliver, upon oral or written request, a separate copy of this proxy statement/prospectus to any unitholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to:

**Legacy Reserves LP**

303 W. Wall Street, Suite 1800

Midland, Texas 79701

Attention: Investor Relations

Phone: (432) 698-5200

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# THE CORPORATE REORGANIZATION

## Overview

On March 23, 2018, New Legacy, Merger Sub, the Partnership and the Partnership GP entered into the Agreement and Plan of Merger (the Initial Merger Agreement ), pursuant to which Merger Sub, a subsidiary of New Legacy, will merge with and into the Partnership, with the Partnership continuing as the surviving entity and a wholly owned subsidiary of New Legacy. Additionally, and concurrently with its entry into the Merger Agreement, New Legacy, the Partnership and the Partnership GP entered into a GP Purchase Agreement with the GP Seller and all of the current GP Members, pursuant to which New Legacy will purchase all of the GP Interests for an aggregate purchase price of $3.0 million in cash, following which New Legacy will be the sole member of the Partnership GP. On July 9, 2018, pursuant to the Settlement Agreement and certain comments received from the staff of the SEC, New Legacy, Merger Sub, the Partnership and the Partnership GP entered into the Merger Agreement, revising the Exchange Ratios and making additional changes as discussed below in Background of the Corporate Reorganization.

## Background of the Corporate Reorganization

The GP Board has, from time to time, reviewed and evaluated potential strategic alternatives with management of the Partnership ( Legacy management or management ), including possible acquisitions, business combinations and capital or debt offerings. In this context, the GP Board has discussed various strategic alternatives that could potentially complement, enhance or improve both the competitive strengths and strategic position of the Partnership. The GP Board has considered these alternatives in connection with its evaluation of the strategic goals and initiatives of the Partnership. From time to time, Legacy management also had informal discussions with advisors regarding potential strategic transactions and engaged in exploratory discussions and evaluations of the potential benefits of, and other considerations regarding, these transactions.

Since the fourth quarter of 2014, these evaluations and discussions have occurred in an environment of significant volatility with respect to the price of crude oil, natural gas, NGLs and condensate. In light of the prevailing commodity price volatility and significant commodity price declines, Legacy management believed it was important to focus on capital investment efficiency, increased cost management and preserving and improving the Partnership s balance sheet which could better position the Partnership for the potential of an extended period of uncertain commodity prices.

Throughout 2015 and 2016, many upstream oil and gas companies filed for bankruptcy in order to reduce their debt burden and improve their capital structure. In connection with its evaluation of strategic alternatives, the Partnership considered whether an in-court restructuring process would maximize the value of the Partnership and engaged Kirkland & Ellis LLP ( Kirkland ). After careful examination of the Partnership s projected liquidity, covenant compliance under its Revolving Credit Agreement, and the likelihood of obtaining future credit agreement amendments as compared to the cost to the Partnership of potential asset degradation, loss of key personnel and advisor expenses from a prolonged in-court proceeding, the Partnership and the GP Board concluded, with the advice of advisors, that an in-court restructuring was not the best course of action for the Partnership. The Partnership instead focused on improving its capital structure through debt repurchases and other liability management initiatives.

In February 2016, the Partnership pursued and received relief from certain of the covenants under the Revolving Credit Agreement, and also instituted a covenant further limiting the Partnership s ability to pay cash distributions to limited partners unless more stringent leverage and liquidity tests were met. Following amendments to the Revolving

Credit Agreement, the Partnership sold certain undeveloped Permian Basin assets in order to fund the repurchase of its Senior Notes at then-market prices, which were at significant discounts to par, and repaid a portion of the amount outstanding under its Revolving Credit Agreement.

On June 30, 2016, management engaged Jefferies LLC ( Jefferies ) to assist the Partnership in restructuring its balance sheet or otherwise raising capital to further reduce debt outstanding and continued working with Kirkland on these efforts. Through confidential meetings and numerous diligence sessions, certain potential investors provided feedback to management that they were not interested in investing in securities ranking pari

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passu or junior to the existing Senior Notes. Based on such feedback, management determined that the best course of action was to pursue a second lien term loan. Several bids were received and the Partnership determined that an offer from certain funds managed, advised or sub-advised by GSO Capital Partners LP and/or its affiliates (collectively, GSO ) was the option that was most in the best interests of the Partnership. On October 25, 2016, the Partnership entered into the Term Loan Credit Agreement among the Partnership, Cortland Capital Market Services LLC, as administrative agent and second lien collateral agent, and GSO, providing for term loans up to an aggregate principal amount of $300.0 million, secured on a second lien priority basis by the same collateral securing the Partnership s Credit Agreement. In connection with the Term Loan Credit Agreement, the Partnership GP expanded the size of its Board by one director and entered into a Director Nomination Agreement, allowing GSO to nominate one board member to the GP Board.

During the first half of 2017, the Partnership continued to meet with other various financial advisors and stakeholders and Kirkland regarding a potential out-of-court restructuring and other liability management options. In connection with these discussions, the Partnership also considered a potential comprehensive restructuring of the Partnership s capital structure, including a transition from a partnership to a corporate entity. In March 2017, the Partnership discontinued working with Jefferies. On May 16, 2017, the GP Board determined that a conflict of interest may exist between the Partnership, its subsidiaries and the Partnership s unaffiliated unitholders, on the one hand, and the Partnership GP and its members, on the other hand, in connection with any consideration payable to the members of the Partnership GP in connection with a comprehensive restructuring of the Partnership s capital structure. The GP Board delegated authority to the Conflicts Committee of the GP Board (the Conflicts Committee ) to review, evaluate, negotiate and make a recommendation to the GP Board with respect to any consideration that may be payable to the members of the Partnership GP in connection with a comprehensive restructuring of the Partnership s capital structure. The GP Board also authorized the Conflicts Committee to select and engage its own financial and legal advisors, and the Conflicts Committee subsequently engaged Evercore Group L.L.C. ( Evercore ) as its financial advisor and Richards Layton & Finger, P.A. ( RLF ) as its legal counsel. In May and June of 2017, the Conflicts Committee had multiple meetings and, with the assistance of its advisors, began its evaluation of the amount that may be payable to the members of the Partnership GP in connection with a comprehensive restructuring of the Partnership s capital structure in order to obtain their consent to a reorganization and remove their negative control rights.

In the summer of 2017, the Partnership met with lenders under the Revolving Credit Agreement to discuss an extension of maturity under the Revolving Credit Agreement. The lenders were unreceptive to any extension, indicating that such extension would require 100% consent from all lenders, as none of the lenders would be willing to increase their lending under the Revolving Credit Agreement so long as the Partnership was organized as a limited partnership.

In September 2017, the Partnership held meetings with an ad hoc group of noteholders, including Fir Tree Partners ( Fir Tree ). On October 3, 2017, the Partnership met with this group and their financial and legal advisors in New York City to discuss valuation of the Partnership and potential strategic alternatives related to the Partnership, including debt equitizations. An agreement could not be reached on the valuation and pro forma ownership that the equitizing noteholders would receive based on the noteholders valuation, and after consulting with Kirkland, a financial advisor and with the GP Board at the October 19, 2017 meeting of the GP Board, the Partnership shortly thereafter terminated discussions with the ad hoc group of noteholders.

Simultaneously with the discussions with the ad hoc committee of noteholders, the Partnership worked with Kirkland and the Partnership s financial advisors to pursue an equity raise contingent on restructuring the Partnership into a corporate entity and the equitization of the Senior Notes held by such noteholders. A financial advisor, with input

from the Partnership s management, evaluated potential financing sources and approximately 15 financial institutions were contacted. The Partnership entered into confidentiality agreements with six of the financial institutions that were interested in additional information concerning a potential equity raise. The Partnership had meetings with five of these institutions and gave a presentation concerning the Partnership s potential restructuring plans and provided access to a data room. Follow-up meetings with certain of these

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potential investors were held in October 2017, but the Partnership was unable to reach agreement on the valuation, pro forma ownership of the new investors and offering terms with any of these potential investors. Some of these potential investors specifically indicated that they had no interest in investing in the Partnership given the Partnership s current capital structure and the market s overall negative views on the upstream MLP space.

After these attempts to raise additional third-party capital did not succeed, the Partnership and Kirkland evaluated structures and alternatives to reorganize the Partnership that did not involve additional investments of capital into the Partnership. With the impending maturity of the Revolving Credit Facility on April 1, 2019 and a scheduled borrowing base redetermination on April 1, 2018, the Partnership s management believed they had to present to the lenders under the Revolving Credit Facility a definitive plan to reorganize the Partnership in advance of this scheduled borrowing base redetermination.

In October and November 2017, as a result of these developments, the Partnership, with the advice of Kirkland, explored alternatives to reorganize the Partnership that ultimately would become the Corporate Reorganization. For example, the Partnership evaluated an Up-C reorganization, whereby certain limited partners would remain direct owners of the Partnership with a non-economic voting interest in New Legacy, exchangeable into a share of New Legacy common stock at a future date. The Up-C was determined to be too costly to maintain and resulted in an unnecessarily complicated organizational structure and share class. During this time, the Conflicts Committee held multiple meetings and, with the assistance of Evercore and RLF, re-started its evaluation of the amount that may be payable to the members of the Partnership GP in connection with a comprehensive restructuring of the Partnership s capital structure in order to obtain their consent to a reorganization and remove their negative control rights.

On November 30, 2017, following discussions with Kirkland and management regarding potential structuring options to reorganize the Partnership into a corporation, the GP Board refined and re-affirmed the delegation of authority to the Conflicts Committee to review, evaluate, negotiate and to make a recommendation to the GP Board with respect to any consideration payable to the members of the Partnership GP in connection with a comprehensive restructuring of the Partnership s capital structure.

Also on November 30, 2017, the Conflicts Committee held a meeting with Mr. Cary D. Brown, a representative of Moriah Properties, Ltd. ( Moriah Properties ), a member of the Partnership GP, who also serves as a Director of the Partnership GP. The Conflicts Committee presented Mr. Brown with an analysis of selected precedent general partner transactions and the value of the consideration paid in such transactions. At that time, no decisions were made or agreements reached as a result of the Conflicts Committee s meetings with Mr. Brown.

On December 12, 2017, Fir Tree approached the Partnership to discuss a transaction involving Fir Tree selling to the Partnership its entire position in the Partnership s Senior Notes. The parties then negotiated the terms of the transaction, with GSO participating in certain of the negotiations in order to purchase a portion of Fir Tree s position in the Partnership s Senior Notes directly from Fir Tree. On December 29, 2017, the GP Board held a meeting and approved the purchase of the Partnership s Senior Notes held by Fir Tree and discussed potential next steps regarding the possibility of transitioning from a limited partnership to a corporation, equitization of the Preferred Units and other potential capital structure items. It was determined at that meeting to begin discussions with the lenders under the Revolving Credit Agreement relating to the potential reorganization of the Partnership to a corporation.

On December 31, 2017, the Partnership purchased approximately $187.1 million in principal amount of the Partnership s 2021 Senior Notes from Fir Tree for an aggregate purchase price of approximately $132.1 million, which brought the Partnership s total holdings of its 2021 Senior Notes above 50% of the total amount outstanding, and GSO

completed its purchase of the Partnership s 2020 Senior Notes from Fir Tree, collectively representing the entirety of Fir Tree s holdings in the Partnership s Senior Notes. Concurrently with this

purchase, the Partnership entered into the Third Amendment to the Term Loan Credit Agreement, which, among other things, increased the maximum principal amount of the term loans to $400.0 million, which the Partnership utilized to fund the purchase of the 2021 Senior Notes bought from Fir Tree. In addition, the Partnership, the Partnership GP and GSO entered into a voting agreement with respect to their positions in the Partnership s 2020 Senior Notes whereby the Partnership generally agreed to vote its position of such notes consistent with that of GSO. As noted below, GSO later waived the obligation of the Partnership to vote its position of such notes consistent with that of GSO in connection with the Consent Solicitation (as defined below). The Partnership also entered into a voting and standstill agreement with Fir Tree, restricting Fir Tree from acquiring additional securities of the Partnership and obligating Fir Tree to vote its units as recommended by the GP Board, subject to certain limitations.

On January 4, 2018, members of management met with the lenders under the Revolving Credit Agreement to provide an overview of the to-be-announced transactions with Fir Tree and GSO and to discuss, among other things, the Partnership s plan to reorganize into a corporation and the effects such a reorganization would have on its capital structure and management s belief that such a reorganization would positively impact the Partnership s ability to pursue other strategic transactions, including equity raises and debt issuances. Because such a reorganization would be deemed a Change of Control under the Partnership Agreement and documentation governing the Partnership s outstanding indebtedness, Legacy management discussed the need for a waiver under the Revolving Credit Agreement and the Term Loan Agreement and supplemental indentures to amend the terms of the Senior Notes. The lenders and a sufficient number of holders of Senior Notes expressed their support for such a transaction.

On February 14, 2018, members of management presented at a meeting of the GP Board what management considered to be definitive transaction steps that would be required in order to effectuate the Corporate Reorganization. Representatives of Kirkland were present at the meeting in order to discuss the potential transaction. The GP Board approved management beginning negotiations with the lenders under the Revolving Credit Agreement, GSO, the trustee under the Senior Notes, and the members of the Partnership GP in order to prepare definitive documentation required to complete the reorganization into a corporation.

On March 3, 2018, Moriah Properties entered into a membership interest purchase agreement (the MIPA ) with the other members of the Partnership GP pursuant to which the other members of the Partnership GP agreed to sell all of their limited liability company interests in the Partnership GP to Moriah Properties immediately prior to the closing of the GP Purchase. Additionally, on March 23, 2018, Moriah Properties entered into an assignment agreement with the GP Seller, by which Moriah Properties has agreed to transfer to the GP Seller all of its limited liability company interests in the Partnership GP and its right to purchase the limited liability company interests in the Partnership GP under the MIPA.

Between March 3, 2018 and March 23, 2018, the Conflicts Committee (with assistance from its legal and financial advisors and, at the request of the Conflicts Committee, Legacy management) and Moriah Properties (with assistance from its legal and financial advisors) negotiated the consideration payable to the GP Seller, a subsidiary of Moriah Properties, and the other terms of the GP Purchase Agreement, including the indemnity and release provisions. As part of those negotiations, it was agreed that the aggregate consideration to be received by the GP Seller in exchange for all the outstanding limited liability company interests in Partnership GP would be $3.0 million in cash, plus payment of certain of GP Seller s legal fees and $100,000 in advisor fees.

On March 5, 2018, RLF distributed to Baker Botts L.L.P. ( Baker Botts ), counsel to Moriah Properties and the GP Seller, an initial draft of the GP Purchase Agreement.

On March 7, 2018, a meeting of the GP Board was held, at which representatives of Kirkland were present. The GP Board met to consider the proposed Corporate Reorganization and gave interim approval to proceed, subject to (i) Special Approval by the Conflicts Committee of the payment to be made for the limited liability company interests of the Partnership GP, (ii) approval of the Corporate Reorganization by the members of the

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Partnership GP and (iii) the waivers or amendments, as applicable, to the Revolving Credit Agreement, Term Loan Credit Agreement and indentures governing the Senior Notes.

On March 8, 2018, the Partnership approached the lenders under the Revolving Credit Agreement and GSO to negotiate the terms of any necessary waivers under the Revolving Credit Agreement and Term Loan Agreement, respectively. Over the next two weeks, the Partnership and the lenders under the Revolving Credit Agreement negotiated an amendment and waiver to the Revolving Credit Agreement, which permits (subject to certain conditions) the Merger and Corporate Reorganization and waives any impacts that could occur as a result of the Corporate Reorganization constituting a Change of Control thereunder. During the same period, the Partnership and GSO negotiated an amendment and waiver to the Term Loan Agreement which, in addition to permitting the Merger and Corporate Reorganizations (subject to certain conditions), waives any requirement to prepay the loans outstanding under the Term Loan Agreement using the Partnership s Free Cash Flow (as defined in the Term Loan Agreement) or limit Capital Expenditures (as defined in the Term Loan Agreement) prior to March 31, 2019 and waives any impacts that could occur as a result of the Corporate Reorganization constituting a Change of Control thereunder. Both the amendment to the Revolving Credit Agreement and the amendment to the Term Loan Agreement were entered into on March 23, 2018.

The Partnership took steps to prepare for a consent solicitation to amend the indenture governing the 2020 Senior Notes (the 2020 Supplemental Indenture ) and the indenture governing the 2021 Senior Notes (the 2021 Supplemental Indenture ), in order to, among other things, amend the definition of Change of Control in each of the indentures governing the Senior Notes (the Consent Solicitation ) so that the Corporate Reorganization will not trigger an event of default in respect of a Change of Control under each of those indentures. In connection with the amendment to the Term Loan Agreement, the Partnership and GSO discussed amending the voting agreement between the Partnership and GSO entered into in connection with the December 2017 purchase of Fir Tree s position in Legacy s Senior Notes, and on March 23, 2018, GSO waived the obligation of the Partnership to vote its position of such notes consistent with that of GSO in connection with the Consent Solicitation and GSO agreed to vote its position in the 2020 Notes in favor of the proposed 2020 Supplemental Indenture.

On March 9, 2018, RLF distributed to Baker Botts an initial draft of the Third Amendment to the Amended and Restated Limited Liability Company Agreement of the Partnership GP (the Third Amendment ). Over the following two weeks, the parties to the GP Purchase Agreement (each with assistance from its respective legal counsel, Kirkland, RLF and Baker Botts) completed negotiations of the definitive documentation necessary to effect the GP Purchase.

On March 23, 2018, (i) the Conflicts Committee unanimously approved the terms of the GP Purchase Agreement and the Third Amendment by written consent, and determined that they were fair and reasonable to, and in the best interests of, the Partnership, its subsidiaries and the unitholders (other than the Partnership GP and its affiliates); (ii) the GP Board unanimously approved, among other things, the GP Purchase Agreement and the Agreement and Plan of Merger, by and among the Partnership, New Legacy, Merger Sub and Partnership GP (the Initial Merger Agreement ) and determined that they were fair and reasonable to, and in the best interests of, the Partnership, its subsidiaries and the unitholders (other than the Partnership GP and its affiliates); (iii) the members of the Partnership GP provided their consent to the entry by the Partnership into the Initial Merger Agreement and executed the Third Amendment; and (iv) the GP Purchase Agreement and the Initial Merger Agreement were each executed by the parties thereto.

On the morning of March 26, 2018, the Partnership issued a press release announcing the commencement of the Consent Solicitation, the Merger and the Corporate Reorganization.

On April 2, 2018, the Partnership issued a press release announcing the results of the Consent Solicitation and the execution of the 2020 Supplemental Indenture and 2021 Supplemental Indenture.

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Following a conversation with the staff of the SEC on May 31, 2018, the Partnership determined that certain provisions of New Legacy s amended and restated certificate of incorporation and bylaws attached as exhibits to the Initial Merger Agreement were the types of provisions on which the Partnership s unitholders could reasonably be expected to wish to express a view separate from their views on the approval of the Merger Agreement.

In addition, on June 22, 2018, the Partnership, New Legacy, the Partnership GP and the plaintiff in the Doppelt Action reached an agreement to settle the Doppelt Action. On June 22, 2018, the majority lenders under the Term Loan Credit Agreement consented to the terms of the Settlement Agreement, and on June 24, 2018, the administrative agent for the Revolving Credit Agreement consented to the terms of the Settlement Agreement.

On July 6, 2018, the parties submitted the Settlement Agreement to the court. The Settlement Agreement, if approved by the court, will grant holders of Series A Preferred Units and Series B Preferred Units approximately 10,730,000 shares of common stock in New Legacy in addition to the approximately 16,913,592 shares those holders would collectively receive pursuant to the exchange ratios that were included in the Initial Merger Agreement. See The Corporate Reorganization Pending Litigation.

As a result of the Settlement Agreement and the comments received from the SEC, between May 31, 2018 and July 9, 2018, the Partnership revised the Initial Merger Agreement for the purpose of making the following changes:

- Section 3.01(d) of the Initial Merger Agreement to revise the conversion ratio for the Series A Preferred Units in accordance with the Settlement Agreement;

- Section 3.01(e) of the Initial Merger Agreement to revise the conversion ratio for the Series B Preferred Units in accordance with the Settlement Agreement;

- Section 3.03 of the Initial Merger Agreement to clarify that phantom units that settle in Units are included in the definition of Restricted Unit ;

- Exhibit A (the Form of Amended and Restated Certificate of Incorporation of New Legacy) to note where modifications will need to be made based on the outcome of the Board Classification Proposal and to remove Section 10.3 (the exclusive forum provision);

- Exhibit B (the Form of Amended and Restated Bylaws of New Legacy) to note where modifications will need to be made based on the outcome of the Board Classification Proposal;

- Exhibit C (New Legacy s Board of Directors following the consummation of the Corporate Reorganization) to note that if the Board Classification Proposal is not approved, the six members noted on Exhibit C will serve as the New Legacy Board in a single class that is elected annually; and

Exhibit D (New Legacy s officers following the consummation of the Corporate Reorganization) to include additional officer appointments that have occurred since the execution of the Initial Merger Agreement.

On July 5, 2018 the GP Board unanimously approved, among other things, the Merger Agreement and determined that it was fair and reasonable to, and in the best interests of, the Partnership, its subsidiaries and the unitholders. On July 9, 2018 the Merger Agreement was executed by the parties thereto.

**Recommendation of the GP Board and Reasons for the Corporate Reorganization**

The Conflicts Committee has unanimously determined that the GP Purchase Agreement is fair and reasonable to, and in the best interests of, the Partnership, its subsidiaries and the unitholders (other than the Partnership GP and its affiliates); provided Special Approval (as defined in both the GP LLC Agreement and the Partnership Agreement); and recommended that the GP Board approve the GP Purchase Agreement. The GP Board (acting based upon the Special Approval of the Conflicts Committee) has unanimously determined that the

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GP Purchase Agreement is advisable, fair to and in the best interests of the Partnership, its subsidiaries and the unitholders (other than the Partnership GP and its affiliates). The GP Board has also determined that the Merger is advisable, fair to and in the best interests of the Partnership and the unitholders; approved the Merger Agreement and the execution, delivery and performance of the Merger Agreement and the transactions contemplated thereby; and resolved to submit the Merger Agreement to a vote of the unitholders and recommend approval of the Merger Agreement by the unitholders. **Accordingly, the GP Board unanimously recommends that the unitholders vote FOR the approval of the Merger Agreement and the Merger.**

In reaching its determinations and recommendations described above, the GP Board consulted with the Partnership s senior management and outside legal counsel. These consultations included discussions regarding the Partnership s strategic business plan, the Partnership s past and current business operations and financial condition and performance, the Partnership s future prospects, other potential strategic alternatives that may be available to the Partnership and the potential Corporate Reorganization. The GP Board considered a number of substantive factors, both positive and negative, and potential benefits and detriments of the Corporate Reorganization to the Partnership and the unitholders. Certain material factors considered by the GP Board, in addition to the matters described above under Background of the Corporate Reorganization, are summarized below (which are not listed in any relative order of importance).

***Expected Benefits of the Corporate Reorganization***

In determining that the Merger and the Merger Agreement are advisable, fair to and in the best interests of the Partnership, its subsidiaries and the unitholders, and in reaching its decision to approve the Merger Agreement and the Merger, the GP Board considered a variety of factors that it believed weighed favorably toward the Corporate Reorganization, including the following material factors:

*Allows entrance into the more supportive corporate sector*. Following widespread bankruptcy filings and the destruction of nearly all of the collective equity value of the Partnership s upstream MLP peers, the GP Board believes that investor confidence in the upstream MLP sector has eroded. The GP Board believes that the Partnership s assets and growth development plan are no longer best suited for the yield-based MLP sector.

*Simplifies governance structure and enhances fiduciary duties benefiting equityholders*. In connection with the Corporate Reorganization, the members of the Partnership GP will relinquish their negative control rights, resulting in New Legacy having a customary corporate governance model, with New Legacy s directors and officers subject to corporate fiduciary duties. The GP Board believes that this simplified governance structure and enhanced fiduciary duties will benefit the unitholders of the Partnership and, following the consummation of the Corporate Reorganization, the stockholders of New Legacy.

*Better aligns the Partnership s corporate structure with its business model*. Through the Partnership s horizontal Permian development efforts, the Partnership has been transitioning its business model to reinvest its cash flow into the business in order to grow its asset base. The GP Board believes that the transition away from a yield-based structure will give New Legacy more options and better align it with its Permian-focused corporate peers.

*Allows for access to lower cost of capital to fund future growth and an improved credit profile.* The GP Board believes that the transition to a corporate entity should increase New Legacy s access to, and lower the cost of, capital through an expanded field of investors, as many investors are unwilling or unable to invest in pass-through entities. The GP Board believes that such improvements will enhance New Legacy s ability to fund greater growth efforts and address its credit profile, including its liquidity.

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***Other Material Factors Considered***

During the course of its deliberations relating to the Corporate Reorganization, the GP Board considered the following factors in addition to the benefits described above:

- Because of the Partnership s current credit profile and status as a master limited partnership, the lenders under the Revolving Credit Agreement and Term Loan Credit Agreement have expressed an unwillingness to provide additional liquidity or restructure the Revolving Credit Agreement or Term Loan Credit Agreement unless the Corporate Reorganization occurred. A number of alternatives were discussed with the administrative agent for the Revolving Credit Agreement and lenders under the Term Loan Credit Agreement and all parties indicated support of the Corporate Reorganization over potential alternatives.

- The terms and conditions of the Merger Agreement, including:

  - provisions allowing the GP Board to withdraw or change its recommendation of the Merger Agreement and the Merger if it makes a good faith determination that a change or withdrawal is necessary in order to comply with its fiduciary duties, subject to providing the other parties with advance notice; and

  - the fact that the representations and warranties of the Partnership do not survive the consummation of the Corporate Reorganization.

- The Merger Agreement and the Merger are subject to the approval of the unitholders such that the unitholders are free to reject the Corporate Reorganization if a superior proposal is made or for any other reason.

- The ability under the Partnership Agreement and GP LLC Agreement to reorganize the Partnership and Partnership GP in such a way as to remove the negative control rights of the members of the Partnership GP.

- The Standstill and Voting Agreement entered into prior to the execution of the Merger Agreement, pursuant to which the Fir Tree Parties, representing approximately 4.7% of the outstanding units, agreed, subject to certain limitations, to vote in favor of the approval and adoption of the Merger Agreement and the Merger.

- The GP Purchase Agreement entered into concurrently with the execution of the Initial Merger Agreement, which contains a voting covenant obligating each of the holders of limited liability company interests in the Partnership GP and its affiliates, representing approximately 13.4% of the outstanding units, to vote in favor of the approval and adoption of the Merger Agreement and the Merger.

The ability of the Partnership to vote its holdings of its Senior Notes in favor of amendments to allow for the Corporate Reorganization and amendments such that the Corporate Reorganization will not constitute a Change in Control thereunder.

The ability to obtain waivers under the Revolving Credit Agreement and Term Loan Credit Agreement to allow for the Corporate Reorganization and waive any impacts that could occur as a result of the Corporate Reorganization constituting a Change of Control thereunder.

The terms of New Legacy s amended and restated certificate of incorporation and bylaws that will be in effect upon consummation of the Corporate Reorganization.

The Settlement Agreement and the avoidance of the costs, disruption, delay and distraction of continued litigation.

The GP Board weighed these advantages and opportunities against a number of other factors identified in its deliberations weighing negatively against the Corporate Reorganization, including:

- the possible disruption to the Partnership s business that may result from the Corporate Reorganization and the resulting distraction of the attention of the Partnership s management, as well as the costs and expenses associated with completing the Corporate Reorganization;

- the possibility that the Corporate Reorganization might not be consummated despite the parties efforts or that the closing of the Corporate Reorganization might be unduly delayed; and

- the risks of the type and nature described under Risk Factors and the matters described under Cautionary Statement Regarding Forward-Looking Statements.

After consideration of these material factors, the GP Board determined that these risks could be mitigated or managed by the Partnership or, following the Corporate Reorganization, by New Legacy, were reasonably acceptable under the circumstances or, in light of the anticipated benefits overall, were significantly outweighed by the potential benefits of the Corporate Reorganization.

The Partnership GP and the GP Board have not, including, without limitation, in making the determinations set forth above, assumed any obligations to the Partnership or its limited partners (whether fiduciary, contractual, implied, or otherwise) other than obligations that may exist in the Partnership Agreement. Under the Partnership Agreement, whenever the Partnership GP makes a determination or takes any other action, in its capacity as the general partner of the Partnership, the Partnership GP must make such determination or take such other action in good faith and is not subject to any other or different standard under applicable law (other than the implied contractual covenant of good faith and fair dealing). In order for a determination or other action to be in good faith for purposes of the Partnership Agreement, the Partnership GP must believe that the determination or other action is in the best interests of the Partnership. Nothing in this proxy statement/prospectus or the actions or determinations of the Partnership GP or the GP Board described in this proxy statement/prospectus should be read to mean that the Partnership GP or the GP Board assumed any obligations to the Partnership or its limited partners (whether fiduciary, contractual, implied, or otherwise) other than obligations that may exist in the Partnership Agreement. See Where You Can Find More Information on page 197.

This discussion of the information and factors considered by the GP Board in making its decision is not intended to be exhaustive but rather reflects certain material factors considered by the GP Board. In view of the wide variety of factors considered in connection with its respective evaluation of the Corporate Reorganization and the complexity of these matters, the Conflicts Committee and the GP Board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the GP Board may have given different weight to different factors.

The GP Board realized that there can be no assurance about future results, including results considered or expected as described in the factors listed above. It should be noted that this explanation of the reasoning of the GP Board and all other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Cautionary Statement Regarding Forward-Looking Statements.

**The GP Board has unanimously recommended that the unitholders vote FOR the Merger Proposal.**

**No Appraisal Rights**

The limited partners are not entitled to appraisal rights in connection with the Merger under applicable law or contractual appraisal rights under the Partnership Agreement or the Merger Agreement.

**Antitrust and Regulatory Matters**

The Partnership and New Legacy have determined that the Corporate Reorganization is not subject to the requirements of the HSR Act, and no other governmental consents are required.

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### Listing of New Legacy Common Stock

It is a condition to the consummation of the Merger that the common stock issuable in the Merger be approved for listing on a national securities exchange, subject to official notice of issuance. The common stock is expected to trade on NASDAQ under the symbol LGCY.

### Deregistration and Delisting of the Units

Upon consummation of the Merger, the units currently listed on NASDAQ will cease to be listed on NASDAQ and will be subsequently deregistered under the Exchange Act. The former unitholders and Preferred Unitholders will become stockholders of New Legacy, and their rights as stockholders will be governed by Delaware law and by New Legacy s amended and restated certificate of incorporation and bylaws that will be in effect upon consummation of the Corporate Reorganization. The Partnership intends to cease filing periodic reports pursuant to the Exchange Act with the SEC following deregistration of its limited partner interests, pursuant to securities laws requirements, with New Legacy becoming the successor registrant.

### Accounting Treatment of the Merger

The Merger will be accounted for as an equity transaction among the owners of New Legacy using historical cost accounting with no gain or loss being recognized.

### Pending Litigation

On March 28, 2018, a holder of the Preferred Units ( Doppelt ) filed a putative class action challenging the Merger against the Partnership, the Partnership GP and New Legacy. This lawsuit is styled *Doppelt v. Legacy Reserves LP, and Legacy Reserves GP, LLC, and Legacy Reserves Inc.*, Case No. 2018-0225, in the Court of Chancery of the State of Delaware (the Court ) (the Doppelt Action ). On April 4, 2018, a motion to expedite was filed in connection with the Doppelt Action, by which Doppelt sought a hearing on a motion for a preliminary injunction prior to the close of the Merger and requested that the Court set an expedited discovery schedule prior to any such hearing. Doppelt also filed a lawsuit against the Partnership and the Partnership GP in 2017 for breach of the Partnership Agreement based on the treatment of the accrued but unpaid preferred distributions as guaranteed payments for tax purposes. The initial complaint in the Doppelt Action contained two causes of action challenging the Merger, including breach of the Partnership Agreement and breach of the implied covenant of good faith and fair dealing. Based on these allegations, Doppelt sought injunctive relief prohibiting consummation of the Merger or, in the event the Merger is consummated, rescission or rescissory damages, as well as reasonable attorneys and experts fees and expenses.

A second, similar lawsuit was filed on April 3, 2018. This lawsuit was filed by a holder of the Partnership s Preferred Units ( Chammah Ventures ) and is styled *Chammah Ventures, LLC, v. Legacy Reserves LP, Legacy Reserves GP, LLC, and Legacy Reserves Inc.*, Case No. 2018-0242, in the Court (the Chammah Ventures Action ). The Chammah Ventures Action contained the same causes of action and sought substantially the same relief as the Doppelt Action.

On April 13, 2018, the Court issued an order consolidating the Doppelt Action and Chammah Ventures Action and appointing the plaintiff in the Doppelt Action as lead plaintiff and his counsel as lead counsel for the putative class action styled *In re Legacy Reserves LP Preferred Unitholder Litigation*, Case No. 2018-0225-JTL (the Consolidated Action ). On April 13, 2018, the Court also granted the motion to expedite the Consolidated Action. On April 23, 2018, Doppelt filed an amended complaint, adding an additional count for breach of the Partnership Agreement. A hearing

on Doppelt s motion for a preliminary injunction and the Partnership s motion to dismiss occurred on June 4, 2018.

On June 22, 2018, the Partnership, New Legacy, the Partnership GP and Doppelt reached an agreement in principle to settle the Consolidated Action. The parties submitted a stipulation and agreement of settlement to the Court on July 6, 2018 (the Settlement Agreement ) and, on July 11, 2018, the Court entered a scheduling order for consideration of the Settlement Agreement (the Scheduling Order ). The Scheduling Order sets September 12, 2018 as the date for the hearing at which the Court will consider (i) the fairness of the Settlement Agreement; (ii) whether a judgment should be entered dismissing the Consolidated Action with prejudice; (iii) the plaintiff s counsel s application for fees and expenses; and (iv) any objections to the Settlement Agreement. The Settlement Agreement, if approved by the Court, will grant holders of Series A Preferred Units and Series B Preferred Units approximately 10,730,000 shares of common stock in New Legacy in addition to the approximately 16,913,592 shares those holders would collectively receive pursuant to the exchange ratios that were included in the Initial Merger Agreement. In exchange, the class of Preferred Unitholders (dating back to January 21, 2016 through the consummation of the Merger) have agreed to release the Partnership, the Partnership GP and New Legacy, and the other Released Parties, from liability for any claims related to or arising out of the rights inhering to the Preferred Units (subject to limited exceptions related to tax liabilities), including all claims brought in the Consolidated Action. As part of the Settlement Agreement, the Doppelt Tax Action will be dismissed. Each of the administrative agent for the Revolving Credit Agreement and the majority lenders under the Term Loan Credit Agreement have consented to the terms of the Settlement Agreement, as required pursuant to the terms of the Revolving Credit Agreement and the Term Loan Credit Agreement, respectively.

A third putative class action lawsuit challenging the Merger was filed against the Partnership, the Partnership GP, New Legacy and Merger Sub on April 27, 2018 by Patrick Irish in the District Court in Midland County, Texas (the Irish Action ). The Irish Action contains the same general causes of action as the initial complaint filed in the Doppelt Action and the Chammah Ventures Action and seeks the same relief. The Partnership, the Partnership GP, New Legacy and the plaintiff s counsel in the Consolidated Action have agreed to coordinate efforts to obtain a dismissal of the Irish Action following the consummation of the Merger.

The Partnership and New Legacy cannot predict the outcome of these or any other lawsuits that might be filed subsequent to the date of the filing of this proxy statement/prospectus, nor can the Partnership or New Legacy predict the amount of time and expense that will be required to resolve such litigation.

**Interests of Certain Persons in the Merger**

In considering the recommendations of the GP Board, unitholders should be aware that some of the executive officers and directors of the Partnership GP have interests in the Corporate Reorganization that may differ from, or may be in addition to, the interests of unitholders generally. These interests include:

- Certain indemnification arrangements and insurance policies for directors and officers of the Partnership GP and New Legacy will be continued for six years if the Corporate Reorganization is completed.

- Pursuant to the Merger Agreement and the approval of the GP Board, and as more fully described under The Merger Agreement Treatment of the Partnership Equity Awards, the outstanding incentive equity awards of each executive officer of the Partnership GP (as well as any such awards held by employees of the Partnership) will fully vest or become exercisable in full, as the case may be.

Nearly all of the directors and executive officers of the Partnership GP beneficially own units and will receive the applicable Merger Consideration upon consummation of the Corporate Reorganization.

All of the officers of Legacy GP have been offered continued employment with New Legacy after the effective time of the Corporate Reorganization and new employment agreements have been approved by the GP Board and are anticipated to be entered into upon the closing of the Corporate Reorganization.

Certain of the officers of the Partnership GP are expected to receive grants under the New Legacy LTIP (subject to its approval) in connection with the Corporate Reorganization.

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***Continuing Board and Management Positions***

If the Board Classification Proposal is approved by the unitholders, upon consummation of the Corporate Reorganization, the New Legacy Board will consist of six directors, one of whom will be designated by GSO (D. Dwight Scott), divided into three classes. The members of each class will serve staggered, three-year terms (other than with respect to the initial terms of the Class I and Class II directors, which will be one and two years, respectively). Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. Following the completion of this offering:

- Paul T. Horne and Cary D. Brown will be Class I directors, whose initial terms will expire at the 2019 annual meeting of stockholders;

- D. Dwight Scott and William R. Granberry will be Class II directors, whose initial terms will expire at the 2020 annual meeting of stockholders; and

- G. Larry Lawrence and Kyle D. Vann will be a Class III directors, whose initial terms will expire at the 2021 annual meeting of stockholders.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors of New Legacy. This classification of the New Legacy Board may have the effect of delaying or preventing changes in control. Mr. Horne will be the chairman of the New Legacy Board unless he is not able or willing to serve as a director at the time of the consummation of the Corporate Reorganization, in which case the New Legacy Board will elect a chairman.

If any of the designees to the New Legacy Board identified above are not able or willing to serve as a director at the time of the consummation of the Corporate Reorganization, the party that designated such designee will determine a replacement. After the consummation of the Corporate Reorganization, each director of New Legacy will serve as a director until such person s successor is elected or, if earlier, until such director dies, resigns or is removed in accordance with New Legacy s organizational documents and applicable law.

The designees to the New Legacy Board identified above have indicated that they intend to vote all units held by them or over which they have control in favor of approval and adoption of the Merger Agreement and the transactions contemplated by the Merger Agreement.

If the Board Classification Proposal is not approved by the unitholders, the New Legacy Board will consist of a single class of six directors of the individuals identified above, each of whom will serve until the next annual meeting of stockholders and until his or her successor has been duly elected and qualified.

The Partnership and New Legacy expect that that the existing management team will stay in place after the Corporate Reorganization. For information regarding the people expected to be officers of New Legacy upon the consummation of the Corporate Reorganization, see Management of the Partnership.

**Indemnification; Directors and Officers Insurance**

The Merger Agreement generally provides that, for a period of six years following the Merger, New Legacy will indemnify, defend, and hold harmless all current and former directors, officers, and employees of the Partnership against costs and expenses, judgments, fines, losses, claims, damages, and liabilities incurred in connection with any claim, action, suit, proceeding, or investigation arising out of matters existing or occurring prior to the effective time of the Merger and based on the fact that such individuals were directors, officers, or employees of the Partnership (or were serving at the request of the Partnership as a director, officer, employee, agent, trustee, or partner of another corporation, partnership, trust, joint venture, employee benefit plan, or other entity), to the fullest extent these individuals would have been entitled to be indemnified, defended, and held harmless under applicable law and the charters and bylaws of the Partnership GP and the agreement of limited partnership of the Partnership as in effect as of the effective time of the Merger.

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The Merger Agreement requires New Legacy to maintain in effect for six years following the effective time of the Merger, directors and officers liability insurance policies covering acts or omissions occurring at or prior to the effective time of the Merger providing at least the same coverage and amounts and containing terms and conditions that are not less advantageous than currently provided for by the Partnership s existing directors and officers liability insurance with respect to claims against those individuals covered by such existing policies arising from facts or events that occurred at or prior to the consummation of the Merger.

***No Severance Payments***

No executive officer of the Partnership or New Legacy is entitled to or will receive any severance payments in connection with the Corporate Reorganization.

***Treatment of the Partnership Equity Awards***

Pursuant to the Merger Agreement and the approval of the GP Board, for each named executive officer of the Partnership GP and for all of the employees of the Partnership, each award previously granted pursuant to the Partnership LTIP, held by such person that is outstanding and unvested immediately prior to the effective time of the Corporate Reorganization will, automatically and without any action on the part of the holder, fully vest or become exercisable in full, as the case may be and shall be settled in accordance with each award s applicable award agreement provided that to the extent the aggregate amount of the aggregate award merger cashout exceeds $30 million, it is anticipated that certain executives including our named executive officers will, in lieu of cash, receive a proportionate amount of such excess in the form of vested shares of Legacy Reserve Inc. s common stock, pursuant to the terms of the New Legacy LTIP. In addition, certain or all such executives may elect, subject to approval by the compensation committee of the Partnership GP, to take a greater portion of his or her vesting award under the Partnership LTIP in the form of shares of New Legacy as opposed to cash. Lastly, all amounts previously credited to the named executive officers as distribution equivalent rights under awards granted pursuant to the Partnership LTIP shall continue to remain so credited and payable on the same payment date set forth in the respective award agreements, subject to the same time-based vesting schedule previously included in the award, but without application of any performance factor.

*The Partnership Awards.* Each outstanding award granted pursuant to the Partnership LTIP (the Partnership Awards ) will fully vest or become exercisable in full, as the case may be. As of the date of this proxy statement/prospectus, the Partnership s named executive officers held the following numbers of outstanding Partnership Awards (expressed in number of units underlying such awards):

| Title | Phantom Units Settled in Units | Phantom Units Settled in Cash | Total Outstanding Phantom Units |
|---|---|---|---|
| Paul T. Horne | 563,551 | 2,461,963 | 3,025,514 |
| James Daniel Westcott | 301,648 | 1,315,940 | 1,617,588 |
| Kyle M. Hammond | 360,866 | 1,121,174 | 1,482,040 |
| Kyle A. McGraw | 176,957 | 791,881 | 968,838 |
| Dan G. LeRoy | 66,488 | 289,674 | 356,162 |
| Micah C. Foster | 54,605 | 237,330 | 291,935 |

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***New Legacy LTIP Awards***

In connection with the Corporate Reorganization, the GP Board approved, pursuant to resolutions adopted by the Compensation Committee of the GP Board, the following initial grants of restricted stock units (the 2018 RSUs ) to the named officers below under the New Legacy LTIP, denoted in common stock, in connection with, and upon consummation of, the Corporate Reorganization.

| Name | Position with New Legacy | 2018 RSUs |
|---|---|---|
| Paul T. Horne | Chairman of the Board of Directors and Chief Executive Officer | 760,563 |
| James Daniel Westcott | President and Chief Financial Officer | 2,112,676 |
| Kyle M. Hammond | Executive Vice President and Chief Operating Officer | 1,267,606 |
| Kyle A. McGraw | Executive Vice President and Chief Development Officer | 187,324 |
| Dan G. LeRoy | Vice President, General Counsel and Secretary | 135,211 |
| Micah C. Foster | Chief Accounting Officer and Controller | 223,944 |

The 2018 RSUs vest 25% on March 1, 2020, 25% on March 1, 2021 and 50% on March 1, 2022 subject to continued employment on each vesting date. In the event a 2018 RSU holder s employment by New Legacy is terminated by New Legacy without cause or such RSU holder resigns for good reason, in each case, within twelve (12) months after a change in control (as such terms are defined in the New Legacy LTIP), 100% of the total 2018 RSUs will vest immediately.

***Quantification of Potential Payments to Named Executive Officers in Connection with the Corporate Reorganization***

The information set forth below is required by Item 402(t) of Regulation S-K regarding compensation that is based on or otherwise relates to the Corporate Reorganization that the Partnership s current named executive officers could receive in connection with the Corporate Reorganization. Information being reported with respect to the Partnership s current named executive officers describes the payments provided for under the outstanding performance units that will fully vest or become exercisable in full, as the case may be. The amounts in the table below were calculated using the following assumptions: (i) the consummation of the Corporate Reorganization occurred on September 1, 2018, (ii) the price per share is $4.66, which was the average closing market price of units over the five business days following the first public announcement of the Corporate Reorganization (the Average Closing Price ), (iii) the employment of each of the Partnership s named executive officers will continue until the vesting date under each converted award, and (iv) certain other assumptions as specified in the footnotes to the table below have been made. Some of the assumptions used in the table below are based upon information not currently available and, as a result, the actual amounts to be received by any of the individuals below may differ from the amounts set forth below.

| Name | Cash ($)[1] | Stock ($)[2] | Total ($) |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Paul T. Horne | 11,097,748 | 2,626,147 | 13,723,895 |
| James Daniel Westcott | 5,832,280 | 1,405,680 | 7,237,960 |
| Kyle M. Hammond | 4,924,671 | 1,681,635 | 6,606,306 |
| Kyle A. McGraw | 3,540,165 | 824,620 | 4,364,785 |
| Dan G. LeRoy | 1,274,881 | 309,834 | 1,584,715 |
| Micah C. Foster | 1,030,958 | 254,459 | 1,285,417 |

(1) The amounts shown in this column represent the number of phantom units which are held by such person that will be outstanding and unvested immediately prior to the effective time of the Corporate Reorganization and will, automatically and without any action on the part of the holder, fully vest or become exercisable in full, as the case may be and shall be settled in cash. These amounts were calculated by

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multiplying the number of phantom units which will settle in cash by the Average Closing Price. These amounts were reduced by the 2016 quarterly cash retention bonuses paid to the Partnership s executive officers as stipulated in the 2016 equity-based incentive compensation agreements. Such amounts were as follows: $375,000 for Mr. Horne, $300,000 for Messrs. Hammond and Westcott, $150,000 for Mr. McGraw and $75,000 for Messrs. LeRoy and Foster. The actual amount of cash to be paid on account of the phantom units to be settled in cash will be determined based on the closing market price of units on the date the Corporate Reorganization is consummated.

(2) The amounts shown in this column represent the number of phantom units which are held by such person that will be outstanding and unvested immediately prior to the effective time of the Corporate Reorganization and will, automatically and without any action on the part of the holder, fully vest or become exercisable in full, as the case may be and shall be settled in units and converted to stock of New Legacy pursuant to the terms of the Merger Agreement. These amounts were calculated by multiplying the number of phantom units which will settle in units by the Average Closing Price.

In addition, Mr. Horne is the president of H2K Holdings, Ltd., and Mr. McGraw is the president of Brothers Production Company, Inc., which is the general partner of Brothers Production Properties, Ltd., Brothers Operating Company, Inc., and Wanda J. McGraw Management, LLC, which is the general partner of J&W McGraw Properties, Ltd. J&W McGraw Properties, Ltd., Brothers Production Properties, Ltd., Brothers Production Company, Inc., Brothers Operating Company, Inc. (collectively, the Brothers Company Members ) and H2K Holdings, Ltd. are currently members of the Partnership GP. Each of the Brothers Company Members and H2K Holdings, Ltd. are party to the MIPA with DAB Resources, Ltd. and Moriah Properties, whereby the other members of the Partnership GP have agreed to sell all of their GP Interests to Moriah Properties immediately prior to the consummation of the GP Purchase. Upon the consummation of the Corporate Reorganization, the Brothers Company Members will receive an aggregate of $364,100 for their GP Interests and H2K Holdings, Ltd. will receive $5,200 for its GP Interests.

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***Security Ownership of Directors and Executive Officers***

Nearly all of the directors and executive officers of the Partnership GP beneficially own units and will receive the applicable Merger Consideration upon consummation of the Corporate Reorganization. The following table sets forth the beneficial ownership of the directors and executive officers of the Partnership GP in (i) units prior to the Corporate Reorganization and (ii) common stock after giving effect to the Corporate Reorganization, in each case as of June 30, 2018.

| Name of Beneficial Owner | Common Units[a][g] | Percentage of Common Units Outstanding | Shares after the Corporate Reorganization | Percentage of Shares Outstanding after the Corporate Reorganization |
|---|---|---|---|---|
| Cary D. Brown[b] | 3,915,131 | 5.1% | 3,915,131 | 3.6% |
| Dale A. Brown[c] | 3,098,302 | 4.0% | 3,098,302 | 2.9% |
| Kyle A. McGraw[d] | 1,072,604 | 1.4% | 1,439,378 | 1.3% |
| Kyle M. Hammond[e] | 189,530 | * | 815,623 | * |
| Paul T. Horne[f] | 192,000 | * | 1,349,368 | 1.3% |
| Kyle D. Vann | 204,726 | * | 204,726 | * |
| James Daniel Westcott | 102,440 | * | 717,484 | * |
| William R. Granberry | 144,309 | * | 144,309 | * |
| William D. Sullivan | 138,217 | * | 138,217 | * |
| G. Larry Lawrence | 126,226 | * | 126,226 | * |
| Micah C. Foster | 23,832 | * | 134,118 | * |
| Dan G. LeRoy | 24,639 | * | 159,754 | * |
| D. Dwight Scott | | * | | * |
| All directors and executive officers of the Partnership GP and New Legacy as a group (13 persons) | 8,825,129 | 7.1% | 11,835,809 | 10.2% |

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

(a) Does not include grants of 1,436,373 phantom units to Kyle A. McGraw, grants of 2,088,240 phantom units to Kyle M. Hammond, grants of 4,536,472 phantom units to Paul T. Horne, grants of 2,427,029 phantom units to James Daniel Westcott, grants of 534,717 phantom units to Dan G. LeRoy and grants of 438,784 phantom units to Micah C. Foster.

(b) Includes Mr. C. Brown s pecuniary interest in 406,827 units held by DAB Family Properties, Ltd., an entity partially owned by Brown Heirs 2012 Trust, of which Mr. C. Brown is a beneficiary; includes 3,199,738 units held by Cary and Jill Brown Family Partners Ltd.

(c) Mr. D. Brown is deemed to beneficially own 2,440,961 units held by DAB Family Properties, Ltd.; and 542,281 units held by DAB Resources, Ltd. Mr. D. Brown directly owns 109,050 units.

(d) Mr. McGraw is deemed to beneficially own the 1,020,060 units held by Kyle A. McGraw Family Holdings, Ltd.
(e) Mr. Hammond is deemed to beneficially own the 52,300 units held by SDH Trust.
(f) Mr. Horne is deemed to beneficially own the 121,684 units held by H2K Holdings, Ltd.
(g) Includes the 110,000 unvested restricted units granted to Mr. Hammond.

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## THE MERGER AGREEMENT

*The following describes the material provisions of the Merger Agreement, which is attached as Annex A and incorporated by reference herein. The description in this section and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the Merger Agreement. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. The Partnership and New Legacy encourage you to read carefully the Merger Agreement in its entirety before making any decisions regarding the Merger as it is the legal document governing the Merger.*

*The Merger Agreement and this summary of its terms have been included to provide you with information regarding the terms of the Merger Agreement.*

*Factual disclosures about the Partnership or New Legacy or any of their respective subsidiaries or affiliates contained in this proxy statement/prospectus or their respective public reports filed with the SEC may supplement, update or modify the factual disclosures about the Partnership or New Legacy or their respective subsidiaries or affiliates contained in the Merger Agreement and described in these summaries. The representations, warranties and covenants made in the Merger Agreement by the Partnership and New Legacy, as applicable, were qualified and subject to important limitations agreed to by the Partnership and New Legacy, respectively, in connection with negotiating the terms of the Merger Agreement. In particular, in your review of the representations and warranties contained in the Merger Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of allocating risk between the parties to the Merger Agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders or unitholders and reports and documents filed with the SEC. For the foregoing reasons, the representations, warranties and covenants or any descriptions of those provisions should not be read alone.*

### The Merger

Subject to the terms and conditions of the Merger Agreement and in accordance with Delaware law, at the effective time of the Merger, Merger Sub, a subsidiary of New Legacy, will merge with and into the Partnership, with the Partnership continuing as the surviving entity and a wholly owned subsidiary of New Legacy.

### Effective Time; Closing

The effective time of the Merger will occur at such time as the Partnership and New Legacy cause a certificate of merger to be duly filed with the Secretary of State of the State of Delaware or at such later date or time as may be agreed by the Partnership and New Legacy in writing and specified in the certificate of merger.

The closing of the Merger will take place on the second business day after the satisfaction or waiver of the conditions set forth in the Merger Agreement (other than conditions that by their nature are to be satisfied at the closing but subject to the satisfaction or waiver of those conditions), or at such other place, date and time as the Partnership and New Legacy may agree.

### Unitholder Approval

The Partnership has agreed to hold a special meeting of the unitholders as promptly as practicable for purposes of obtaining the unitholder approval. See The Special Meeting.

The Merger Agreement also requires the Partnership, through the GP Board, to recommend to the unitholders the approval of the Merger Agreement, unless the GP Board has concluded that recommending

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approval of the Merger Agreement to the unitholders would be inconsistent with its duties to the unitholders under applicable law, and to use reasonable best efforts to obtain from the unitholders of the Partnership the unitholder approval. This obligation of the Partnership to hold the special meeting is not affected by the withdrawal or modification by the GP Board of its recommendation with respect to the Merger Proposal or its approval of the Merger Agreement or the transactions contemplated by the Merger Agreement.

### Conditions to Consummation of the Merger

The Partnership and New Legacy may not complete the Merger unless each of the following conditions is satisfied or waived:

- the Merger Agreement must have been approved by the affirmative vote of a majority of the votes cast by unitholders who are entitled to vote on the matter at the special meeting;
- any waiting period applicable to the transactions contemplated by the Merger Agreement under the HSR Act must have been terminated or become expired;
- no restraints are in effect enjoining, restraining, preventing or prohibiting the consummation of the transactions contemplated by the Merger Agreement or making the consummation of the transactions contemplated by the Merger Agreement illegal;
- the registration statement of which this proxy statement/prospectus forms a part must have been declared effective under the Securities Act and must not be subject to any stop order suspending the effectiveness of the registration statement or proceedings initiated or threatened by the SEC for that purpose;
- the shares deliverable to the unitholders as contemplated by the Merger Agreement must have been approved for listing on a national securities exchange, subject to official notice of issuance;
- the 2020 Supplemental Indenture must have been entered into and all conditions precedent necessary for its effectiveness, other than any conditions related to the transactions contemplated by the Merger Agreement, must have been satisfied or waived;
- the 2021 Supplemental Indenture must have been entered into and all conditions precedent necessary for its effectiveness, other than any conditions related to the transactions contemplated by the Merger Agreement, must have been satisfied or waived;

the Credit Agreement Amendment must have been entered into and all conditions precedent necessary for the effectiveness of the Credit Agreement Amendment, other than any conditions related to the transactions contemplated by the Merger Agreement, shall have been satisfied or waived;

the Term Loan Amendment must have been entered into and all conditions precedent necessary for the effectiveness of the Term Loan Amendment, other than any conditions related to the transactions contemplated by the Merger Agreement, shall have been satisfied or waived;

all conditions precedent required to consummate the GP Purchase Agreement, other than any conditions related to the transactions contemplated by the Merger Agreement, shall have been satisfied or waived;

the New Legacy Board or its compensation committee shall have adopted the New Legacy LTIP and authorized certain equity awards thereunder as of the effective time of the Merger; and

the Partnership GP must have delivered or caused to be delivered to each of the Partnership, New Legacy and Merger Sub a consent authorizing, among other things, the Merger Agreement and the transactions contemplated thereby, duly executed by each of the members of the Partnership GP.

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The obligations of New Legacy and Merger Sub to effect the Merger are subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties in the Merger Agreement of the Partnership and the Partnership GP being true and correct as of March 23, 2018 and as of the closing date of the Merger, subject to certain standards, including materiality and material adverse effect qualifications, as described herein;

- the Partnership and the Partnership GP having performed in all material respects all obligations required to be performed by each of them under the Merger Agreement; and

- the receipt by New Legacy of an officer s certificate signed on behalf of the Partnership and the Partnership GP by an executive officer of the Partnership GP certifying that the preceding conditions have been satisfied.

The obligation of the Partnership to effect the Merger is subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties in the Merger Agreement of New Legacy being true and correct as of March 23, 2018 and as of the closing date of the Merger, subject to certain standards, including materiality and material adverse effect qualifications, as described herein;

- New Legacy and Merger Sub having performed in all material respects all obligations required to be performed by each of them under the Merger Agreement; and

- the receipt by the Partnership of an officer s certificate signed on behalf of New Legacy by an executive officer of New Legacy certifying that the preceding conditions have been satisfied.

For purposes of the Merger Agreement, the term material adverse effect means, when used with respect to a person, any change, effect, event or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of such person and its subsidiaries, taken as a whole; provided, however, that material adverse effect shall not include (i) any effect resulting from entering into the Merger Agreement or the announcement of the transactions contemplated by the Merger Agreement, (ii) any effect resulting from changes in general market, economic, financial, regulatory or political conditions or any outbreak of hostilities or war, terrorism, earthquakes, hurricanes, tornadoes, floods or other natural disasters, (iii) any effect that affects the hydrocarbon exploration, production, development, processing, gathering and/or transportation industry generally (including changes in commodity prices or general market prices in the hydrocarbon exploration, production, development, processing, gathering and/or transportation industry generally), and (iv) any effect resulting from a change in laws or regulatory policies.

**The Merger Consideration**

At the effective time of the Merger:

- each outstanding unit will be converted into the right to receive one share of common stock;
- each outstanding Series A Preferred Unit will be converted into the right to receive 2.92033118 shares of common stock pursuant to the Settlement Agreement;
- each outstanding Series B Preferred Unit will be converted into the right to receive 2.90650421 shares of common stock pursuant to the Settlement Agreement; and
- the incentive distribution units will be cancelled for no consideration;

with the exception that (a) limited partner interests that are owned immediately prior to the effective time of the Merger by the Partnership or its subsidiaries will be automatically cancelled and cease to exist and (b) any units owned immediately prior to the effective time of the Merger by the Partnership GP or New Legacy or any of its subsidiaries (other than the Partnership and its subsidiaries) will remain outstanding in the Partnership, unaffected by the Merger.

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New Legacy will not issue any fractional shares in the Merger. Instead, each holder of units or Preferred Units that are converted pursuant to the Merger Agreement who otherwise would have received a fraction of a share will be entitled to receive, from the exchange agent appointed by New Legacy pursuant to the Merger Agreement, a cash payment in lieu of such fractional shares in an amount equal to the product of (i) the average closing prices of the units over the five trading days prior to the closing date of the Merger and (ii) the fraction of the share that such holder would otherwise be entitled to receive based on the applicable Exchange Ratio. The amount of cash required to be paid in lieu of fractional shares is not expected to be material.

## Treatment of the Partnership Equity Awards

Pursuant to the Merger Agreement and the approval of the GP Board, for each named executive officer of the Partnership GP and for all of the employees of the Partnership, each award previously granted pursuant to the Partnership LTIP, held by such person that is outstanding and unvested immediately prior to the effective time of the Corporate Reorganization will, automatically and without any action on the part of the holder, fully vest or become exercisable in full, as the case may be and shall be settled in accordance with each award s applicable award agreement provided that to the extent the aggregate amount of the aggregate award merger cashout exceeds $30 million, certain executives including our named executive officers will, in lieu of cash, receive a proportionate amount of such excess in the form of vested shares of Legacy Reserve Inc. s common stock, pursuant to the terms of the New Legacy LTIP. In addition, certain or all such executives may elect, subject to approval by the compensation committee of the Partnership GP, to take a greater portion of his or her vesting award under the Partnership LTIP in the form of shares of New Legacy as opposed to cash. Lastly, all amounts previously credited to the named executive officers as distribution equivalent rights under awards granted pursuant to the Partnership LTIP shall continue to remain so credited and payable on the same payment date set forth in the respective award agreements, subject to the same time-based vesting schedule previously included in the award, but without application of any performance factor.

*The Partnership Awards.* Each of the outstanding Partnership Awards will fully vest or become exercisable in full, as the case may be. As of the date of this proxy statement/prospectus, the Partnership s named executive officers held the following numbers of outstanding Partnership Awards (expressed in number of units underlying such awards):

| Title | Phantom Units Settled in Units | Phantom Units Settled in Cash | Total Outstanding Phantom Units |
|---|---|---|---|
| Paul T. Horne | 563,551 | 2,461,963 | 3,025,514 |
| James Daniel Westcott | 301,648 | 1,315,940 | 1,617,588 |
| Kyle M. Hammond | 360,866 | 1,121,174 | 1,482,040 |
| Kyle A. McGraw | 176,957 | 791,881 | 968,838 |
| Dan G. LeRoy | 66,488 | 289,674 | 356,162 |
| Micah C. Foster | 54,605 | 237,330 | 291,935 |

## Adjustments to Prevent Dilution

The Merger Consideration will be appropriately adjusted to reflect fully the effect of any unit or share dividend, subdivision, reclassification, recapitalization, split, split-up, unit or share distribution, combination, exchange of limited partner interests or shares or similar transaction with respect to the number of outstanding units prior to the effective time of the Merger to provide the unitholders the same economic effect as contemplated by the Merger Agreement prior to such event.

**Withholding**

New Legacy, Merger Sub, the Partnership and the exchange agent will be entitled to deduct and withhold from the consideration otherwise payable pursuant to the Merger Agreement such amounts, if any, as are required to be deducted and withheld with respect to the making of such payment under applicable tax law. To the extent amounts are so withheld, such withheld amounts will be treated as having been paid to the former unitholders in respect of whom such withholding was made.

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### Dividends and Distributions

No dividends or other distributions declared or made after the effective time of the Merger with respect to shares with a record date after the effective time of the Merger will be paid to the holder of any un-surrendered certificates or book-entry units with respect to shares represented thereby, unless and until the holder of such certificates or book-entry units shall surrender such certificate or book-entry unit. Subject to the effect of escheat, tax or other applicable law, following surrender of any such certificate, there will be paid by the Company to the holder of the shares issued in exchange therefor, without interest, (i) promptly, the amount of dividends or other distributions with a record date after the effective time of the Merger theretofore paid with respect to such shares and (ii) at the appropriate payment date, the amount of dividends or other distributions, with a record date after the effective time of the Merger but prior to surrender and a payment date occurring after surrender, payable with respect to such shares.

### Antitrust and Regulatory Matters

The Partnership and New Legacy have determined that the Corporate Reorganization is not subject to the requirements of the HSR Act, and no other governmental consents are required.

### Termination

The Partnership and New Legacy may terminate the Merger Agreement at any time prior to the effective time of the Merger by mutual written consent authorized by the New Legacy Board and GP Board.

In addition, either the Partnership or New Legacy may terminate the Merger Agreement at any time prior to the effective time of the Merger by written notice to the other party if:

- the closing of the Merger has not occurred on or before December 31, 2018;
- any restraint is in effect and has become final and nonappealable, except that the right to terminate will not be available to the Partnership or New Legacy if the failure to satisfy such condition was due to the failure of, in the case of the Partnership, the Partnership or the Partnership GP and in the case of New Legacy or Merger Sub, to perform any of its obligations under the Merger Agreement; or
- the special meeting is concluded and the unitholder approval is not obtained.

New Legacy also may terminate the Merger Agreement if:

- the Partnership or the Partnership GP breaches or fails to perform any of its representations, warranties, covenants or agreements such that certain closing conditions would not be satisfied, or if such breach or failure is capable of being cured, such breach or failure has not been cured within 30 days following delivery of written notice by New Legacy is not then in any material breach.

The Partnership also may terminate the Merger Agreement if:

the GP Board, prior to the special meeting, shall have concluded that recommending to the unitholders approval of the Merger Agreement would be inconsistent with its duties to the unitholders under applicable laws; or

New Legacy breaches or fails to perform any of its representations, warranties, covenants or agreements such that certain closing conditions would not be satisfied, or if such breach or failure is capable of being cured, such breach or failure has not been cured within 30 days following delivery of written notice by the Partnership and the Partnership GP and the Partnership and the Partnership GP are not then in any material breach.

**Fees and Expenses**

The Merger Agreement provides that all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the Corporate Reorganization shall be paid by the

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Partnership, except that New Legacy has agreed to pay certain legal fees and $100,000 in advisor fees to GP Seller in connection with the GP Purchase pursuant to the GP Purchase Agreement.

**Indemnification; Directors and Officers Insurance**

The Merger Agreement generally provides that, for a period of six years following the merger, New Legacy will indemnify, defend, and hold harmless all current and former directors, officers, and employees of the Partnership against costs and expenses, judgments, fines, losses, claims, damages, and liabilities incurred in connection with any claim, action, suit, proceeding, or investigation arising out of matters existing or occurring prior to the effective time of the Merger and based on the fact that such individuals were directors, officers, or employees of the Partnership (or were serving at the request of the Partnership as a director, officer, employee, agent, trustee, or partner of another corporation, partnership, trust, joint venture, employee benefit plan, or other entity), to the fullest extent these individuals would have been entitled to be indemnified, defended, and held harmless under applicable law and the charters and bylaws of the Partnership GP and the Partnership Agreement as in effect as of the effective time of the Merger.

The Merger Agreement requires New Legacy to maintain in effect for six years following the effective time of the Merger, directors and officers liability insurance policies covering acts or omissions occurring at or prior to the effective time of the Merger providing at least the same coverage and amounts and containing terms and conditions that are not less advantageous than currently provided for by the Partnership s existing directors and officers liability insurance with respect to claims against those individuals covered by such existing policies arising from facts or events that occurred at or prior to the consummation of the Merger.

**Amendment and Supplement; Waiver and Consent**

At any time prior to the effective time of the Merger, the Merger Agreement may be amended or supplemented in any and all respects, whether before or after receipt of the unitholder approval, by written agreement of the parties thereto, except that, following receipt of the unitholder approval, the Merger Agreement may not be amended to its provisions which by applicable law or stock exchange rule would require further approval by the unitholders.

**Representations and Warranties**

The Merger Agreement contains representations and warranties by New Legacy, on the one hand, and the Partnership and the Partnership GP, on the other hand. These representations and warranties have been made solely for the benefit of the other parties to the Merger Agreement and:

- may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; and

- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors.

Accordingly, these representations and warranties should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this proxy statement/prospectus, which may include

information that updates, modifies or qualifies the information set forth in the representations and warranties.

The representations and warranties made by both New Legacy, on the one hand, and the Partnership and the Partnership GP, on the other hand relate to, among other things:

- corporate organization, standing and similar corporate matters;
- capital structure;

due authorization of the Merger Agreement and the transactions contemplated by the Merger Agreement, absence of any conflicts with third parties created by such transactions and the voting requirements for such transactions;

required consents and approvals of governmental entities in connection with the transactions contemplated by the Merger Agreement; and

no other representations and warranties.

**Additional Agreements**

The Merger Agreement also contains covenants relating to cooperation in the preparation of this proxy statement/prospectus and additional agreements relating to, among other things, access to information, and applicability of takeover statutes.

**The GP Purchase Agreement**

Concurrently with the entry into the Initial Merger Agreement, New Legacy, the Partnership and the Partnership GP entered into the GP Purchase Agreement with the GP Seller and all of the current GP Members, pursuant to which New Legacy will purchase all of the outstanding GP Interests for an aggregate purchase price of $3.0 million in cash. In addition, New Legacy has agreed to pay certain legal fees and $100,000 in advisor fees of GP Seller. The GP Purchase Agreement also contains certain representations and warranties by New Legacy, the GP Seller and each of the current GP Members as well as certain indemnification and release provisions.

Moriah Properties has entered into a MIPA with each of the other current GP Members, by which each of the other current GP Members will sell all of their respective GP Interests to Moriah Properties immediately prior to the closing of the GP Purchase. Additionally, Moriah Properties has entered into an assignment agreement with the GP Seller by which Moriah Properties has agreed to transfer to GP Seller all of its GP Interests and its right to purchase the GP Interests under the MIPA (the Consolidation ).

Immediately prior to the consummation of the Corporate Reorganization, the Consolidation will occur whereby the GP Seller will be the sole member of the Partnership GP and will hold all of the GP Interests. Upon the consummation of the Corporate Reorganization, the GP Purchase will occur pursuant to the terms and subject to the provisions of the GP Purchase Agreement such that New Legacy will be the sole member of the Partnership GP.

The Conflicts Committee has unanimously determined that the GP Purchase Agreement is fair and reasonable to, and in the best interests of, the Partnership, its subsidiaries and the unitholders (other than the Partnership GP and its affiliates). In addition, the GP Board (acting based upon the Special Approval (as defined in both the GP LLC Agreement and the Partnership Agreement) of the Conflicts Committee) has unanimously determined that the GP Purchase Agreement is advisable, fair to and in the best interests of the Partnership, its subsidiaries and the unitholders (other than the Partnership GP and its affiliates). The Partnership and New Legacy encourage you to read carefully the GP Purchase Agreement in its entirety, a copy of which is attached as Annex C and incorporated by reference herein.

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## COMPARISON OF THE RIGHTS OF STOCKHOLDERS AND UNITHOLDERS

The rights of the unitholders are currently governed by the Partnership Agreement and the Delaware LP Act. After the Corporate Reorganization, unitholders will become stockholders, and their rights will be governed by the DGCL and New Legacy s amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon consummation of the Corporate Reorganization. See Description of New Legacy Capital Stock for a summary of the terms of New Legacy s amended and restated certificate of incorporation and amended and restated bylaws to be in effect upon consummation of the Corporate Reorganization.

Set forth below are material differences among the rights of a holder of common units under the Partnership Agreement and the Delaware LP Act, on the one hand, and the rights of a holder of common stock under New Legacy s amended and restated certificate of incorporation and amended and restated bylaws and the DGCL, on the other hand. The identification of specific differences is not intended to indicate that other equally significant or more significant differences do not exist.

The following summary does not reflect any rules of NASDAQ or any other national exchange that may apply to the Partnership or New Legacy in connection with the matters discussed. This summary does not purport to be a complete discussion of, and is qualified in its entirety by reference to, the Delaware LP Act, the DGCL, the Partnership Agreement and New Legacy s amended and restated certificate of incorporation and amended and restated bylaws.

### Purpose and Term of Existence

| New Legacy | The Partnership |
| --- | --- |
| New Legacy s stated purpose is to engage in any lawful act or activity for which corporations may be organized under the DGCL. New Legacy is to have perpetual existence. | The Partnership s purpose under the Partnership Agreement is to engage in any business activities that are approved by the Partnership GP. The Partnership GP, however, may not cause the Partnership to engage in any business activities that it determines would cause the Partnership to be treated as an entity taxed as a corporation for federal income tax purposes. The Partnership GP is authorized in general to perform all acts it determines to be necessary or appropriate to carry out the Partnership s purposes and to conduct its business.<br><br>The Partnership will have a perpetual existence. |

### Authorized Capital

| New Legacy | The Partnership |
| --- | --- |
| New Legacy s authorized capital stock consists of: | The authorized equity interests of the Partnership consist of the units, Incentive Distribution Units |

945,000,000 shares of common stock, $0.01 par value per share; and

105,000,000 shares of preferred stock, $0.01 par value per share, none of which were outstanding as of the date of this proxy statement/prospectus.

As of the record date, there were 1,000 outstanding shares of common stock, all of which were held by the

( IDUs ), Series A Preferred Units, Series B Preferred Units and the general partner interest.

As of the record date, there were outstanding units, 2,300,000 outstanding Series A Preferred Units, 7,200,000 outstanding Series B Preferred Units and 100,000 outstanding IDUs. As of

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| New Legacy | The Partnership |
| --- | --- |
| Partnership GP, and no outstanding shares of preferred stock. | the record date, the general partner interest was also outstanding. |
| New Legacy s amended and restated certificate of incorporation authorizes the New Legacy Board to, without stockholder approval, authorize the issuance of preferred stock from time to time in one or more series, and with respect to each series of preferred stock, to fix and state by resolution the designation and the powers, preferences, rights, qualifications, limitations and restrictions relating to each series of preferred stock. | As a limited partnership, the Partnership does not have authorized capital. Rather, subject to any required approvals by Preferred Unitholders or holders of IDUs, the Partnership Agreement authorizes the Partnership to issue an unlimited number of additional partnership securities for the consideration and on the terms and conditions determined by the Partnership GP without the approval of the unitholders. In addition, the Partnership GP has authorized an additional 900,000 IDUs, which may be issued without consent of the holders of IDUs. |
| In addition, the number of authorized shares of New Legacy s common stock or preferred stock may be increased or decreased (but not below the number of shares of capital stock then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of New Legacy entitled to vote thereon. | Holders of any additional units that the Partnership issues will be entitled to share equally with the then-existing holders of units in the Partnership s distributions of available cash. In addition, the issuance of additional units or other partnership securities may dilute the value of the interests of the then-existing unitholders, Preferred Unitholders or holders of IDUs in the Partnership s net assets. |
| | In accordance with Delaware law and the provisions of the Partnership Agreement, the Partnership may also issue additional partnership securities that, as determined by the Partnership GP, may have special voting rights to which the units, Preferred Units or IDUs are not entitled. However, except as previously authorized as described above, the Partnership may not issue additional IDUs or partnership securities having terms substantially similar to IDUs without first receiving the affirmative vote or consent of the holders of at least 75% of the outstanding IDUs (other than any IDUs held by the Partnership GP, by the Partnership or their respective controlled affiliates). Additionally, the Partnership may not issue additional Series A Preferred Units, Series B Preferred Units, parity securities or senior securities if the cumulative distributions payable |

on outstanding Series A Preferred Units or Series B Preferred Units are in arrears unless the Partnership has received an affirmative vote or consent of the holders of at least 66 2/3% of the outstanding Series A Preferred Units and Series B Preferred Units.

*Series A Preferred Units.* On April 17, 2014, the Partnership completed its offering of Series A

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| New Legacy | The Partnership |
| --- | --- |
| | Preferred Units. The Series A Preferred Units rank senior to the Partnership s units, with respect to the payment of distributions and distribution of assets upon liquidation, dissolution and winding up. The Series A Preferred Units have no stated maturity and are not subject to mandatory redemption or any sinking fund and will remain outstanding indefinitely unless repurchased or redeemed by the Partnership or converted into its units in connection with a Change of Control (as defined in the Partnership Agreement). |
| | *Series A Preferred Units.* On April 17, 2014, the Partnership completed its offering of Series A Preferred Units. The Series A Preferred Units rank senior to the Partnership s units, with respect to the payment of distributions and distribution of assets upon liquidation, dissolution and winding up. The Series A Preferred Units have no stated maturity and are not subject to mandatory redemption or any sinking fund and will remain outstanding indefinitely unless repurchased or redeemed by the Partnership or converted into its units in connection with a change of control. Pursuant to the Merger Agreement and the Settlement Agreement, each Series A Preferred Unit issued and outstanding will be converted into the right to receive 2.92033118 shares of common stock of New Legacy. |
| | At any time on or after April 15, 2019, the Partnership may, at its option, redeem the Series A Preferred Units, in whole or in part, at any time or from time to time, 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. In addition, the Partnership may redeem the Series A Preferred Units following certain changes of control, as described in the Partnership Agreement. If the Partnership does not exercise this option, then the holders of the Series A Preferred Units have the option to convert the Series A Preferred Units into a number of units per Series A Preferred Unit as set forth in the Partnership Agreement. If the Partnership exercises its redemption |

rights relating to any Series A Preferred Units, the holders of those Series A Preferred Units will not have the conversion right described above with respect to the Series A Preferred Units called for redemption.

Holders of Series A Preferred Units have no voting rights except for limited voting rights with respect to potential amendments to the Partnership Agreement

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| New Legacy | The Partnership |
|---|---|
| | that have a material adverse effect on the existing terms of the Series A Preferred Units and in certain other limited circumstances or as required by law. |
| | *Series B Preferred Units.* On June 17, 2014, the Partnership completed its offering of Series A Preferred Units. The Series B Preferred Units rank senior to the Partnership s units, with respect to the payment of distributions and distribution of assets upon liquidation, dissolution and winding up. The Series B Preferred Units have no stated maturity and are not subject to mandatory redemption or any sinking fund and will remain outstanding indefinitely unless repurchased or redeemed by the Partnership or converted into units in connection with a change of control. Pursuant to the Merger Agreement and the Settlement Agreement, each Series B Preferred Unit issued and outstanding will be converted into the right to receive 2.90650421 shares of common stock of New Legacy. |
| | At any time on or after June 15, 2019, the Partnership may, at its option, redeem the Series B Preferred Units, in whole or in part, from time to time, at a redemption price of $25.00 per Series B Preferred Unit plus an amount equal to all accumulated and unpaid distributions thereon to the date of redemption. In addition, the Partnership may redeem the Series B Preferred Units following certain changes of control, as described in the Partnership Agreement. If the Partnership does not exercise this option, then the holders of the Series B Preferred Units have the option to convert the Series B Preferred Units into a number of units per Series B Preferred Unit as set forth in the Partnership Agreement. If the Partnership exercises its redemption rights relating to any Series B Preferred Units, the holders of those Series B Preferred Units will not have the conversion right described above with respect to the Series B Preferred Units called for redemption. |

Holders of Series B Preferred Units will have no voting rights except for limited voting rights with respect to potential amendments to the Partnership Agreement that have a material adverse effect on the existing terms of the Series B Preferred Units and in certain other limited circumstances or as required by law.

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**Dividends / Distributions**

| New Legacy | The Partnership |
|---|---|
| Subject to preferences that may be applicable to any outstanding shares or series of preferred stock, holders of common stock are entitled to receive ratably such dividends (payable in cash, stock or otherwise), if any, as may be declared from time to time by the New Legacy Board out of funds legally available for dividend payments.<br><br>New Legacy does not expect to pay dividends on its common stock for the foreseeable future. | As of January 21, 2016, the Partnership has suspended all cash distributions to unitholders and monthly cash distributions to holders of the Series A Preferred Units and Series B Preferred Units. The Revolving Credit Agreement and the Term Loan Credit Agreement provide that cash distributions can be made only out of the Partnership s available cash, provided that distributions do not exceed 90% of available cash, and both before and after giving effect to any such distribution (i) no default or event of default has occurred and is continuing or would result therefrom, (ii) the Partnership has unused lender commitments of not less than 15% of the total lender commitments under the Revolving Credit Agreement then in effect, and (iii) the Partnership s ratio of total debt at such time to its EBITDA for the four fiscal quarters ending on the last day of the fiscal quarter immediately preceding the date of determination for which financial statements are available is equal to or less than 4.00 to 1.00. The Revolving Credit Agreement currently prohibits distributions to unitholders given the Partnership s leverage ratios and limited availability under the Revolving Credit Agreement. Additionally, the Partnership Agreement requires the Partnership to pay or set aside for payment all accrued but unpaid distributions with respect to the Series A Preferred Units and Series B Preferred Units prior to or contemporaneously with making any distribution with respect to the units.<br><br>*Series A Preferred Distributions.* Holders of Series A Preferred Units are entitled to receive, when, as and if declared by the GP Board, out of legally available funds for such purposes, cumulative cash monthly distributions. Distributions on Series A Preferred Units are payable from April 17, 2014 to, but not including, April 15, 2024, at a rate equal to 8.00% per annum of the stated liquidation preference. On and after April 15, 2024, distributions on Series A Preferred Units will accumulate at an annual floating rate equal to the |

three-month London Interbank Offered Rate ( LIBOR ) plus a spread of 5.24%.

*Series B Preferred Distributions*. Holders of Series B Preferred Units are entitled to receive, when, as and if declared by the Partnership GP Board, out of legally available funds for such purposes, cumulative cash monthly distributions. Distributions on Series B Preferred Units are payable from June 15, 2014 to, but not including, June 15, 2024, at a rate equal to 8.00% per annum of the stated liquidation preference. On and after April 15, 2024,

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| New Legacy | The Partnership |
|---|---|
| | distributions on Series B Preferred Units will accumulate at an annual floating rate equal to the three-month LIBOR plus a spread of 5.256%. |
| | *Distributions of Available Cash*. Once all distributions payable with respect to the outstanding Series A Preferred Units and outstanding Series B Preferred Units are made, the Partnership Agreement requires that the Partnership distribute all of its available cash from operating surplus each quarter in the following manner: |
| | first, 100.00% to the unitholders and the Partnership GP, pro rata, until each unitholder receives a total of $0.5900 per unit for that quarter; |
| | second, 100.00% to the unitholders and the Partnership GP, pro rata, until each unitholder receives a total of $0.6785 per unit for that quarter; |
| | third, 87.00% to the unitholders and the Partnership GP, pro rata and 13.00% to the holders of the IDUs, pro rata, until each unitholder receives a total of $0.7375 per unit for that quarter; and |
| | thereafter, 77.00% to the unitholders and the Partnership GP, pro rata, and 23.00% to the holders of IDUs, pro rata. |
| | Available cash is defined generally to mean cash and cash equivalents on hand at the end of each quarter, plus working capital borrowings made after the end of the quarter, less cash reserves determined by the Partnership GP, at the date of determination of available cash for the quarter, to be necessary and appropriate to provide for the conduct of the |

Partnership s business (which could include, but is not limited to, amounts reserved for capital expenditures, including drilling and acquisitions, and the Partnership s anticipated future credit needs), comply with applicable law, any of the Partnership s debt instruments or other agreements, provide funds for distributions in respect of existing preferred units or provide funds for distributions to the unitholders for any one of the upcoming four quarters.

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**Business Combinations**

| New Legacy | The Partnership |
|---|---|
| Under the DGCL, the consummation of a merger or consolidation generally requires the approval of the board of directors of a corporation that is a constituent corporation in the merger or consolidation and requires that the agreement of merger or consolidation be adopted by the affirmative vote of the holders of a majority of the stock of that corporation entitled to vote thereon at an annual or special meeting for the purpose of acting on the agreement. | A merger or consolidation of the Partnership requires the prior consent of the Partnership GP. The Partnership GP, however, has no duty or obligation to consent to any merger or consolidation and may decline to do so free of any fiduciary duty or obligation whatsoever to the Partnership or the limited partners, including any duty to act in good faith or in the best interest of the Partnership or the limited partners. |
| No such approval and vote are required if such constituent corporation is the surviving corporation and:<br><br>such corporation s certificate of incorporation is not amended;<br><br>each share of stock of such constituent corporation whose shares were outstanding immediately before the effective date of the merger is to be an identical outstanding or treasury share of the surviving corporation, immediately after the effective date of the merger; and<br><br>either no shares of common stock of the surviving corporation and no shares, securities or obligations convertible into such stock are to be issued or delivered under the plan of merger, or the authorized unissued shares or the treasury shares of common stock of the surviving corporation to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under the plan do not exceed 20% of the shares of common stock of such corporation outstanding immediately prior to the effective date of the merger. | In addition, the Partnership Agreement generally prohibits the Partnership GP, without the prior approval of a majority of the votes cast by the holders of units entitled to vote on the matter at a meeting at which a quorum is present (a Unit Majority ), from causing the Partnership, among other things, to sell, exchange or otherwise dispose of all or substantially all of the Partnership s assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination, or approving on the Partnership s behalf the sale, exchange or other disposition of all or substantially all of the assets of the Partnership s subsidiaries. The Partnership GP may, however, mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the Partnership s assets without that approval. The Partnership GP may also sell all or substantially all of the Partnership s assets under a foreclosure or other realization upon those encumbrances without that approval. Finally, the Partnership GP may consummate any merger without the prior approval of a Unit Majority if the Partnership is the surviving entity in the transaction, the transaction would not result in an amendment to the Partnership Agreement that could not otherwise be adopted solely by the Partnership GP, each partnership security will be an identical partnership security following the transaction, and the partnership securities to be issued do not exceed 20% of the outstanding partnership securities (other than IDUs) immediately prior to the transaction. |

| | |
|---|---|
| New Legacy is not subject to the provisions of Section 203 of the DGCL. | |
| | If the conditions specified in the Partnership Agreement are satisfied (including receipt of an opinion of counsel regarding limited liability and tax status matters), the Partnership GP may convert the Partnership or any of its subsidiaries into a new limited liability entity or merge the Partnership or any of its subsidiaries into, or convey all of its assets |

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| New Legacy | The Partnership |
|---|---|
| | to, a newly formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity. The unitholders, Preferred Unitholders, and holders of IDUs are not entitled to dissenters rights of appraisal under the Partnership Agreement or applicable Delaware law in the event of a conversion, merger or consolidation, a sale of substantially all of the Partnership s assets or any other transaction or event. |

**Management by Board of Directors / General Partner**

| New Legacy | The Partnership |
|---|---|
| In accordance with the DGCL, New Legacy s business and affairs are managed by the New Legacy Board.<br><br>New Legacy s amended and restated certificate of incorporation provides that, subject to the rights of holders of any preferred stock, the number of directors will be exclusively fixed from time to time by resolution adopted by the New Legacy Board. As of the date of the closing of the Corporate Reorganization, the New Legacy Board will have six directors. | The Partnership GP conducts, directs and manages all activities of the Partnership. Except as otherwise expressly provided in the Partnership Agreement and the GP LLC Agreement, all management powers over the business and affairs of the Partnership is exclusively vested in the Partnership GP, and no limited partner has any management power over the business and affairs of the Partnership. Certain actions by the GP Board require approval of the members of the Partnership GP, as set forth in the GP LLC Agreement.<br><br>Except as otherwise provided in the Partnership Agreement, the Partnership GP may not sell, exchange or otherwise dispose of all or substantially all of the assets of the Partnership and its subsidiaries, taken as a whole, in a single transaction or a series of related transactions (including by way of merger, consolidation, other combination or sale of ownership interests of the Partnership and its subsidiaries) without the approval of a Unit Majority; *provided, however,* that such restriction does not preclude or limit the Partnership GP s ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Partnership and its subsidiaries pursuant to the foreclosure of, or other realization upon, any such encumbrance. Without the approval of a Unit Majority, the Partnership GP may not, on behalf of the Partnership, except as otherwise permitted pursuant to |

the Partnership Agreement, elect or cause the Partnership to elect a successor general partner of the Partnership.

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**Nomination and Election of Directors**

| New Legacy | The Partnership |
| --- | --- |
| If the Board Classification Proposal is approved by the unitholders, New Legacy s directors (other than the directors elected by the holders of any series of preferred stock) will be divided into three classes serving staggered three- year terms. Class I, Class II and Class III directors will serve until the annual meetings of stockholders in 2019, 2020 and 2021, respectively. | Pursuant to the Partnership Agreement and the GP LLC Agreement, the Partnership s unitholders, including the Partnership GP and its affiliates, are entitled to elect all of the directors of the Partnership GP. The directors of the Partnership GP hold office for a one-year term and thereafter until the earlier of their death, resignation, removal or disqualification or until their successors have been elected and qualified. |
| If the Board Classification Proposal is not approved by the unitholders, the New Legacy Board will consist of a single class of six directors, each of whom will serve until the next annual meeting of stockholders and until his or her successor has been duly elected and qualified. | Under the Partnership Agreement, nominations of persons for the election of directors may be made at an annual meeting of the stockholders only (1) by or at the direction of the Partnership GP or the GP Board or (2) by any limited partner who was a unitholder of record at the time such notice of meeting is given, who is entitled to vote at the meeting and who complies with the procedures described under Stockholder Proposals and Director Nominations; Proxy Access. Holders of Series A Preferred Units, Series B Preferred Units and IDUs have no voting rights with respect to the election of the Partnership GP or the election of the directors of the Partnership GP. |
| Directors are elected by the affirmative vote of the holders of a plurality of the shares present or represented by proxy and entitled to vote on the election of directors. | |
| At a meeting of the stockholders, only such nominations of persons for the election of directors and such other business may be conducted as is been properly brought before the meeting. To be properly brought before an annual meeting, nominations or such other business must be: (1) specified in New Legacy s notice of meeting, (2) otherwise properly brought before the meeting by or at the direction of the New Legacy Board or (3) otherwise properly brought before an annual meeting by a stockholder who is a stockholder of record at the time such notice of meeting is given and at the time of the annual meeting, who is entitled to vote at the meeting and who complies with the procedures described under Stockholder Proposals and Director Nominations; Proxy Access. New Legacy s amended and restated bylaws also permit eligible stockholders who comply with the requirements set forth in New Legacy s amended and restated bylaws to include up to a specified number of | |

director nominees in New Legacy s proxy materials for an annual meeting, as discussed below under Stockholder Proposals and Director Nominations; Proxy Access.

Except as otherwise described above, each director chosen will hold office until the annual meeting of stockholders held after his or her election at which such director s term expires and will serve until his successor will have been duly elected and qualified or until his earlier death, resignation, retirement, disqualification or removal.

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**Stockholder Proposals and Director Nominations; Proxy Access**

| New Legacy | The Partnership |
| --- | --- |
| New Legacy s amended and restated bylaws establish advance notice procedures with respect to stockholder proposals for annual meetings and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be properly brought before a meeting, a stockholder will have to comply with advance notice requirements and provide New Legacy with certain information. Generally, to be timely, a stockholder s notice must be received at New Legacy s principal executive offices not later than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of the stockholders. Legacy s amended and restated bylaws also specify requirements as to the form and content of a stockholder s notice. | The Partnership Agreement establishes advance notice procedures with respect to unitholder nomination of candidates for election as directors. In order for any such nomination to be made at an annual meeting, a unitholder will have to comply with advance notice requirements and provide the Partnership GP with certain information. Generally, to be timely, a unitholder s notice must be given to the Partnership GP no later than the 120th day, and no earlier than the 135th day, in advance of the anniversary of the previous year s annual meeting. |
| In addition to the director nomination provisions described above, New Legacy s amended and restated bylaws permit any stockholder or group of up to 20 stockholders who have maintained continuous qualifying ownership of 3% or more of the outstanding common stock for at least three years and who comply with the other requirements set forth in the bylaws to include up to a specified number of director nominees in New Legacy s proxy materials for an annual meeting. The maximum number of stockholder nominees permitted under these proxy access provisions of New Legacy s amended and restated bylaws is the greater of two or 20% of the number of New Legacy s directors on the last day a notice of nomination may be submitted. See Description of New Legacy Capital Stock Anti-Takeover Effects of New Legacy s Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Certain Provisions of Delaware Law Proxy Access for Director Nominations for additional information regarding proxy access procedures and notice requirements. | Neither the Partnership Agreement nor the GP LLC Agreement includes any proxy access procedure. |

**Removal of Directors; Withdrawal or Removal of General Partner**

| New Legacy | The Partnership |
| --- | --- |
| If the Board Classification Proposal is approved by the unitholders, New Legacy s amended and restated certificate of incorporation will provide that any or all of the directors (other than the directors elected by the holders of any series of preferred stock) may be removed only for cause and only by the affirmative vote of the holders of at least 66 2/3% of the voting power of | The Partnership Agreement provides that a director may be removed only for cause and only upon a vote of the majority of the remaining directors then in office. Unitholders do not have any voting rights with respect to the removal of individual directors under the Partnership Agreement. |

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| all of the then- outstanding shares of voting stock, voting together as a single class. | In addition, the Partnership GP may withdraw as general partner of the Partnership without first obtaining approval of any unitholder by giving 90 days written notice, and that withdrawal will not constitute a violation of the Partnership Agreement. In addition, the Partnership Agreement permits the Partnership GP in some instances to sell or otherwise transfer all of its general partner interest in the Partnership without the approval of the unitholders. |
| If the Board Classification Proposal is not approved by the unitholders, New Legacy s amended and restated certificate of incorporation will provide that any or all of the directors (other than the directors elected by the holders of any series of preferred stock) may be removed with or without cause and only by the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then outstanding shares of voting stock, voting together as a single class. | |
| | Upon withdrawal of the Partnership GP under any circumstances, other than as a result of a transfer by the Partnership GP of all or a part of its general partner interest in the Partnership, the holders of a Unit Majority may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, the Partnership will be dissolved, wound up and liquidated, unless within a specified period after that withdrawal, the holders of a Unit Majority agree in writing to continue the Partnership s business and to appoint a successor general partner. |
| | The Partnership GP may not be removed unless that removal is approved by the vote of the holders of at least 66 2/3% of the outstanding units, voting together as a single class, including units held by the Partnership GP and its affiliates, and the Partnership receives an opinion of counsel regarding limited liability and tax matters. Any removal of the Partnership GP is also subject to the approval of a successor general partner by the vote of the holders of a Unit Majority. The ownership of more than 33 1/3% of the outstanding units by the Partnership GP and its affiliates would give them the practical ability to prevent the Partnership GP s removal. As of June 30, 2018, the Partnership GP and its affiliates, including members of the Partnership s management, currently own |

approximately 14.76% of the outstanding units and, following the Corporate Reorganization, will own 13.30% of the outstanding shares.

The Partnership Agreement also provides that if the Partnership GP is removed as the general partner of the Partnership under circumstances where cause does not exist or the Partnership GP withdraws where that withdrawal does not violate the Partnership Agreement, the Partnership GP will have the option to require a successor general partner to purchase its

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| | general partner interest and all of its IDUs, if any, into units or to receive cash in exchange for such interest based on the fair market value of its combined interest at that time. |
| | In the event of removal of such a general partner under circumstances where cause exists or withdrawal of a general partner where that withdrawal violates the Partnership Agreement, a successor general partner will have the option to purchase the general partner interest for a cash payment equal to the fair market value of such interest. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached within 30 days after the departing general partner s departure, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. Or, if the departing general partner and the successor general partner cannot agree upon an expert, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value. |
| | If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner s general partner interest will automatically convert into units equal to the fair market value of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph. |
| | In addition, the Partnership will be required to reimburse the departing general partner for all amounts due the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred for the termination of any |

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| | employees employed by the departing general partner or its affiliates for the Partnership s benefit. |

**Filling Vacancies on the Board; Replacing the General Partner**

| New Legacy | The Partnership |
|---|---|
| Subject to the rights granted to the holders of any one or more series of preferred stock then outstanding, any vacancies on the New Legacy Board, and any newly | Any vacancies may be filled, until the next annual meeting at which the term of the directors expires, by a majority of the remaining directors then |

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| created directorships, will be filled only by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. | in office. See also Removal of Directors; Withdrawal or Removal of General Partner. |

**Change of Management Provisions**

| New Legacy | The Partnership |
|---|---|
| See Description of New Legacy Capital Stock Anti-Takeover Effects of New Legacy s Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Certain Provisions of Delaware Law. | The Partnership Agreement contains specific provisions that are intended to discourage a person or group from attempting to remove the Partnership GP or otherwise change Partnership s management. If any person or group other than Partnership GP and its affiliates acquires beneficial ownership of 20% or more of any class or series of units, that person or group loses voting rights on all of its units. This loss of voting rights does not apply to any person or group that acquires the units from the Partnership GP or its affiliates and any transferees of that person or group approved by the Partnership GP, to any person or group who acquires the units with the prior approval of the board of directors of the Partnership GP, or to the voting rights of Series A Preferred Units, Series B Preferred Units or IDUs, if any. See also Removal of Directors; Withdrawal or Removal of General Partner. |

**Preemptive Rights**

| New Legacy | The Partnership |
|---|---|
| None. | Upon issuance of additional partnership securities, the Partnership GP will be entitled, but not required, to make additional capital contributions to the extent necessary to maintain its initial general partner interest in the Partnership. Since the Partnership s March 2006 private equity offering and the related formation transactions, the Partnership GP has not elected to make additional capital contributions to maintain its initial 0.1% general partner interest in the Partnership. The Partnership GP s initial interest in the Partnership has been, and will continue to be reduced, if the Partnership issues additional partnership securities in the future and the Partnership GP does not contribute a proportionate amount of capital to the Partnership to maintain its general partner interest. Moreover, the |

Partnership GP will have the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase units or other partnership securities

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| | whenever, and on the same terms that, the Partnership issues those securities to persons other than the Partnership GP and its affiliates, to the extent necessary to maintain the percentage interest of the Partnership GP, including such interest represented by partnership securities that existed immediately prior to each issuance. Unitholders, Preferred Unitholders and holders of IDUs will not have preemptive rights to acquire additional units, Series A Preferred Units, Series B Preferred Units, IDUs or other partnership securities. |

**Amendment of Governing Documents**

| New Legacy | The Partnership |
| --- | --- |
| Under Delaware law, subject to Section 242(b)(2) of the DGCL, which provides holders of a class or series of stock with a separate vote on proposed amendments to the certificate of incorporation under certain circumstances, unless the certificate of incorporation requires a greater vote, an amendment to the certificate of incorporation requires (1) that the board adopt resolutions approving the proposed amendment and declaring its advisability; and (2) the affirmative vote of the holders of a majority in voting power of the stock entitled to vote. | *General.* Amendments to the Partnership Agreement may be proposed only by the Partnership GP (and not by any unitholder, in such capacity). The Partnership GP, however, will have no duty or obligation to propose any amendment and may decline to do so free of any fiduciary duty or obligation whatsoever to the Partnership or the limited partners, including any duty to act in good faith or in the best interests of the Partnership or the limited partners. |
| New Legacy s amended and restated certificate of incorporation requires the affirmative vote of the holders of at least 66 2/3% in voting power of the outstanding shares of voting power of New Legacy entitled to vote thereon, voting together as a single class, to amend, alter or repeal certain enumerated provisions of the New Legacy amended and restated certificate of incorporation including, among other things, provisions related to elections of directors and annual and special meetings of stockholders. | Except as described below, an amendment must be approved first by the Partnership GP, and second by a majority of the votes cast by holders of units entitled to vote on the proposed amendment at a meeting at which a quorum is present, unless a greater or different percentage is required under the Partnership Agreement or Delaware law.<br><br>*Prohibited Amendments.* No amendment may be made that would: |
| New Legacy s amended and restated certificate of incorporation and amended and restated bylaws provide that the New Legacy Board is expressly authorized to make, repeal, alter, amend and rescind, in whole or in part, New | enlarge the obligations of any limited partner without its consent, unless approved by at least a |

Legacy s bylaws, without the assent or vote of the stockholders in any manner not inconsistent with the laws of the State of Delaware or the amended and restated certificate of incorporation. In addition, New Legacy s stockholders also have the power to make, repeal, alter, amend and rescind, in whole or in part, New Legacy s bylaws, without any requirement to obtain separate approval of the New Legacy Board.

majority of the type or class of limited partner interests so affected;

enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by the Partnership to the Partnership GP or any of its affiliates without the consent of the Partnership GP, which consent may be given or withheld at its option;

have a material adverse effect on the existing terms of the Series A Preferred Units or Series B

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| | Preferred Units without first receiving the affirmative vote or consent of 66 2/3% of the holders of the outstanding Series A or Series B Units, respectively; or |
| In further respect of stockholders power to alter or repeal the New Legacy bylaws, the affirmative vote of the holders of at least 66 2/3% in voting power of all of the then-outstanding shares of stock entitled to vote thereon, voting together as a single class, is required in order for the stockholders of New Legacy to alter, amend, repeal or rescind, in whole or in part, any provision of the bylaws. | adversely affect the rights, preferences, privileges or obligations of any holder of IDUs, in its capacity as a holder of IDUs, in a manner disproportionate to the effect of such amendment on holders of IDUs as a whole, without first receiving the prior written consent of each such adversely affected holder of IDUs. |
| | The provision of the Partnership Agreement preventing such prohibited amendments can only be amended upon the approval of the holders of at least 90% of the outstanding units voting together as a single class (including units owned by the Partnership GP and its affiliates) unless the Partnership obtains an opinion of counsel to the effect that such amendment will not affect the limited liability of any limited partner under applicable law. As of June 30, 2018, the Partnership GP and its affiliates, including members of the Partnership s management, currently own approximately 14.76% of the outstanding units and, following the Corporate Reorganization, will own 13.30% of the outstanding shares. |
| | *Amendments Relating to Election of Directors*. Any amendment to the provisions of the Partnership Agreement relating to the unitholders rights to elect directors must be approved by the unitholders holding at least 75% of the outstanding units. |
| | *No Unitholder Approval.* The Partnership GP may generally make amendments to the Partnership Agreement without the approval of any limited partner or assignee to reflect: |

a change in the Partnership s name, the location of the Partnership s principal place of business,

the Partnership s registered agent or the Partnership s registered office;

the admission, substitution, withdrawal or removal of partners in accordance with the Partnership Agreement;

a change that the Partnership GP determines to be necessary or appropriate to qualify or continue the Partnership s qualification as a limited partnership or a partnership in which the

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| | limited partners have limited liability under the laws of any state or to ensure that neither the Partnership nor the Partnership s operating partnership nor any of its subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes; |
| | an amendment that is necessary, in the opinion of the Partnership s counsel, to prevent the Partnership or the Partnership GP or its directors, officers, agents or trustees from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisors Act of 1940, or plan asset regulations adopted under the Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed; |
| | subject to approval rights that the holders of Series A Preferred Units, Series B Preferred Units and IDUs have in certain circumstances, an amendment that the Partnership GP determines to be necessary or appropriate for the authorization of additional partnership securities or rights to acquire partnership securities; |
| | any amendment expressly permitted in the Partnership Agreement to be made by the Partnership GP acting alone; |
| | an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of the Partnership Agreement; |
| | any amendment that the Partnership GP determines to be necessary or appropriate for the formation by the |

Partnership of, or the Partnership s investment in, any corporation, partnership or other entity, as otherwise permitted by the Partnership Agreement;

a change in the Partnership s fiscal year or taxable year and related changes;

certain mergers or conveyances as set forth in the Partnership Agreement; or

any other amendments substantially similar to any of the matters described in the clauses above.

In addition, the Partnership GP may make amendments to the Partnership Agreement without

| New Legacy | The Partnership |
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| | the approval of any limited partner or transferee in connection with a merger or consolidation approved in connection with the Partnership Agreement, or if the Partnership GP determines that those amendments: |
| | do not adversely affect the limited partners (or any particular class of limited partners) in any material respect; |
| | are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute; |
| | are necessary or appropriate to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading; |
| | are necessary or appropriate for any action taken by our general partner relating to splits or combinations of units under the provisions of our partnership agreement; or |
| | are required to effect the intent expressed in this prospectus or the intent of the provisions of our partnership agreement or are otherwise contemplated by our partnership agreement. |
| | *Opinion of Counsel and Unitholder Approval.* The Partnership GP will not be required to obtain an opinion of counsel that an amendment will not result in |

a loss of limited liability to the limited partners or result in the Partnership s being treated as an association taxable as a corporation or otherwise taxable as an entity for federal income tax purposes in connection with any of the amendments described under No Unitholder Approval. No other amendments to the Partnership Agreement other than described above under No Unitholder Approval will become effective without the approval of holders of at least 90% of the outstanding units voting as a single class unless the Partnership first obtains an opinion of counsel to the effect that the amendment will not affect the limited liability under applicable law of any of the Partnership s limited partners.

In addition to the above restrictions, any amendment that would have a material adverse effect

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| | on the rights or preferences of any type or class of outstanding units, preferred units or IDUs in relation to other classes of units, preferred units or IDUs will require the approval of at least a majority of the type or class of units so affected. Further, any amendment that would adversely affect the rights, preferences, privileges or obligations of any holder of IDUs in a manner that is disproportionate to effect of any such amendment on holders of IDUs as a whole will require the written consent of such affected holder of IDUs. Additionally, any amendment that would have a material adverse effect on the existing terms of the Series A Preferred Units or Series B Preferred Units will require the affirmative vote or consent of 66 2/3% of the holders of the outstanding Series A or Series B Units, respectively. Any amendment that reduces the voting percentage required to take any action is required to be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced. |

**Voting Rights; Meetings; Action by Written Consent**

| New Legacy | The Partnership |
|---|---|
| New Legacy s amended and restated certificate of incorporation provides that holders of shares of common stock are entitled to one vote for each share held of record on all matters on which stockholders generally are entitled to vote.<br><br>Unless otherwise required by law, the amended and restated certificate of incorporation or the rules of any stock exchange applicable to New Legacy, the record holders of a majority of the voting power of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote thereat will constitute a quorum for the transaction of business at all meetings of stockholders. | Except as described below regarding a person or group owning 20% or more of any class or series of units then outstanding, unitholders or transferees who are record holders of units on the record date will be entitled to notice of, and to vote at, meetings of the limited partners and to act upon matters for which approvals may be solicited. Units that are owned by an assignee who is a record holder, but who has not yet been admitted as a limited partner, will be voted by the Partnership GP at the written direction of the record holder. Absent direction of this kind, the units will not be voted, except that, in the case of units held by the Partnership GP on behalf of non-citizen assignees, the Partnership GP will distribute the votes on those units in the same ratios as the votes of limited partners on other units are cast. |

With respect to matters as to which no other voting requirement is specified by applicable law or regulation, the rules or regulations of any stock exchange applicable to New Legacy, or New Legacy s amended and restated certificate of incorporation or amended and restated bylaws, the vote required for stockholder action is a majority of the voting power of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote and voting on the matter. Directors are elected by a plurality of the votes in respect of the

The unitholders, including the Partnership GP and its affiliates, are entitled to elect all of the directors of the Partnership GP. The GP LLC Agreement and the Partnership Agreement provide for a board of directors to be comprised of between seven and nine individuals. The Partnership Agreement provides that the annual meeting of limited partners for the directors of the board of the

| New Legacy | The Partnership |
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| shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. | Partnership GP shall be held on the second Wednesday of May or at such other date and time as may be fixed by the Partnership GP. |
| The holders of a series of preferred stock, if any, are entitled only to such voting rights, if any, as are expressly granted to such series of preferred stock by the amended and restated certificate of incorporation (including any certificate of designation relating to such series of preferred stock). New Legacy s amended and restated certificate of incorporation provides that special meetings of stockholders may be called only by or at the direction of the Legacy Board or the chairman thereof. New Legacy s amended and restated certificate of incorporation provides that any action required or permitted to be taken by the stockholders must be taken at a duly called annual or special meeting of stockholders and may not be taken by any consent in writing of such stockholders. | Additionally, any action that is required or permitted to be taken by the limited partners may be taken either at a meeting of the limited partners or without a meeting if consents in writing describing the action so taken are signed by holders of the number of outstanding limited partner interests necessary to authorize or take that action at a meeting. Meetings of the limited partners may be called by the Partnership GP or by limited partners owning at least 20% of the outstanding limited partner interests of the class or series for which a meeting is proposed. Limited partners may vote either in person or by proxy at meetings. The holders of a majority of the outstanding limited partner interests of the class or classes or series for which a meeting has been called represented in person or by proxy will constitute a quorum unless any such action requires approval by holders of a greater percentage of the outstanding limited partner interests, in which case the quorum will be the greater percentage. |
| | Each record holder of a unit has a vote according to his percentage interest in the Partnership, although additional limited partner interests having special voting rights could be issued. However, if at any time any person or group, other than the Partnership GP and its affiliates, or a direct or subsequently approved transferee of the Partnership GP or its affiliates, acquires, in the aggregate, beneficial ownership of 20% or more of any class or series of units then outstanding, that person or group will lose voting rights on all of its units and the units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum or for other similar purposes. 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.

Any notice, demand, request, report or proxy material required or permitted to be given or made to record holders of units under the Partnership

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| | Agreement will be delivered to the record holder by the Partnership or by the transfer agent. |

**Indemnification and Limitation on Liability**

| New Legacy | The Partnership |
| --- | --- |
| The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors fiduciary duties. The DGCL does not permit exculpation for liability: | Under the Partnership Agreement, in most circumstances, the Partnership will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages or similar events: |
| for breach of duty of loyalty; | the Partnership GP; |
| for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law; | any departing general partner; |
| under Section 174 of the DGCL (unlawful dividends and stock repurchases); or | any person who is or was an affiliate of a general partner or any departing general partner; |
| for transactions from which the director derived improper personal benefit. | any person who is or was a director, officer, member, partner, fiduciary or trustee of any entity set forth in the preceding three bullet points; |
| New Legacy s amended and restated certificate of incorporation eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL. | any person who is or was serving as director, officer, member, partner, fiduciary or trustee of another person at the request of the Partnership GP or any departing general partner; and |
| New Legacy s amended and restated bylaws provide that it will indemnify and advance expenses to its directors and officers, and may indemnify and advance expenses to its employees and agents, to the fullest extent permitted by law. | any person designated by the Partnership GP. |

New Legacy s amended and restated bylaws expressly authorized New Legacy to maintain insurance providing indemnification for its directors, officers, employees, agents and other persons against any expense, liability or loss, whether or not New Legacy would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Any indemnification under these provisions will only be out of the Partnership s assets. Unless it otherwise agrees, the Partnership GP will not be personally liable for, or have any obligation to contribute or lend funds or assets to the Partnership to enable it to effectuate, indemnification. The Partnership may purchase insurance against liabilities asserted against and expenses incurred by persons for the Partnership s activities, regardless of whether the Partnership would have the power to indemnify the person against liabilities under the Partnership Agreement.

**Conflicts of Interest; Fiduciary Duties; Corporate Opportunities**

**New Legacy**

Under the DGCL, a transaction or a contract between a corporation and an officer or director is not void or voidable solely because of the officer s or director s interest if:

the material facts are disclosed or made known to the board of directors (or committee thereof) and a

**The Partnership**

The Partnership GP (i) agrees that its sole business will be to act as a general partner or managing member, as the case may be, of the Partnership and any other partnership or limited liability company of which the Partnership is, directly or indirectly, a partner or member and to undertake

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| majority of the disinterested directors vote to authorize the transaction in good faith; | activities that are ancillary or related thereto (including being a limited partner in the Partnership) and (ii) will not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (A) its performance as general partner or managing member, if any, of one or more group members or as described in or contemplated by the registration statement or (B) the acquiring, owning or disposing of debt or equity securities in any group member. |
| the material facts are disclosed or made known to the stockholders entitled to vote thereon and the transaction is specifically approved in good faith by vote of the stockholders; or | |
| the transaction is fair to the corporation at the time it is authorized, approved or ratified by the board of directors (or committee thereof) or the stockholders. | Each indemnitee (other than the Partnership GP) will have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by any group member, independently or with others, including business interests and activities in direct competition with the business and activities of any group member, and none of the same will constitute a breach of the Partnership Agreement or any duty expressed or implied by law to any group member or any partner. |
| New Legacy s amended and restated certificate of incorporation renounces, to the fullest extent permitted by applicable law, any interest or expectancy of New Legacy and its subsidiaries in any business opportunity, transaction or other matter that may be a corporate opportunity for any non-employee director and its affiliates, except where such opportunity is (i) expressly offered to such person solely in his or her capacity as a director or officer of New Legacy or (ii) identified by a non-employee director solely through the disclosure of information by or on behalf of New Legacy. | |
| | Engaging in competitive activities by any indemnitees (other than the Partnership GP and its subsidiaries) approved by the Partnership and all its partners. It is not a breach of any fiduciary duty or any other obligation of any type whatsoever of the Partnership GP or of any indemnitee for the indemnitees (other than the Partnership GP and its subsidiaries) to engage in such business interests and activities in preference to or to the exclusion of the Partnership. The doctrine of corporate opportunity, or any analogous doctrine, will not apply to any indemnitee (including the Partnership GP and its subsidiaries). No indemnitee (including the Partnership GP and its subsidiaries) who acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Partnership, will have any duty to communicate |

or offer such opportunity to the
Partnership, and such indemnitee (including the Partnership GP and its subsidiaries) will not be liable to the Partnership, to any limited partner or any other person for breach of any fiduciary or other duty by reason of the fact that such indemnitee (including the Partnership GP and its subsidiaries) pursues or acquires for itself, directs such opportunity to another

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| | person or does not communicate such opportunity or information to the Partnership. |
| | The Partnership GP and each of its affiliates may acquire units, Series A Preferred Units, Series B Preferred Units, IDUs or other partnership securities in addition to those acquired on the closing date and, except as otherwise provided in the Partnership Agreement, will be entitled to exercise, at their option, all rights relating to all units or other partnership securities acquired by them. The term affiliates when used in this section with respect to the Partnership GP will not include any group member. |

**Taxation**

| New Legacy | The Partnership |
|---|---|
| New Legacy is classified as a corporation for U.S. federal income tax purposes and is subject to U.S. federal income tax on its taxable income. | The Partnership is classified as a partnership for U.S. federal income tax purposes and, generally, is not subject to entity-level U.S. federal income taxes. |
| See Material U.S. Federal Income Tax Consequences. | Each unitholder receives a Schedule K-1 from the Partnership reflecting such unitholder s share of the Partnership s items of income, gain, loss and deduction for each taxable year following the end of such taxable year. |

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## DESCRIPTION OF NEW LEGACY CAPITAL STOCK

### General

The following description of New Legacy s common stock, preferred stock, certificate of incorporation and bylaws is a summary only and reflects New Legacy s amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon consummation of the Corporate Reorganization, forms of which are included as exhibits to the Merger Agreement, a copy of which is attached as Annex A to this proxy statement/prospectus. Immediately following the Corporate Reorganization, New Legacy s authorized capital stock will consist of 945,000,000 shares of common stock, $0.01 par value per share, and 105,000,000 shares of preferred stock, $0.01 par value per share.

### Common Stock

Holders of shares of the common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors elected by New Legacy s stockholders generally. The holders of the common stock do not have cumulative voting rights in the election of directors.

Holders of shares of the common stock are entitled to receive dividends when, as and if declared by the New Legacy Board out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon New Legacy s liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of the common stock will be entitled to receive pro rata New Legacy s remaining assets available for distribution.

All shares of the common stock that will be outstanding upon consummation of the Corporate Reorganization will be fully paid and non-assessable. The common stock will not be subject to further calls or assessments by New Legacy. Holders of shares of the common stock will not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to the common stock. The rights powers, preferences and privileges of the common stock will be subject to those of the holders of any shares of preferred stock or any other series or class of stock that New Legacy may authorize and issue in the future.

### Preferred Stock

No shares of preferred stock will be issued or outstanding immediately upon consummation of the Corporate Reorganization. New Legacy s amended and restated certificate of incorporation authorizes the New Legacy Board to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or any stock exchange, the authorized shares of preferred stock will be available for issuance without further action by the holders of the common stock. The New Legacy Board is able to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

the designation of the series;

the number of shares of the series, which the New Legacy Board may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares then outstanding);

- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption or repurchase rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of New Legacy s affairs;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of New Legacy or any other entity, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of the series.

**Dividends**

The DGCL permits a corporation to declare and pay dividends out of surplus or, if there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Surplus is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by its board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Declaration and payment of any dividend will be subject to the discretion of the New Legacy Board.

New Legacy has no current plans to pay dividends on the common stock. Any decision to declare and pay dividends in the future will be made at the sole discretion of the New Legacy Board and will depend on, among other things, New Legacy s results of operations, cash requirements, financial condition, contractual restrictions and other factors that the New Legacy Board may deem relevant. Because New Legacy will be a holding company following the Corporate Reorganization and will have no direct operations, New Legacy will only be able to pay dividends from funds it receives from its subsidiaries. In addition, New Legacy s ability to pay dividends will be limited by covenants in its existing indebtedness and may be limited by the agreements governing other indebtedness that New Legacy or its subsidiaries incur in the future.

**Annual Stockholder Meetings**

New Legacy s amended and restated bylaws provide that annual stockholder meetings will be held at a date, time and place, if any, as exclusively selected by the New Legacy Board. To the extent permitted under applicable law, New Legacy may conduct meetings by remote communications, including by webcast.

**Anti-Takeover Effects of New Legacy s Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Certain Provisions of Delaware Law**

New Legacy s amended and restated certificate of incorporation, amended and restated bylaws and the DGCL contain provisions, which are summarized in the following paragraphs, which are intended to enhance the likelihood of continuity and stability in the composition of the New Legacy Board. These provisions are intended to avoid costly takeover battles, reduce New Legacy s vulnerability to a hostile or abusive change of control and

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enhance the ability of the New Legacy Board to maximize stockholder value in connection with any unsolicited offer to acquire New Legacy. However, these provisions may have an anti-takeover effect and may delay, deter or prevent a merger or acquisition of New Legacy by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of common stock held by stockholders.

***Authorized but Unissued Capital Stock***

Delaware law does not require stockholder approval for any issuance of shares that are authorized and available for issuance. However, the listing requirements of NASDAQ, which would apply so long as the common stock remains listed on NASDAQ, require stockholder approval of certain issuances equal to or exceeding 20% of the then-outstanding voting power of New Legacy s capital stock or the-then outstanding number of shares of common stock. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

The New Legacy Board may generally issue shares of one or more series of preferred stock on terms calculated to discourage, delay or prevent a change of control of New Legacy or the removal of its management. Moreover, New Legacy s authorized but unissued shares of preferred stock will be available for future issuances in one or more series without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, to facilitate acquisitions and in connection with employee benefit plans.

One of the effects of the existence of authorized and unissued and unreserved common stock or preferred stock may be to enable the New Legacy Board to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of New Legacy by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of New Legacy s management and possibly deprive New Legacy s stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

***Classified Board of Directors***

If the Board Classification Proposal is approved by the unitholders, New Legacy s amended and restated certificate of incorporation will provide that the New Legacy Board will be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors serving three-year terms. As a result, approximately one-third of the New Legacy Board will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of the New Legacy Board. New Legacy s amended and restated certificate of incorporation and amended and restated bylaws provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by the New Legacy Board.

If the Board Classification Proposal is not approved by the unitholders, the New Legacy Board will consist of a single class of six directors, each of whom will serve until the next annual meeting of stockholders and until his or her successor has been duly elected and qualified.

***Delaware Law***

New Legacy will not be subject to the provisions of Section 203 of the DGCL, regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation, including those whose securities are listed for trading on NASDAQ, from engaging in any business combination (as defined below) with any

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interested shareholder (as defined below) for a period of three years following the date that the shareholder became an interested shareholder, unless:

- the business combination or the transaction which resulted in the interested stockholder becoming an interested shareholder is approved by the board of directors before the date the interested shareholder attained that status;
- upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding certain shares); or
- on or after such time the business combination is approved by the board of directors and authorized at a meeting of shareholders by at least two-thirds of the outstanding voting stock that is not owned by the interested shareholder.

For purposes of these provisions, a business combination includes, among other things, a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder, and an interested stockholder includes a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation s outstanding voting stock.

***Removal of Directors; Vacancies and Newly Created Directorships***

Under the DGCL, unless otherwise provided in New Legacy s amended and restated certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. If the Board Classification Proposal is approved by the unitholders, New Legacy s amended and restated certificate of incorporation will provide that directors may be removed only for cause, and only upon the affirmative vote of holders of at least 66 2/3% of the voting power of all the then-outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class. If the Board Classification Proposal is not approved by the unitholders, New Legacy s amended and restated certificate of incorporation will provide that any or all of the directors (other than the directors elected by the holders of any series of preferred stock) may be removed with or without cause and only by the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then outstanding shares of voting stock, voting together as a single class.

In addition, New Legacy s amended and restated certificate of incorporation also provides that, subject to the rights granted to one or more series of preferred stock then outstanding, any newly created directorship on the New Legacy Board that results from an increase in the number of directors and any vacancy occurring in the New Legacy Board may only be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

***No Cumulative Voting***

Under Delaware law, the right to vote in the election of directors cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. New Legacy s amended and restated certificate of

incorporation does not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the shares of New Legacy s stock entitled to vote generally in the election of directors will be able to elect all New Legacy s directors.

***Special Stockholder Meetings***

New Legacy s amended and restated certificate of incorporation provides that special meetings of New Legacy s stockholders may be called at any time only by or at the direction of the New Legacy Board or the chairman of the New Legacy Board. New Legacy s amended and restated bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deterring, delaying or discouraging hostile takeovers, or changes in control or management of New Legacy.

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***Director Nominations and Stockholder Proposals***

New Legacy s amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the New Legacy Board or a committee of the New Legacy Board. In order for any matter to be properly brought before a meeting, a stockholder will have to comply with advance notice requirements and provide New Legacy with certain information. Generally, to be timely, a stockholder s notice must be received at New Legacy s principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of stockholders. New Legacy s amended and restated bylaws also specify requirements as to the form and content of a stockholder s notice. New Legacy s amended and restated bylaws allow the chairman of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer s own slate of directors or otherwise attempting to influence or obtain control of New Legacy.

***Proxy Access for Director Nominations***

In addition to the director nomination provisions described above, New Legacy s amended and restated bylaws permit any stockholder or group of up to 20 stockholders who have maintained continuous qualifying ownership of 3% or more of the outstanding common stock for at least three years and who comply with the other requirements set forth in the bylaws to include up to a specified number of director nominees in New Legacy s proxy materials for an annual meeting. The maximum number of stockholder nominees permitted under these proxy access provisions of New Legacy s amended and restated bylaws is the greater of two or 20% of the number of New Legacy s directors on the last day a notice of nomination may be submitted. Notice of a nomination under New Legacy s proxy access bylaw provisions must be delivered by a stockholder to New Legacy s Secretary at its principal executive offices not later than the close of business on the 120th day, nor earlier than the close of business on the 150th day, prior to the first anniversary of the date the definitive proxy statement was first sent to stockholders in connection with the preceding year s annual meeting of stockholders. If the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the 150th day prior to such annual meeting and not later than the close of business on the later of the 120th day prior to such annual meeting or the 10th day following the day on which New Legacy publicly announces the date of the annual meeting. Such notice by a stockholder must include certain information and representations as specified in New Legacy s amended and restated bylaws, including, but not limited to, a statement that the stockholder does not have any present intent to change or influence control of New Legacy, and that it acquired the common stock in the ordinary course of business and without any such intent. The complete proxy access procedures for director nominations are set forth in New Legacy s amended and restated bylaws.

***No Stockholder Action by Written Consent***

Legacy s amended and restated certificate of incorporation provides that any action required or permitted to be taken by the stockholders must be taken at a duly called annual or special meeting of stockholders and may not be taken by any consent in writing of such stockholders.

***Supermajority Provisions***

New Legacy s amended and restated certificate of incorporation and amended and restated bylaws provide that the board of directors is expressly authorized to make, alter, amend, change, add to, rescind or repeal, in whole or in part, New Legacy s bylaws without a stockholder vote in any matter not inconsistent with the laws of the State of Delaware or New Legacy s amended and restated certificate of incorporation. Any amendment, alteration, rescission or repeal of New Legacy s bylaws by New Legacy s stockholders requires the affirmative vote of the holders of at least 66 2/3% in voting power of all outstanding shares of stock entitled to vote thereon, voting together as a single class.

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The DGCL provides generally that the affirmative vote of the holders of a majority of the outstanding shares entitled to vote thereon, voting together as a single class, is required to amend a corporation s certificate of incorporation, unless the certificate of incorporation requires a greater percentage.

New Legacy s amended and restated certificate of incorporation provides that the following provisions in New Legacy s amended and restated certificate of incorporation may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least 66 2/3% in voting power of all outstanding shares of New Legacy s stock entitled to vote thereon, voting together as a single class:

- the provision requiring a 66 2/3% supermajority vote for stockholders to amend our amended and restated bylaws;
- assuming the Board Classification Proposal is approved by the unitholders, the provisions providing for a classified board of directors (the election and term of our directors);
- the provisions regarding resignation and removal of directors;
- the provisions regarding competition and corporate opportunities;
- the provisions opting out of Section 203 of the DGCL (as described above);
- the provisions regarding stockholder action by written consent;
- the provisions regarding calling special meetings of stockholders;
- the provisions relating to annual meetings of stockholders;
- the provisions regarding filling vacancies on our board of directors and newly-created directorships;
- the provisions eliminating monetary damages to the fullest extent permitted by law for breaches of fiduciary duty by a director; and
- the amendment provision requiring that the above provisions be amended only with a 66 2/3% supermajority vote.

The combination of the classification of the New Legacy Board (assuming the Board Classification Proposal is approved by the unitholders), the lack of cumulative voting and the supermajority voting requirements will make it more difficult for New Legacy s existing stockholders to replace the New Legacy Board as well as for another party to obtain control of New Legacy by replacing the New Legacy Board. Because the New Legacy Board has the power to retain and discharge New Legacy s officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

These provisions may have the effect of deterring hostile takeovers or delaying or preventing changes in control of New Legacy or its management, such as a merger, reorganization or tender offer. These provisions are intended to enhance the likelihood of continued stability in the composition of the New Legacy Board and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of New Legacy. These provisions are designed to reduce New Legacy s vulnerability to an unsolicited acquisition proposal. The provisions are also intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for New Legacy s shares and, as a consequence, they also may inhibit fluctuations in the market price of New Legacy s shares that could result from actual or rumored takeover attempts. Such provisions may also have the effect of preventing changes in management.

**Dissenters Rights of Appraisal and Payment**

Under the DGCL, with certain exceptions, New Legacy s stockholders will have appraisal rights in connection with a merger or consolidation of New Legacy. Pursuant to the DGCL, stockholders entitled to seek appraisal who properly assert and perfect appraisal rights in accordance with Section 262 of the DGCL in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Court of Chancery of the State of Delaware.

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### Stockholders Derivative Actions

Under the DGCL, any of New Legacy s stockholders may bring an action in the company s name to procure a judgment in its favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of New Legacy s shares at the time of the transaction to which the action relates or such stockholder s stock thereafter devolved upon such stockholder by operation of law.

### Corporate Opportunity

Delaware law permits a corporation to adopt provisions in its certificate of incorporation renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. New Legacy s amended and restated certificate of incorporation, to the maximum extent permitted from time to time by Delaware law, renounces any interest or expectancy that New Legacy has in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to directors who are not employees of New Legacy (and their respective affiliates). New Legacy s amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, no director who is not employed by New Legacy (including any non-employee director who serves as one of New Legacy s officers in both his director and officer capacities) or his or her affiliates will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which New Legacy or its affiliates now engage or propose to engage or (ii) otherwise competing with New Legacy or its affiliates. In addition, to the fullest extent permitted by law and subject to certain specified exceptions, in the event that any non-employee director acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for himself or herself or his or her affiliates or for New Legacy or its affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to New Legacy or any of its affiliates and they may take any such opportunity for themselves or offer it to another person or entity.

New Legacy s amended and restated certificate of incorporation does not renounce New Legacy s interest in any business opportunity that is (i) expressly offered to a non-employee director solely in his or her capacity as a director or officer of New Legacy or (ii) identified by such non-employee director solely through the disclosure of information by or on behalf of New Legacy. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for New Legacy if it is a business opportunity that (i) New Legacy is neither financially or legally able, nor contractually permitted to undertake, (ii) from its nature, is not in the line of New Legacy s business or is of no practical advantage to New Legacy or (iii) is one in which New Legacy has no interest or reasonable expectancy.

### Limitations on Liability and Indemnification and Advancement of Expenses of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors fiduciary duties, subject to certain exceptions. New Legacy s amended and restated certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages to the corporation or its stockholders for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of New Legacy and its stockholders, through stockholders derivative suits on New Legacy s behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any breaches of the director s duty of loyalty, any acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law, any authorization of dividends or stock redemptions or repurchases paid or made in violation of the

DGCL, or for any transaction from which the director derived an improper personal benefit.

New Legacy s amended and restated bylaws generally provide that it must indemnify and advance expenses to its directors and officers to the fullest extent authorized by the DGCL. New Legacy also is expressly

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authorized to carry directors and officers liability insurance providing indemnification for its directors, officers and certain employees for some liabilities. In addition, New Legacy may also enter into indemnification agreements with its directors and officers in the future. New Legacy believes that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability, indemnification and advancement provisions in New Legacy s amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit New Legacy and its stockholders. In addition, your investment may be adversely affected to the extent New Legacy pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of New Legacy s directors, officers or employees for which indemnification or advancement of expenses is sought.

### Transfer Agent and Registrar

The transfer agent and registrar for the common stock will be Computershare Trust Company, N.A.

### Listing

It is a condition to the consummation of the Merger that the common stock issuable in the Merger be approved for listing on a national securities exchange, subject to official notice of issuance. The common stock is expected to trade on NASDAQ under the symbol LGCY.

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## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of certain material U.S. federal income tax consequences to U.S. holders (as defined below) of the Merger and of owning and disposing of common stock received in the Merger. This discussion is based upon current provisions of the Internal Revenue Code of 1986, as amended (the Code ), existing and proposed Treasury regulations (the Treasury Regulations ) promulgated under the Code and judicial authority and administrative interpretations, all as of the date of this document, and all of which are subject to change, possibly with retroactive effect, and are subject to differing interpretations. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. No ruling has been or is expected to be sought from the Internal Revenue Service (the IRS ) with respect to any of the tax consequences discussed below. As a result, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below.

This discussion is limited to U.S. holders that hold their units or Preferred Units, and will hold their common stock received in the Merger, as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address any tax consequences arising under the Medicare tax on net investment income or the alternative minimum tax, nor does it address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any U.S. federal laws other than those pertaining to income taxes. Furthermore, this discussion does not address all aspects of U.S. federal income taxation that may be applicable to U.S. holders in light of their particular circumstances or to U.S. holders that may be subject to special rules under U.S. federal income tax laws, including, without limitation:

- a bank, insurance company or other financial institution;
- a tax-exempt or governmental organizations;
- a real estate investment trust;
- an S corporation or other pass-through entity (or an investor in an S corporation or other pass-through entity);
- a regulated investment company or a mutual fund;
- a controlled foreign corporation or a passive foreign investment company ;
- a dealer or broker in stocks and securities, or currencies;

- a trader in securities that elects mark-to-market treatment;

- a holder of units or Preferred Units that received such units or Preferred Units through the exercise of an employee option, pursuant to a retirement plan or otherwise as compensation;

- a holder of options, or holders of restricted units or Preferred Units or bonus units or Preferred Units, granted under any the Partnership benefit plan;

- a person whose functional currency is not the U.S. dollar;

- a holder of units or Preferred Units that holds such units or Preferred Units as part of a hedge, straddle, appreciated financial position, conversion or other synthetic security or integrated investment or risk reduction transaction;

- accrual method U.S. holders that prepare an applicable financial statement (as defined in Section 451 of the Code); or

- a U.S. expatriate.

If a partnership, or any entity treated as a partnership for U.S. federal income tax purposes, holds units or Preferred Units, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership and upon certain determinations made at the partner level. A partner

in a partnership holding units or Preferred Units should consult its own tax advisor about the U.S. federal income tax consequences of the Merger and of such partnership owning and disposing of common stock received in the Merger.

For purposes of this discussion, U.S. holder is a beneficial owner of units, Preferred Units or common stock that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or any other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (i) the administration of which is subject to the primary supervision of a U.S. court and that has one or more United States persons that have the authority to control all substantial decisions of the trust or (ii) that has made a valid election under applicable U.S. Treasury Regulations to be treated as a United States person.

**THIS DISCUSSION IS PROVIDED FOR GENERAL INFORMATION ONLY AND IS NOT A COMPLETE ANALYSIS OR DESCRIPTION OF ALL POTENTIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER OR THE RECEIPT, OWNERSHIP AND DISPOSITION OF SHARES, IF ANY, RECEIVED IN THE MERGER. EACH HOLDER OF COMMON UNITS OR PREFERRED UNITS IS STRONGLY URGED TO CONSULT WITH AND RELY UPON ITS OWN TAX ADVISOR AS TO THE SPECIFIC FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO SUCH HOLDER OF THE MERGER AND THE RECEIPT, OWNERSHIP AND DISPOSITION OF SHARES, IF ANY, RECEIVED IN THE MERGER, TAKING INTO ACCOUNT ITS OWN PARTICULAR CIRCUMSTANCES.**

**Tax Consequences of the Merger to U.S. Holders of Common Units or Preferred Units**

*Tax Characterization of the Merger.* The receipt of common stock in exchange for units or Preferred Units pursuant to the Merger Agreement is generally intended to qualify as an exchange described in Section 351 of the Code for U.S. holders for U.S. federal income tax purposes. A U.S. holder generally will not recognize gain or loss on the receipt of common stock in exchange for units or Preferred Units (although they may recognize gain with respect to any cash received in lieu of fractional shares as discussed below). Accordingly, other than with respect to cash received in lieu of fractional shares, it is intended that:

- U.S. holders will generally recognize no gain or loss (or cancellation of indebtedness income) on their receipt of common stock in exchange for units or Preferred Units;

each U.S. holder s aggregate tax basis in the shares of common stock received in the Merger will generally be the same as their aggregate tax basis in the units or Preferred Units surrendered in exchange therefor, with such aggregate basis allocated pro rata among each share of common stock received in the Merger; and

the holding period of common stock received in exchange for units or Preferred Units will generally include the holding period of the units or Preferred Units for which it is exchanged, except to the extent the common stock is received by such holder in exchange for interests in Section 751 assets of Partnership that are neither capital assets nor Section 1231 assets, in which case the holding period of such stock begins on the day following the date of the Merger.

The foregoing discussion assumes that no U.S. holder s share of the Partnership s nonrecourse liabilities exceeds their adjusted tax basis in their units or Preferred Units. If this assumption is not accurate with respect to any U.S. holder, such U.S. holder is strongly urged to consult its own tax advisor with respect to the U.S. holder s specific tax consequences of the Merger, taking into account its own particular circumstances.

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A U.S. holder s initial tax basis in units or Preferred Units purchased with cash equaled, at the time of such purchase, the amount such holder paid for the units or Preferred Units plus the U.S. holder s share of the Partnership s nonrecourse liabilities. Over time that basis would have (i) increased by the U.S. holder s share of the Partnership s income and by any increases in the U.S. holder s share of the Partnership s nonrecourse liabilities, and (ii) decreased, but not below zero, by distributions from the Partnership (other than distributions treated as guaranteed payments), by the U.S. holder s share of the Partnership s losses, by any decreases in the U.S. holder s share of the Partnership s nonrecourse liabilities and by the U.S. holder s share of the Partnership s expenditures that are not deductible in computing taxable income and are not required to be capitalized.

The tax treatment of cash received in lieu of fractional shares by Preferred Unitholders is not entirely certain. New Legacy intends to take the position that the receipt of cash in lieu of fractional shares by Preferred Unitholders generally will be treated as money received in the Section 351 exchange and U.S. holders may recognize gain, if any, but not loss as a result thereof. The amount of gain required to be recognized by a holder will be equal to the lesser of (i) the amount of cash received and (ii) the amount of gain realized on the exchange. The amount of gain realized on the exchange, if any, will be the excess of (x) the sum of the fair value of the common stock received, plus any cash received in lieu of fractional shares, plus such holder s share of the Partnership s nonrecourse liabilities immediately prior to the Merger, over (y) such holder s adjusted tax basis in the units and Preferred Units exchanged in the Merger. Except as noted below, gain recognized by a U.S. holder on the receipt of cash in lieu of fractional shares in the Merger will generally be taxable as capital gain. However, a portion of this gain may be separately computed and taxed as ordinary income under Section 751 of the Code to the extent attributable to unrealized receivables, including depreciation recapture, or to inventory items owned by the Partnership and its subsidiaries. To the extent a U.S. holder of Preferred Units receives cash in lieu of fractional shares, such holder s basis in the common stock received in the Merger will be calculated as described above, but increased by the amount of any gain, if any, recognized in the Merger and decreased by the amount of cash received. It is possible, however, that the receipt of cash in lieu of a fractional share may be treated as if the U.S. holder received the fractional share in the Merger and then received the cash in a redemption of the fractional share, in which case the U.S. holder should generally recognize gain or loss equal to the difference between the amount of the cash received in lieu of the fractional share and the U.S. holder s tax basis allocable to such fractional share.

Capital gain recognized by a U.S. holder will generally be long-term capital gain if the U.S. holder has held its units for more than one year as of the effective time of the Merger. If the U.S. holder is an individual, such long-term capital gain will generally be eligible for reduced rates of taxation.

Passive losses that were not deductible by a U.S. holder in prior taxable periods because they exceeded a U.S. holder s share of the Partnership s income may be utilized to offset any gain recognized in the Merger and may be deducted in full upon the U.S. holder s taxable disposition of its common stock received in the Merger.

The Merger should qualify as an exchange described in Section 351 of the Code, with the resulting consequences described above, if the holders of Units and Preferred Units are in control (within the meaning of Section 368(c) of the Code) of New Legacy immediately after the Merger. Control for purposes of Section 351 is defined as the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of the corporation. The holders of units and Preferred Units will receive control of New Legacy pursuant to the Merger. However, if the parties to the transaction take any steps that would cause such holders to lose control of New Legacy immediately after the Merger within the meaning of Section 368(c) of the Code as interpreted by applicable case law and IRS guidance, the transaction would not satisfy the requirements of Section 351 of the Code, in which case the exchange of units and Preferred Units for

common stock (and cash in lieu of fractional shares) would be a taxable transaction and any gain or loss realized by a holder would be recognized.

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**The U.S. federal income tax consequences of the Merger to a unitholder or Preferred Unitholder are complex and will depend on such limited partner s own personal tax situation. Accordingly, each U.S. holder is strongly urged to consult its own tax advisor with respect to the specific tax consequences of the Merger, taking into account its own particular circumstances**.

*The Partnership Items of Income, Gain, Loss and Deduction for the Taxable Period Ending on the Date of the Merger.* A U.S. holder of units will be allocated its share of the Partnership s items of income, gain, loss and deduction for the taxable period of the Partnership ending on the date of the Merger.

These allocations will be made in accordance with the terms of the Partnership Agreement. A U.S. holder will be subject to U.S. federal income taxes on any such allocated income and gain even if such U.S. holder does not receive a cash distribution from the Partnership. Any such income and gain allocated to a U.S. holder will increase the U.S. holder s tax basis in the units or Preferred Units held and, therefore, will impact such U.S. holder s basis in the common stock received in the Merger. Any losses or deductions allocated to a U.S. holder will decrease the U.S. holder s tax basis in the units or Preferred Units held and, therefore, will impact such U.S. holder s basis in the common stock received in the Merger.

**Tax Consequences to U.S. Holders of Owning and Disposing of Shares Received in the Merger**

*Distributions on Shares*. For U.S. federal income tax purposes, distributions of cash by New Legacy to a U.S. holder with respect to shares received in the Merger will generally be included in a U.S. holder s income as ordinary dividend income to the extent of New Legacy s current or accumulated earnings and profits as determined under U.S. federal income tax principles. A portion of the cash distributed to the stockholders by New Legacy after the Merger may exceed New Legacy s current or accumulated earnings and profits. Distributions of cash in excess of New Legacy s current or accumulated earnings and profits will be treated as a non-taxable return of capital reducing a U.S. holder s adjusted tax basis in such U.S. holder s shares and, to the extent the distribution exceeds such U.S. holder s adjusted tax basis, as capital gain from the sale or exchange of such shares. Dividends received by a corporate U.S. holder may be eligible for a dividends received deduction, subject to applicable limitations. Dividends received by an individual U.S. holder may be taxed at the lower applicable long-term capital gains rate if such dividends are treated as qualified dividend income for U.S. federal income tax purposes.

*Sale, Exchange, Certain Redemptions or Other Taxable Dispositions of Shares*. Upon the sale, exchange, certain redemptions or other taxable dispositions of New Legacy shares received in the Merger, a U.S. holder will generally recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any other property received upon such taxable disposition of shares and (ii) the U.S. holder s adjusted tax basis in such shares. Such capital gain or loss will be long-term capital gain or loss if the U.S. holder s holding period in the shares disposed of is more than twelve months at the time of such taxable disposition. Long-term capital gains of non-corporate taxpayers are generally taxed at reduced rates. The deductibility of capital losses is subject to limitations.

**Information Reporting and Backup Withholding**

Information returns may be required to be filed with the IRS in connection with the Merger and in connection with distributions made with respect to, or dispositions of, common stock received in the Merger. A U.S. holder may be subject to U.S. backup withholding on payments of cash received in lieu of fractional shares made pursuant to the Merger or on distributions made with respect to, or on payments made pursuant to dispositions of, common stock

received in the Merger unless such holder provides proof of an applicable exemption or a correct taxpayer identification number and otherwise complies with the applicable requirements of the backup withholding rules. Any amount withheld under the U.S. backup withholding rules is not an additional tax and will generally be allowed as a refund or credit against the U.S. holder s U.S. federal income tax liability provided that the required information is timely furnished to the IRS.

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### Reporting Requirements

Holders of units or Preferred Units that receive common stock representing at least 5% of the total combined voting power or value of the total outstanding common stock are required to attach to their U.S. federal income tax returns for the year in which the Merger is completed, and maintain a permanent record of, a statement containing the information listed in U.S. Treasury Regulations Section 1.351-3. The facts to be disclosed by a holder include the aggregate fair market value of, and the holder s basis in, the units or Preferred Units exchanged in the Merger.

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## MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE PARTNERSHIP

*The following discussion and analysis should be read in conjunction with the Selected Historical Consolidated Financial Data of the Partnership and the accompanying audited and unaudited financial statements and related notes included elsewhere in this proxy statement/prospectus. The following discussion contains forward-looking statements that reflect future plans, estimates, beliefs and expected performance of the Partnership and New Legacy. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside of the control of the Partnership and New Legacy. The actual results of the Partnership and New Legacy could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, market prices for oil and natural gas, production volumes, estimates of proved reserves, capital expenditures, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors discussed below and elsewhere in this proxy statement/prospectus, particularly in Risk Factors and Cautionary Statement Regarding Forward-Looking Statements, all of which are difficult to predict. In light of these risks, uncertainties and assumptions, actual results may differ materially from those anticipated or implied in the forward-looking statements.*

### Overview

Because of the Partnership s historical growth through acquisitions and development of properties as well as large fluctuations in commodity prices, historical results of operations and period-to-period comparisons of these results and certain financial data may not be meaningful or indicative of future results. The operating results of the properties acquired as a part of the Partnership s asset acquisition in conjunction with an acceleration payment (the Acceleration Payment ) under the Partnership s joint development agreement with TPG Sixth Street Partners (as amended, the Development Agreement ) have been included since August 1, 2017. The operating results of the acquisition of (1) 100% of the issued and outstanding limited liability company membership interests in Dew Gathering LLC, which owns directly and indirectly natural gas gathering and processing assets in Anderson, Freestone, Houston, Leon, Limestone and Robertson Counties, Texas (the WGR Acquisition ) from WGR Operating LP ( WGR ), and (2) various oil and natural gas properties and associated exploration and production assets (the Anadarko E&P Acquisition, together with the WGR Acquisition, the Anadarko Acquisitions ) from Anadarko E&P Onshore LLC ( Anadarko ) have been included since July 31, 2015.

### Recent Developments

On July 31, 2018, the lenders for the Revolving Credit Agreement agreed to waive the Partnership s compliance with the ratio of consolidated current assets to consolidated current liabilities covenant contained in the Revolving Credit Agreement for the fiscal quarter ended June 30, 2018.

### Trends Affecting the Partnership s Business and Operations

Sustained periods of low prices for oil or natural gas have and could materially and adversely affect the Partnership s financial position, results of operations, the quantities of oil and natural gas reserves that it can economically produce and its access to capital.

The Partnership faces the challenge of natural production declines. As initial reservoir pressures are depleted, oil and natural gas production from a given well or formation decreases. The Partnership attempts to overcome this natural decline by drilling to find additional reserves, acquiring more reserves than produced, utilizing multiple types of recovery techniques such as secondary (waterflood) and tertiary recovery methods to re-pressure the reservoir and recover additional oil, recompleting or adding pay in existing wellbores and improving artificial lift.

*Outlook*. The oil and natural gas industry is in a challenging environment, especially over the past four years, as evidenced by volatility in the crude oil prices that ranged from over $100 per barrel in early 2014 to less than $30 per barrel in 2016, with 2017 bringing a recovery off the lows experienced in 2016 but below levels seen in 2014. As crude oil prices have strengthened through 2018, development activity in the Permian Basin has created certain basin-wide operational challenges. Crude oil and associated natural gas production growth has

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strained existing takeaway capacity and caused widening basis differentials in the Permian Basin relative to benchmark crude oil and natural gas prices, which affect the prices we realize for the Partnership s crude oil and natural gas production. The narrowing of these basis differentials is largely dependent on the construction of new takeaway capacity and other factors beyond the Partnership s control. While the Partnership believes that a significant number of these projects will be completed in 2019, there is no guarantee that these projects will be completed on time or at all. In addition, the availability of services related to drilling, completion and other well site activity is becoming tighter. The Partnership does not have the ability to control the supply of these services and if it is unable to find adequate services for its operations at economic prices, there could be a material adverse impact on its financial condition. Also, production from the Partnership s horizontal development within the Permian Basin has, from time to time, been temporarily shut-in or constrained due to proximate development operations. The Partnership cannot control or accurately forecast the timing, duration or other operational impositions associated with such well interference but the impacts could have a material adverse effect on its financial condition. The Partnership s development capital expenditures are expected to be approximately $225 million in 2018 and will be focused on the development of the Partnership s Permian Basin horizontal assets. The Partnership intends to continue to prudently manage its historical low-decline proved developed producing oil and gas properties to support the development of its high return prospects as it pursues additional cash flow and increases oil and natural gas reserves. To illustrate the sensitivity the Partnership s proved reserves to fluctuations in commodity prices, the Partnership recalculated its proved reserves as of December 31, 2017, using the five-year average forward price as of March 31, 2018 for both WTI oil and NYMEX natural gas. While this 5-year NYMEX forward strip price is not necessarily indicative of the Partnership s overall outlook on future commodity prices, this commonly used methodology may help provide investors with an understanding of the impact of a volatile commodity price environment. Under such assumptions, the Partnership estimates the cumulative projected production from its year-end proved reserves would increase by approximately 1.5% to 182.7 MMBoe from the reported 180.0 MMBoe, which is calculated as required by the SEC.

The Partnership could breach certain financial covenants under its Revolving Credit Agreement and its Term Loan Credit Agreement, which would constitute a default under its Revolving Credit Agreement or its Term Loan Credit Agreement. Such default, if not remedied, would require a waiver from the Partnership s lenders in order for it to avoid an event of default and subsequent acceleration of all amounts outstanding under the Revolving Credit Agreement or the Term Loan Credit Agreement or foreclosure on its oil and natural gas properties. Certain payment defaults or acceleration under the Revolving Credit Agreement or the Term Loan Credit Agreement could cause a cross-default or cross-acceleration of all of the Partnership s indebtedness. While no assurances can be made that, in the event of a covenant breach, such a waiver will be granted, the Partnership believes the long-term global outlook for commodity prices and its efforts to date will be viewed positively by the lenders. For further discussion on the consequences of a breach of such covenants, including a potential cross-default of all Partnership existing indebtedness, see Risk Factors Risks Related to the Business Low commodity prices may impact our ability to comply with debt covenants.

Considering the current environment for the oil and natural gas industry, the Partnership s goals in 2018 are to:

- efficiently develop horizontal inventory in the Permian Basin to meaningfully grow oil production and total company cash flow and reserve value;
- minimize production declines and operating costs through efficient operations; and

reposition its balance sheet by (i) consummating the Corporate Reorganization and (ii) evaluating and opportunistically pursuing alternatives to materially reduce its outstanding indebtedness and restructure its near term maturity indebtedness.

In the event that cash flows from operations are greater than the Partnership currently anticipates, whether as a result of increased commodity prices, reduced interest expense or otherwise, or additional external financing sources become available to it, the Partnership intends to accelerate its development plan and increase development capital expenditures.

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The Partnership s future growth will depend on its ability to continue to add reserves in excess of production. The Partnership will maintain its focus on adding reserves through organic development projects and acquisitions. The Partnership s ability to add reserves through organic development projects and acquisitions is dependent upon many factors including its ability to raise capital, obtain regulatory approvals and contract drilling rigs and completions equipment and personnel.

The Partnership s revenues are highly sensitive to changes in oil and natural gas prices and to levels of production. As set forth under  Cash Flow from Investing Activities,  the Partnership has entered into oil and natural gas derivatives designed to mitigate the effects of price fluctuations covering a portion of its expected production, which allows the Partnership to mitigate, but not eliminate, oil and natural gas price risk. By removing a portion of price volatility on future oil and natural gas production through 2019, the Partnership has mitigated, but not eliminated, the potential effects of changing oil and natural gas prices on its cash flows from operations for those periods. Commodity prices may decrease, which could alter its acquisition and development plans, and adversely affect its growth strategy and ability to access additional capital in the capital markets and through its Revolving Credit Agreement. The Partnership continuously conducts financial sensitivity analyses to assess the effect of changes in pricing and production. These analyses allow the Partnership to determine how changes in oil and natural gas prices will affect its ability to execute development plans and to meet future financial obligations. Further, the financial analyses allow the Partnership to monitor any impact such changes in oil and natural gas prices may have on the value of its proved reserves and their impact on any redetermination to the Partnership s borrowing base under its Revolving Credit Agreement.

### Restrictions on Paying Distributions

As of January 21, 2016, the Partnership has suspended all cash distributions to unitholders and monthly cash distributions to Preferred Unitholders. The Revolving Credit Agreement and the Term Loan Credit Agreement provide that cash distributions can be made only out of available cash, provided that distributions do not exceed 90% of available cash, and both before and after giving effect to any such distribution (i) no default or event of default has occurred and is continuing or would result therefrom, (ii) the Partnership has unused lender commitments of not less than 15% of the total lender commitments under the Revolving Credit Agreement then in effect, and (iii) the Partnership s ratio of total debt at such time to its EBITDA for the four fiscal quarters ending on the last day of the fiscal quarter immediately preceding the date of determination for which financial statements are available is equal to or less than 4.00 to 1.00. The Revolving Credit Agreement currently prohibits distributions to unitholders given leverage ratios and limited availability under the Revolving Credit Agreement. Additionally, the Partnership Agreement requires it to pay or set aside for payment all accrued but unpaid distributions with respect to the Preferred Units prior to or contemporaneously with making any distribution with respect to the units.

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### Operating Data

The following table sets forth the Partnership s selected financial and operating data for the periods indicated.

| | Three Months Ended March 31, | | Year Ended December 31, | | |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2017[(b)] | 2016 | 2015[(c)] |
| | (In thousands, except per unit data and production) | | | | |
| Revenues: | | | | | |
| Oil sales | $ 93,411 | $ 49.142 | $ 239,448 | $ 152,507 | $ 199,841 |
| Natural gas liquids sales | 7,396 | 5,050 | 24,796 | 15,406 | 16,645 |
| Natural gas sales | 36,672 | 45,355 | 172,057 | 146,444 | 122,293 |
| Total revenues | $ 137,479 | $ 99,547 | $ 436,301 | $ 314,357 | $ 338,779 |
| Expenses: | | | | | |
| Oil and natural gas production | $ 45,585 | $ 49,228 | $ 173,599 | $ 169,755 | $ 183,163 |
| Ad valorem taxes | 2,382 | 1,989 | 9,620 | 9,578 | 11,328 |
| Total | $ 47,967 | $ 51,217 | $ 183,219 | $ 179,333 | $ 194,491 |
| Production and other taxes | $ 7,362 | $ 4,159 | $ 19,825 | $ 14,267 | $ 16,383 |
| General and administrative, excluding transaction costs and LTIP | $ 9,502 | $ 8,623 | $ 34,006 | $ 31,196 | $ 30,919 |
| Transaction costs | 1,782 | 32 | 8,769 | 5,245 | 8,919 |
| LTIP expense | 12,806 | 1,897 | 6,597 | 7,198 | 6,673 |
| Total general and administrative | $ 24,090 | $ 10,552 | $ 49,372 | $ 43,639 | $ 46,511 |
| Depletion, depreciation, amortization and accretion | $ 36,547 | $ 28,796 | $ 126,938 | $ 150,414 | $ 177,258 |
| Commodity derivative cash settlements: | | | | | |
| Oil derivative cash settlements received (paid) | $ (4,894) | $ 3,139 | $ 11,840 | $ 37,464 | $ 91,953 |
| Natural gas derivative cash settlements received | 2,099 | 1,097 | 12,316 | 27,041 | 40,972 |
| Total commodity derivative cash settlements | $ (2,795) | $ 4,236 | $ 24,156 | $ 64,505 | $ 132,925 |
| Production: | | | | | |
| Oil (MBbls) | 1,547 | 1,037 | 5,032 | 4,019 | 4,608 |
| Natural gas liquids (MGal) | 9,244 | 7,653 | 38,159 | 36,757 | 42,210 |
| Natural gas (MMcf) | 14,280 | 15,592 | 62,833 | 66,824 | 50,687 |
| Total (MBoe) | 4,147 | 3,818 | 16,413 | 16,032 | 14,061 |
| Average daily production (Boe/d) | 46,078 | 42,422 | 44,967 | 43,803 | 38,523 |
| Average sales price per unit (excluding commodity derivative cash settlements): | | | | | |
| Oil price (per Bbl) | $ 60.38 | $ 47.39 | $ 47.59 | $ 37.95 | $ 43.37 |
| Natural gas liquids price (per Gal) | $ 0.80 | $ 0.66 | $ 0.65 | $ 0.42 | $ 0.39 |
| Natural gas price (per Mcf)[(a)] | $ 2.57 | $ 2.91 | $ 2.74 | $ 2.19 | $ 2.41 |

| | | | | | |
|---|---|---|---|---|---|
| Combined (per Boe) | $ 33.15 | $ 26.07 | $ 26.58 | $ 19.61 | $ 24.09 |
| Average sales price per unit (including commodity derivative cash settlements): | | | | | |
| Oil price (per Bbl) | $ 57.22 | $ 50.42 | $ 49.94 | $ 47.27 | $ 63.32 |
| Natural gas liquids price (per Gal) | $ 0.80 | $ 0.66 | $ 0.65 | $ 0.42 | $ 0.39 |
| Natural gas price (per Mcf)[(a)] | $ 2.72 | $ 2.98 | $ 2.93 | $ 2.60 | $ 3.22 |
| Combined (per Boe) | $ 32.48 | $ 27.18 | $ 28.05 | $ 23.63 | $ 33.55 |
| Average WTI oil spot price (per Bbl) | $ 62.91 | $ 51.62 | $ 50.80 | $ 43.29 | $ 48.66 |
| Average Henry Hub natural gas spot price (per MMBtu) | $ 3.08 | $ 3.02 | $ 2.99 | $ 2.52 | $ 2.62 |
| Average unit costs per Boe: | | | | | |
| Production costs, excluding production and other taxes | $ 10.99 | $ 12.89 | $ 10.58 | $ 10.59 | $ 13.03 |
| Ad valorem taxes | $ 0.57 | $ 0.52 | $ 0.59 | $ 0.60 | $ 0.81 |
| Production and other taxes | $ 1.77 | $ 1.09 | $ 1.21 | $ 0.89 | $ 1.17 |
| General and administrative, excluding transaction costs and LTIP | $ 2.29 | $ 2.26 | $ 2.07 | $ 1.95 | $ 2.20 |
| Total general and administrative | $ 5.81 | $ 2.76 | $ 3.01 | $ 2.72 | $ 3.31 |
| Depletion, depreciation, amortization and accretion | $ 8.81 | $ 7.54 | $ 7.73 | $ 9.38 | $ 12.61 |

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(a) The Partnership primarily reports and accounts for its Permian Basin natural gas volumes inclusive of the NGL content contained within those natural gas volumes. Given the price disparity between an equivalent amount of NGLs compared to natural gas, the Partnership s realized natural gas prices in the Permian Basin and for the Partnership as a whole are higher than Henry Hub natural gas index prices due to this NGL content.
(b) Includes the production and operating results of the properties acquired as a part of the Partnership s asset acquisition in conjunction with the Acceleration Payment from the closing date on August 1, 2017 through December 31, 2017.
(c) Includes the production and operating results of the oil and natural gas properties acquired in the Anadarko Acquisitions from the closing date of the acquisition on July 31, 2015 through December 31, 2015.

**Results of Operations**

**Three-Month Period Ended March 31, 2018 Compared to Three-Month Period Ended March 31, 2017**

The Partnership s revenues from the sale of oil were $93.4 million and $49.1 million for the three-month periods ended March 31, 2018 and 2017, respectively. The Partnership s revenues from the sale of NGLs were $7.4 million and $5.1 million for the three-month periods ended March 31, 2018 and 2017, respectively. The Partnership s revenues from the sale of natural gas were $36.7 million and $45.4 million for the three-month periods ended March 31, 2018 and 2017, respectively. The $44.3 million increase in oil revenues reflects an increase in production of 510 MBbls (49%) due to the Partnership s Permian horizontal drilling program and increased working interests under the Development Agreement and the increase in average realized price of $12.99 per Bbl (27%) due to an increase in average West Texas Intermediate ( WTI ) crude oil prices of $11.29 per Bbl and increased Permian production which has realized better differentials than our other regions. The $2.3 million increase in NGL sales reflects an increase in the realized NGL price of approximately $0.14 per Gal (21%) and increased ethane recoveries in our Piceance Basin properties. The $8.7 million decrease in natural gas revenues reflects lower production and lower realized natural gas prices. Average realized natural gas prices decreased by $0.34 per Mcf (12%) during the three months ended March 31, 2018 compared to the same period in 2017. Realized prices decreased due to widening regional differentials and $0.10 attributable to our adoption of ASC 606. For further discussion of our adoption of ASC 606 and its effect on the Partnership s financial statements, please see Note 3 Impact of ASC 606 Adoption in the Notes to Unaudited Condensed Consolidated Financial Statements. The Partnership s natural gas production decreased by approximately 1,312 MMcf (8%) primarily due to natural production declines and individually immaterial divestitures partially offset by increased working interests under the Partnership s Development Agreement.

For the three-month period ended March 31, 2018, the Partnership recorded $1.7 million of net losses on oil and natural gas derivatives. Commodity derivative gains and losses represent the changes in fair value of the Partnership s commodity derivatives during the period and are based on oil and natural gas futures prices. The net losses recognized during the three-month period ended March 31, 2018 are primarily due to unfavorable cash settlements on the Partnership s oil derivatives and a decrease in the value of its derivative positions resulting from an increase in commodity prices during the quarter partially offset by favorable cash settlements on its natural gas derivatives. For the three-month period ended March 31, 2017, the Partnership recorded $34.7 million of net gains on oil and natural gas derivatives. Settlements of such contracts resulted in cash (payments) receipts of $(2.8) million and $4.2 million during the three months ended March 31, 2018 and 2017, respectively.

The Partnership s oil and natural gas production expenses, excluding ad valorem taxes, decreased to $45.6 million ($10.99 per Boe) for the three-month period ended March 31, 2018 from $49.2 million ($12.89 per Boe) for the

three-month period ended March 31, 2017. This decrease is primarily attributable to cost containment efforts across all operating regions partially offset by costs associated with increased production related to the Partnership s Permian horizontal drilling program and as well as increased working interests under the Development Agreement. The Partnership s ad valorem tax expense increased to $2.4 million

($0.57 per Boe) for the three-month period ended March 31, 2018 compared to $2.0 million ($0.52 per Boe) for

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the three-month period ended March 31, 2017. The increase was attributable to higher historical oil and natural gas commodity prices, resulting in higher reserve valuations, upon which much of the Partnership s ad valorem taxes are based, resulting in higher ad valorem tax expense.

The Partnership s production and other taxes were $7.3 million and $4.2 million for the three-month periods ended March 31, 2018 and 2017, respectively. Production and other taxes increased due to the increase in the Partnership s production and weighted average product price as tax rates remained relatively consistent.

The Partnership s general and administrative expenses were $24.1 million and $10.6 million for the three-month periods ended March 31, 2018 and 2017, respectively. General and administrative expenses increased due to a $10.9 million increase in LTIP expense related to the recent increase in unit price, $1.7 million increase in transaction related expenses and general cost increases.

The Partnership incurred depletion, depreciation, amortization and accretion expense, or DD&A, of $36.5 million and $28.8 million for the three-month periods ended March 31, 2018 and 2017, respectively. DD&A increased $7.8 million due primarily to increased horizontal Permian production.

The Partnership did not recognize impairment expense in the three-month period ended March 31, 2018. In the three-month period ended March 31, 2017, the Partnership recognized impairment expense of $8.1 million on seven separate producing fields primarily related to the decline in oil and natural gas futures prices during the period since December 31, 2016.

The Partnership recorded gains on disposal of assets of $20.4 million and $5.5 million for the three-month periods ended March 31, 2018 and 2017, respectively. The gains in 2018 and 2017 were primarily related to the disposition of marginal oil and natural gas assets partially offset by costs associated with disposal.

The Partnership recorded interest expense of $27.4 million and $20.1 million for the three-month periods ended March 31, 2018 and 2017, respectively. Interest expense increased period over period due to additional expense associated with new borrowings under our Second Lien Term Loan Credit Agreement and increased interest expense on the Partnership s revolving credit facility partially offset by lower bond interest following its 2018 repurchase of Senior Notes.

As a result of the items described above, the Partnership recorded net income of $64.4 million and $16.4 million for the three-month periods ended March 31, 2018 and 2017, respectively.

***Year Ended December 31, 2017 Compared to Year Ended December 31, 2016***

The Partnership s revenues from the sale of oil were $239.4 million and $152.5 million for the years ended December 31, 2017 and 2016, respectively. The Partnership s revenues from the sale of NGLs were $24.8 million and $15.4 million for the years ended December 31, 2017 and 2016, respectively. The Partnership s revenues from the sale of natural gas were $172.1 million and $146.4 million for the years ended December 31, 2017 and 2016, respectively. The $86.9 million increase in oil revenue reflects an increase in oil production of 1,013 MBbls (25%) and an increase in average realized price of $9.64 per Bbl (25%) to $47.59 for the year ended December 31, 2017 from $37.95 for the year ended December 31, 2016. The increase in realized oil price was primarily caused by an increase in the average WTI crude oil price of $7.51 and improved realized regional differentials. The increase in production is due to an increase in net well count under The Partnership s Development Agreement following the Acceleration Payment and

continued development of the Permian Basin horizontal assets. The increase was partially offset by individually immaterial divestitures and natural declines. The $9.4 million increase in NGL revenues reflects an increase in realized NGL price of $0.23 per Gal (55%) to $0.65 per Gal for the year ended December 31, 2017 from $0.42 per Gal for the year ended December 31, 2016 and an increase in NGL production of 1,402 MGals (4%) during 2017. The $25.6 million increase in natural gas revenues reflects an increase to the Partnership s realized natural gas prices partially offset by a decrease in

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natural gas production volumes. Average realized gas prices increased by $0.55 per Mcf (25%) to $2.74 per Mcf for the year ended December 31, 2017 from $2.19 per Mcf for the year ended December 31, 2016, primarily due to an increase in the average NYMEX Henry Hub natural gas price of $0.47 per Mcf over the same time period and increased natural gas volumes produced from assets in the Permian Basin which are accounted for inclusive of the NGL content contained within the natural gas volumes, resulting in a realized gas price for those assets that is higher than the NYMEX Henry Hub index price. The Partnership s natural gas production decreased by approximately 3,991 MMcf (6%), primarily due to natural production declines in its East Texas and Piceance Basin properties partially offset by increased production from the assets developed by its Permian Basin horizontal development program.

For the year ended December 31, 2017, the Partnership recorded $17.8 million of net gains on oil and natural gas derivatives. Commodity derivative gains and losses represent the changes in fair value of the Partnership s commodity derivative contracts during the period and are primarily based on oil and natural gas futures prices. The net gain recognized during 2017 was primarily due to cash receipts and the decrease in natural gas futures prices for periods beyond 2017, which increased the fair value of the Partnership s derivatives in such periods. For the year ended December 31, 2016, the Partnership recorded $41.2 million of net losses on oil and natural gas derivatives. The net loss recognized during 2016 was primarily due to the increase in futures prices for periods beyond 2016, which reduced the fair value of the Partnership s derivatives in such periods. Settlements of such contracts resulted in cash receipts of $24.2 million and $64.5 million during 2017 and 2016, respectively.

The Partnership s oil and natural gas production expenses, excluding ad valorem taxes, increased to $173.6 million ($10.58 per Boe) for the year ended December 31, 2017 from $169.8 million ($10.59 per Boe) for the year ended December 31, 2016. This increase is primarily attributable to increased workover and repair activity across all operating regions, increased well count due to the Partnership s Permian horizontal drilling program and increased working interests under the Development Agreement following the Acceleration Payment partially offset by general cost reduction efforts. These reduction efforts, as well as the increase in oil and NGL production, resulted in decreased production expenses per Boe during 2017 compared to 2016. The Partnership s ad valorem tax expense remained consistent period over period due to increased oil and natural gas property valuations offset by immaterial divestitures.

The Partnership s production and other taxes were $19.8 million and $14.3 million for the years ended December 31, 2017 and 2016, respectively. Production and other taxes increased due to higher total revenues in 2017. On a per Boe basis, production and other taxes increased to $1.21 for the year ended December 31, 2017 from $0.89 for the year ended December 31, 2016 due to higher realized prices.

The Partnership s general and administrative expenses were $49.4 million and $43.6 million for the years ended December 31, 2017 and 2016, respectively. General and administrative expenses increased approximately $5.7 million between periods primarily due to a $3.5 million increase in transaction-related expenses and other general cost increases.

The Partnership s depletion, depreciation, amortization and accretion expense, or DD&A, was $126.9 million and $150.4 million for the years ended December 31, 2017 and 2016, respectively. DD&A decreased primarily due to lower depletion rates across the Partnership s historical properties primarily related to impairment charges incurred in 2016 and 2017, which reduced the Partnership s depletable cost basis. This decrease was partially offset by additional well count from the Partnership s Permian Basin horizontal development program. The Partnership s depletion rate per Boe for the year ended December 31, 2017 was $7.73 compared to $9.38 for the year ended December 31, 2016. This decrease is primarily driven by a lower net cost basis on the Partnership s historical assets due to previously recognized depletion and impairment.

Impairment expense was $37.3 million and $61.8 million for the years ended December 31, 2017 and 2016, respectively. In 2017, the Partnership recognized $37.3 million of impairment expense in 47 separate producing

fields, due primarily to the further decline in oil and natural gas futures prices in early 2017 as well as increased expenses and well performance during the year ended December 31, 2017, which decreased the expected future cash flows below the carrying value of the assets. In 2016, the Partnership recognized impairment expense of $61.8 million in 43 separate producing fields, due primarily to well performance and the further decline in commodity prices during the year ended December 31, 2016, which decreased the expected future cash flows below the carrying value of the assets.

Interest expense was $89.2 million and $79.1 million for the years ended December 31, 2017 and 2016, respectively. The increase in interest expense is primarily due to interest expense on the second lien term loans under the Term Loan Credit Agreement ( Second Lien Term Loans ) in October 2016 partially offset by a reduction in bond interest expense due to repurchases and exchanges of the Senior Notes completed during 2016. Additionally, interest expenses related to the gains (losses) on the Partnership s interest rate swaps decreased by $3.3 million to $1.2 million in 2017 from $(2.1) million in 2016. Cash payments on the Partnership s interest rate swaps were $0.8 million and $2.7 million in 2017 and 2016, respectively.

As a result of the items described above, the Partnership recorded net losses of $53.9 million and $55.8 million for the years ended December 31, 2017 and 2016, respectively. The decrease in net loss was primarily due to a decrease in impairment expense to $37.3 million during the year ended December 31, 2017 from $61.8 million for the year ended December 31, 2016 as well as increased revenue from the Partnership s oil, natural gas and NGL production. These factors were partially offset by a decrease in the gain on extinguishment of debt in 2017 as compared to 2016.

***Year Ended December 31, 2016 Compared to Year Ended December 31, 2015***

The Partnership s revenues from the sale of oil were $152.5 million and $199.8 million for the years ended December 31, 2017 and 2016, respectively. The Partnership s revenues from the sale of NGLs were $15.4 million and $16.6 million for the years ended December 31, 2016 and 2015, respectively. The Partnership s revenues from the sale of natural gas were $146.4 million and $122.3 million for the years ended December 31, 2016 and 2015, respectively. The $47.3 million decrease in oil revenue reflects a decrease in average realized price of $5.42 per Bbl (12%) to $37.95 for the year ended December 31, 2016 from $43.37 for the year ended December 31, 2015, and a decrease in oil production of 589 MBbls (13%). The decrease in realized oil price was primarily caused by a decrease in the average WTI crude oil price of $5.37. The decrease in production is due to individually immaterial divestitures and natural declines related to reduced capital spending. The $1.2 million decrease in NGL revenues reflects a decrease in NGL production of 5,453 MGals (13%) during 2016 partially offset by an increase in realized NGL price of $0.03 per Gal (8%) to $0.42 per Gal for the year ended December 31, 2016 from $0.39 per Gal for the year ended December 31, 2015. The decrease in NGL production is due primarily to ethane rejection in the Partnership s Piceance Basin properties, individually immaterial divestitures and natural production declines. The $24.2 million increase in natural gas revenues reflects an increase in the Partnership s natural gas production volumes partially offset by a decrease in the Partnership s realized natural gas prices. The Partnership s natural gas production increased by approximately 16,137 MMcf (32%), primarily due to a full year of inclusion of production from the Partnership s 2015 acquisitions, most notably the acquisitions of East Texas properties (17,767 MMcf), partially offset by natural production declines. Average realized gas prices decreased by $0.22 per Mcf (9%) to $2.19 per Mcf for the year ended December 31, 2016 from $2.41 per Mcf for the year ended December 31, 2015, primarily due to a decrease in the average NYMEX Henry Hub natural gas price of $0.10 per Mcf over the same time period and an increase in realized regional differentials.

For the year ended December 31, 2016, the Partnership recorded $41.2 million of net losses on oil and natural gas derivatives. Commodity derivative gains and losses represent the changes in fair value of the Partnership s commodity

derivative contracts during the period and are primarily based on oil and natural gas futures prices. The net loss recognized during 2016 was primarily due to the increase in futures prices for periods beyond 2016, which reduced the fair value of the Partnership s derivatives in such periods. For the year ended

December 31, 2015, the Partnership recorded $98.3 million of net gains on oil and natural gas derivatives. The net gain recognized during 2015 was due to the significant decrease in oil futures prices during 2015 as well as the addition of natural gas derivatives during 2015 and subsequent decline in natural gas prices. Settlements of such contracts resulted in cash receipts of $64.5 million and $132.9 million during 2016 and 2015, respectively.

The Partnership s oil and natural gas production expenses, excluding ad valorem taxes, decreased to $169.8 million ($10.59 per Boe) for the year ended December 31, 2016 from $183.2 million ($13.03 per Boe) for the year ended December 31, 2015. Production expenses decreased primarily due cost reductions realized on the Partnership s historical properties, partially offset by increased production expenses associated with the acquisition of East Texas properties ($25.2 million). These reduction efforts, as well as the large volume of natural gas production related to the properties acquired in East Texas, resulted in decreased production expenses per Boe 2016 compared to 2015. The Partnership s ad valorem tax expense decreased to $9.6 million ($0.60 per Boe) for the year ended December 31, 2016 from $11.3 million ($0.81 per Boe) for the year ended December 31, 2015 due to lower valuations of the Partnership s oil and natural gas properties due to lower commodity prices partially offset by a full year of increased well counts from the Partnership s acquisition of additional oil and natural gas properties.

The Partnership s production and other taxes were $14.3 million and $16.4 million for the years ended December 31, 2016 and 2015, respectively. Production and other taxes decreased due to lower total revenues in 2016. On a per Boe basis, production and other taxes decreased to $0.89 for the year ended December 31, 2016 from $1.17 for the year ended December 31, 2015 due to lower total revenues.

The Partnership s general and administrative expenses were $43.6 million and $46.5 million for the years ended December 31, 2016 and 2015, respectively. General and administrative expenses decreased approximately $2.9 million between periods primarily due to $3.7 million of decreased acquisition related expenses partially offset by increased expenses commensurate with a larger asset base.

The Partnership s depletion, depreciation, amortization and accretion expense, or DD&A, was $150.4 million and $177.3 million for the years ended December 31, 2016 and 2015, respectively. DD&A decreased primarily due to lower depletion rates across the Partnership s historical properties primarily related to impairment charges incurred in 2015 and 2016, which reduced the Partnership s depletable cost basis. This decrease was partially offset by a full year of inclusion of depletion expense related to acquisitions completed in 2015, most notable the East Texas acquisitions. The Partnership s depletion rate per Boe for the year ended December 31, 2016 was $9.38 compared to $12.61 for the year ended December 31, 2015. This decrease is primarily driven by a lower net cost basis on the Partnership s historical assets due to previously recognized depletion and impairment.

Impairment expense was $61.8 million and $633.8 million for the years ended December 31, 2016 and 2015, respectively. In 2016, the Partnership recognized $61.8 million of impairment expense in 43 separate producing fields, due primarily to well performance and the further decline in commodity prices during the year ended December 31, 2016, which decreased the expected future cash flows below the carrying value of the assets. In 2015, the Partnership recognized impairment expense of $598.1 million in 218 separate producing fields due to the significant decrease in commodity prices during the year ended December 31, 2015, which decreased the expected future cash flows below the carrying value of the assets. Additionally, the Partnership recorded impairment of $35.7 million related to unproved properties acquired since 2010 that, in the current and expected future commodity price environment, are no longer economically viable.

Interest expense was $79.1 million and $76.9 million for the years ended December 31, 2016 and 2015, respectively. The increase in interest expense is primarily due to an increase of $10.1 million of interest expense on the Revolving Credit Agreement and $1.4 million of interest expense on the Second Lien Term Loans issued in October 2016, partially offset by a $10.8 million reduction in bond interest expense due to repurchases and exchanges of the Senior Notes completed during 2016. Additionally, interest expenses related to the

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Partnership s interest rate swaps increased by $0.6 million to $2.1 million in 2016 from $1.5 million in 2015. Cash payments on the Partnership s interest rate swaps were $2.7 million and $3.3 million in 2016 and 2015, respectively.

As a result of the items described above, the Partnership recorded a net loss of $55.8 million and $701.5 million for the years ended December 31, 2016 and 2015, respectively. The decrease in net loss was primarily due to a decrease in impairment expense from $633.8 million during the year ended December 31, 2015 to $61.8 million for the year ended December 31, 2016.

### Non-GAAP Financial Measure

The Partnership s management uses Adjusted EBITDA as a tool to provide additional information and metrics relative to the performance of its business. The management believes that Adjusted EBITDA is useful to investors because this measure is used by many companies in the industry as a measure of operating and financial performance and is commonly employed by financial analysts and others to evaluate the operating and financial performance of the Partnership from period to period and to compare it with the performance of other publicly traded partnerships within the industry. Adjusted EBITDA may not be comparable to a similarly titled measure of other publicly traded limited partnerships or limited liability companies because all companies may not calculate Adjusted EBITDA in the same manner. The following presents a reconciliation of Adjusted EBITDA, which is a non-GAAP measure, to its nearest comparable GAAP measure. Adjusted EBITDA should not be considered as an alternative to GAAP measures, such as net income, operating income, cash flow from operating activities, or any other GAAP measure of financial performance. Adjusted EBITDA is defined as net income (loss) plus:

- Interest expense;
- (Gain) loss on extinguishment of debt;
- Income tax expense (benefit);
- Depletion, depreciation, amortization and accretion;
- Impairment of long-lived assets;
- (Gain) loss on sale of partnership investment;
- Loss (gain) on disposal of assets;
- Equity in (income) loss of equity method investees;

Unit-based compensation expense (benefit) related to LTIP unit awards accounted for under the equity or liability methods;

Minimum payments received in excess of overriding royalty interest earned;

Equity in EBITDA of equity method investee;

Net (gains) losses on commodity derivatives;

Net cash settlements received (paid) on commodity derivatives; and

Transaction costs.

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The following table presents a reconciliation of the Partnership s consolidated net income (loss) to Adjusted EBITDA for the three months ended March 31, 2018 and 2017, and for the years ended December 31, 2017, 2016 and 2015, respectively.

| | Three Months Ended March 31, | | Years Ended December 31, | | |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2017 | 2016 | 2015 |
| | | | (in thousands) | | |
| **Net income (loss)** | $ 64,382 | $ 16,372 | $ (53,897) | $ (55,820) | $ (701,541) |
| Plus: | | | | | |
| Interest expense | 27,368 | 20,133 | 89,206 | 79,060 | 76,891 |
| Gain on extinguishment of debt | (51,693) | | | (150,802) | |
| Income tax expense (benefit) | 487 | 421 | 1,398 | 1,229 | (1,498) |
| Depletion, depreciation, amortization and accretion | 36,547 | 28,796 | 126,938 | 150,414 | 177,258 |
| Impairment of long-lived assets | | 8,062 | 37,283 | 61,796 | 633,805 |
| Loss (gain) on disposal of assets | (20,395) | (5,524) | 1,606 | (50,095) | (3,972) |
| Equity in income of equity method investees | (17) | (11) | (17) | | (126) |
| Unit-based compensation expense | 12,806 | 1,897 | 6,597 | 7,198 | 6,673 |
| Minimum payments received in excess of overriding royalty interest earned[a] | 522 | 445 | 1,936 | 1,659 | 1,130 |
| Equity in EBITDA of equity method investee[b] | | | | | 169 |
| Net (gains) losses on commodity derivatives | 1,704 | (34,669) | (17,776) | 41,224 | (98,253) |
| Net cash settlements received (paid) on commodity derivatives | (2,795) | 4,236 | 24,156 | 64,505 | 132,925 |
| Transaction costs | 1,782 | 32 | 8,769 | 5,245 | 8,919 |
| **Adjusted EBITDA** | $ 70,698 | $ 40,190 | $ 226,199 | $ 155,613 | $ 232,380 |

(a) A portion of minimum payments received in excess of overriding royalties earned under a contractual agreement expiring December 31, 2019. The remaining amount of the minimum payments are recognized in net income.

(b) EBITDA applicable to equity method investee is defined as the equity method investee s net income plus interest expense and depreciation. We divested our interest in this investee in May of 2015.

For the year ended December 31, 2017, Adjusted EBITDA increased 45% to $226.2 million from $155.6 million for the year ended December 31, 2016. This increase is due primarily to increased oil and natural gas production as well as increased realized commodity prices partially offset by lower commodity derivative realizations and increased production costs. For the year ended December 31, 2016, Adjusted EBITDA decreased 33% to $155.6 million from $232.4 million for the year ended December 31, 2015. This decrease is due primarily to significant declines in commodity prices and lower commodity derivative realizations partially offset by lower production costs.

For the three months ended March 31, 2018 and 2017, respectively, Adjusted EBITDA increased 76% to $70.7 million from $40.2 million. This increase can be attributed to the increase in realized commodity prices, increased oil

production from our Permian horizontal drilling program and increased working interests under our Amended and Restated Development Agreement.

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### Capital Resources and Liquidity

The Partnership s primary sources of capital and liquidity have been cash flow from operations, the issuance of the Senior Notes, the issuance of additional units and Preferred Units, the Partnership s second lien term loans and bank borrowings, or a combination thereof. To date, the Partnership s primary use of capital has been for the acquisition and development of oil and natural gas properties, the repayment of bank borrowings and repurchases of Senior Notes.

Based upon current oil and natural gas price expectations and the Partnership s commodity derivatives positions, the Partnership anticipates that its cash on hand and cash flow from operations, commodity hedge realizations and borrowings under its Revolving Credit Agreement and Term Loan Credit Agreement will provide it with sufficient liquidity to fund its operations in 2018. However, the Partnership could breach certain financial covenants under the Revolving Credit Agreement or the Term Loan Credit Agreement, which would constitute a default under the Revolving Credit Agreement or the Term Loan Credit Agreement. Such a default, if not remedied, would require a waiver from the lenders in order for the Partnership to avoid an event of default and potential subsequent acceleration of all amounts outstanding under the Revolving Credit Agreement or the Term Loan Credit Agreement or foreclosure on the Partnership s oil and natural gas properties. Certain payment defaults or acceleration under the Revolving Credit Agreement could cause a cross-default or cross-acceleration of all of the Partnership s other indebtedness. If an event of default occurs, or if other debt agreements cross-default, and the lenders under the affected debt agreements accelerate the maturity of any loans or other debt outstanding, the Partnership will not have sufficient liquidity to repay all of its outstanding indebtedness. The Revolving Credit Agreement and Term Loan Credit Agreement contain covenants that currently prevent the Partnership from making distributions to its limited partners, including Preferred Unitholders, unless it meets certain financial criteria, which, as of March 31, 2018, it did not meet. Future cash flows are subject to a number of variables, including the level of oil and natural gas production and prices. There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to operate or to maintain planned levels of capital expenditures. See Cash Flow from Financing Activities The Partnership s Revolving Credit Facility.

The Partnership s Revolving Credit Agreement is classified as a long-term liability as of March 31, 2018; however, it became a current liability as of April 1, 2018 as the credit facility matures on April 1, 2019. The Partnership expects to refinance or extend the maturity of this obligation prior to its expiration date and believes that the consummation of the Corporate Reorganization will improve its ability to do so; however, there is no assurance that it will be able to execute this refinancing or extension or, if it is able to refinance or extend this obligation, that the terms of such refinancing or extension would be as favorable as the terms of the existing Revolving Credit Agreement. If the Corporate Reorganization is not consummated, the Partnership believes its ability to refinance or extend the maturity of the Revolving Credit Facility will be limited. The Partnership anticipates that the Corporate Reorganization will close in late September 2018, but there is no assurance of any timing, if at all.

The amounts available for borrowing under the Revolving Credit Agreement are re-determined at least semi-annually in April and October of each year. On March 23, 2018, the Partnership s borrowing base was re-affirmed at $575 million, leaving $66.2 million available for borrowing as of June 30, 2018. The Partnership s next such redetermination event will occur in October 2018.

The Partnership s commodity derivatives position, which it uses to mitigate commodity price volatility and (if positive) support its borrowing capacity, resulted in $2.8 million of unfavorable settlements and $24.2 million of cash receipts in the three months ended March 31, 2018 and in the year ended December 31, 2017, respectively.

As market conditions warrant, the Partnership may, subject to certain limitations and restrictions, repurchase, exchange or otherwise pay down its outstanding debt, including its Senior Notes, in open market

transactions, privately negotiated transactions, by tender offer or otherwise which may impact the trading liquidity of such securities. The amounts involved in any such transactions, individually or in the aggregate, may be material. In January 2018, the Partnership repurchased approximately $187.1 million of original principal amount of the 2021 Senior Notes from certain holders in a single transaction. During 2016, the Partnership repurchased approximately $52.0 million of original principal amount of the 2020 Senior Notes and $117.3 million of original principal amount of the 2021 Senior Notes on the open market, and the Partnership exchanged 2,719,124 units for $15.0 million of face amount of the 2020 Senior Notes.

A significant portion of the Partnership s horizontal operated development activity in the Permian Basin is pursued through the Partnership s Development Agreement entered into in 2015 with Jupiter JV, LP ( Investor ), which was formed by certain of TPG Sixth Street Partners investment funds. The Partnership s capital resources and liquidity benefit from its interest in the development activity under the Development Agreement as described below.

On August 1, 2017, the Partnership, along with Investor, entered into the First Amended and Restated Development Agreement (the Restated Agreement ), which amended and restated the Development Agreement pursuant to which the Partnership and Investor agreed to participate in the funding, exploration, development and operation of certain of the Partnership s undeveloped oil and gas properties in the Permian Basin. Under the Restated Agreement and through subsequent elections, the parties have now committed to develop a tranche of 26 wells plus 9 wells in the Restated Agreement s area of mutual interest (the Second Tranche ). Investor s share of its development costs is limited to $80 million.

In connection with the Restated Agreement, the Partnership made the Acceleration Payment to cause the reversion of Investor s working interest from 80% to 15% of the parties combined interests in all wells contained in the first tranche such that the Partnership s working interest reverted from 20% to 85% of the parties combined working interests in all wells contained in the tranche, and all undeveloped assets subject to the terms of the Restated Agreement reverted back to the Partnership. The reversion of interests as a result of the Acceleration Payment was accounted for as an asset acquisition. Refer to Note 4 Acquisitions in the Notes to the Consolidated Financial Statements included in this proxy statement/prospectus for discussion of the impact ASU 2017-01 had on the Partnership s current period consolidated financial statements. Pursuant to the Restated Agreement, Investor shall fund 40% of the costs to the parties combined interests to develop the wells in the Second Tranche in exchange for an undivided 33.7% working interest of the Partnership s original working interest in the wells, subject to a reversionary interest of 6.3% of the Partnership s original working interest in the wells upon the occurrence of Investor achieving a 15% internal rate of return in the aggregate with respect to such tranche of wells. The Restated Agreement provides that Investor can suspend its obligation to fund wells in a tranche upon the occurrence of certain events, but that the Partnership can continue to drill and fund on its own any such wells in which Investor elects to not participate (subject to Investor s later right to participate in such wells in accordance with the Restated Agreement).

**Cash Flow from Operations**

The Partnership s net cash provided by operating activities was $54.0 million and $34.9 million for the three-month periods ended March 31, 2018 and 2017, respectively. The 2018 period was impacted primarily by higher realized oil prices.

The Partnership s net cash provided by (used in) operating activities was $100.2 million and $(0.3) million for the years ended December 31, 2017 and 2016, respectively, with the 2017 period being favorably impacted by higher realized commodity prices, partially offset by higher production expenses.

The Partnership s net cash (used in) provided by operating activities was $(0.3) million and $2.0 million for the years ended December 31, 2016 and 2015, respectively, with the 2016 period being unfavorably impacted by lower realized commodity prices, partially offset by lower production expenses and higher production volumes primarily related to a full year of inclusion of 2015 acquisitions, most notably the Anadarko Acquisitions.

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The Partnership s cash flow from operations is subject to many variables, the most significant of which is the volatility of oil, NGL and natural gas prices. Oil, NGL and natural gas prices are determined primarily by prevailing market conditions, which are dependent on regional and worldwide economic activity, weather and other factors beyond the Partnership s control. The Partnership s future cash flow from operations will depend on its ability to maintain and increase production through acquisitions and development projects, as well as the prices of oil, NGLs and natural gas.

### Cash Flow from Investing Activities

The Partnership invested $73.9 million of capital for the three-month period ended March 31, 2018, which consisted of $72.2 million for development projects, exclusive of accrued capital expenditures, individually immaterial acquisitions of oil and natural gas properties and prospective acreage as well as adjustments to prior period acquisitions. The Partnership received $27.1 million of proceeds net of costs related to the divestiture of various oil and natural gas properties in individually immaterial transactions and post-close adjustments. The Partnership invested $29.0 million of capital for the three-month period ended March 31, 2017, which consisted of $23.8 million for development projects, $5.2 million of individually immaterial acquisitions of oil and natural gas properties and adjustments to prior period acquisitions. The Partnership received $4.4 million of proceeds related to the divestiture of various oil and natural gas properties in individually immaterial transactions and post close adjustments.

The Partnership s cash capital expenditures were $313.9 million for the year ended December 31, 2017. The total includes $163.4 million related to the Acceleration Payment and 6 individually immaterial acquisitions and $150.6 million of development projects.

The Partnership s cash capital expenditures were $41.5 million for the year ended December 31, 2016. The total includes $12.0 million related to 3 individually immaterial acquisitions and $29.5 million of development projects.

The Partnership s annual capital expenditure budget for 2018, which predominantly consists of drilling, recompletion and well stimulation projects, is set at $225 million. During the three months ended March 31, 2018, the Partnership incurred $59.7 million of such capital expenditures inclusive of the effect of accrued capital expenditures. The Partnership anticipates that it will have sufficient sources of working capital, including its cash flow from operations and available borrowing capacity under the Revolving Credit Agreement and Term Loan Credit Agreement to meet its cash obligations including its remaining planned capital expenditures. The Partnership s remaining borrowing capacity under the Revolving Credit Agreement is $66.2 million as of June 30, 2018. The amount and timing of the Partnership s capital expenditures is largely discretionary and within its control, with the exception of certain projects managed by other operators. The Partnership may defer a portion of its planned capital expenditures until later periods. Accordingly, the Partnership routinely monitors and adjusts its capital expenditures in response to changes in oil and natural gas prices, drilling and acquisition costs, industry conditions, non-operated capital requirements and internally generated cash flow. Future cash flows are subject to a number of variables, including the level of oil and natural gas production and prices. There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned levels of capital expenditures.

The Partnership enters into oil and natural gas derivatives to reduce the impact of oil and natural gas price volatility on its operations. At April 30, 2018, the Partnership had in place oil, natural gas and price differential derivatives covering portions of its estimated 2018 through 2019 oil and natural gas production. For the three-month periods ended March 31, 2018 and 2017, the Partnership had (unfavorable) favorable settlements of $(2.8) million and $4.2 million, respectively, related to its commodity derivatives.

By reducing the cash flow effects of price volatility from a portion of the Partnership s oil and natural gas production, the Partnership has mitigated, but not eliminated, the potential effects of changing prices on its cash

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flow from operations for those periods. While mitigating negative effects of falling commodity prices, these derivative contracts also limit the benefits the Partnership would receive from increases in commodity prices. It is the Partnership s policy to enter into derivative contracts only with counterparties that are major, creditworthy institutions deemed by management as competent and competitive market makers. In addition, none of the Partnership s current counterparties require the Partnership to post margin. However, the Partnership cannot be assured that all of its counterparties will meet their obligations under the derivative contracts. Due to this uncertainty, the Partnership routinely monitors the creditworthiness of its counterparties.

The following tables summarize, for the periods indicated, the Partnership s oil and natural gas derivatives in place as of April 30, 2018 covering the period from April 1, 2018 through December 31, 2019. The Partnership uses derivatives, including swaps, enhanced swaps and three-way collars, as its mechanism for offsetting the cash flow effects of changes in commodity prices whereby its pays the counterparty floating prices and receive fixed prices from the counterparty, which serves to reduce the effects on cash flow of the floating prices it is paid by purchasers of its oil and natural gas. These transactions are mostly settled based upon the monthly average closing price of front-month NYMEX WTI oil and the price on the last trading day of front-month NYMEX Henry Hub natural gas.

**Oil Swaps:**

| Time Period | Volumes (Bbls) | Average Price per Bbl | Price Range per Bbl | |
|---|---|---|---|---|
| April-December 2018 | 2,282,500 | $ 54.76 | $ 51.20 | $63.68 |
| 2019 | 2,190,000 | $ 58.88 | $57.15 | $61.20 |

**Natural Gas Swaps:**

| Time Period | Volumes (MMBtu) | Average Price per MMBtu | Price Range per MMBtu | |
|---|---|---|---|---|
| April-December 2018 | 27,200,000 | $ 3.23 | $ 3.04 | $3.39 |
| 2019 | 25,800,000 | $ 3.36 | $3.29 | $3.39 |

The Partnership has entered into regional crude oil differential swap contracts in which it has swapped the floating WTI-ARGUS (Midland) crude oil price for floating WTI-ARGUS (Cushing) less a fixed-price differential. As noted above, the Partnership receives a discount to the NYMEX WTI crude oil price at the point of sale. Due to refinery downtimes and limited takeaway capacity that has impacted the Permian Basin, the difference between the WTI-ARGUS (Midland) price, which is the price the Partnership receives on almost all of its Permian crude oil production, and the WTI-ARGUS (Cushing) price reached historic highs in late 2012 and early 2013 and again in late 2014. The Partnership entered into these differential swaps to negate a portion of this volatility. The following table summarizes the oil differential swap contracts currently in place as of April 30, 2018, covering the period from April 1, 2018 through December 31, 2019:

| Time Period | Volumes (Bbls) | Average Price per Bbl | Price Range per Bbl |
|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| April-December 2018 | 3,025,000 | $ (1.13) | $ (1.25) | $(0.80) |
| 2019 | 730,000 | $ (1.15) | $(1.15) | |

The Partnership has also entered into multiple NYMEX WTI crude oil costless collar contracts. Each contract combines a long put option or floor with a short call option or ceiling. At an annual WTI market price of $40.00, $50.00 and $65.00, the summary positions below would result in a net price of $47.06, $50.00

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and $60.29, respectively, for 2018. The following table summarizes the costless oil collar contracts currently in place as of April 30, 2018, covering the period from April 1, 2018 through December 31, 2018:

| Time Period | Volumes (Bbls) | Average Long Put Price per Bbl | Average Short Call Price per Bbl |
|---|---|---|---|
| April-December 2018 | 1,168,750 | $ 47.06 | $ 60.29 |

The Partnership has also entered into multiple NYMEX WTI crude oil derivative enhanced swap contracts. The first type of enhanced swap contract combines buying a lower-priced put, selling a higher-priced put, and using the net proceeds from these positions to simultaneously obtain a swap at above market prices ( enhanced swap price ). If the market price is at or above the higher-priced short put, this contract allows the Partnership to settle at the enhanced swap price. If the market price is below the higher-priced short put but above the lower-priced long put, this contract allows the Partnership to settle for the market price plus the spread between the enhanced swap price and the higher-priced short put. If the market price is at or below the lower-priced long put, this contract allows the Partnership to settle for the lower-priced long put plus the spread between the enhanced swap price and the higher-priced short put. For example, at an annual average WTI market price of $40.00, $50.00 and $65.00, the summary positions below would result in a net price of $65.50, $65.50 and $73.50, respectively, for 2018. The following table summarizes these type of enhanced swap contracts currently in place as of April 30, 2018, covering the period from April 1, 2018 through December 31, 2018:

| Calendar Year | Volumes (Bbls) | Average Long Put Price per Bbl | Average Short Call Price per Bbl | Average Swap Price per Bbl |
|---|---|---|---|---|
| April-December 2018 | 96,250 | $ 57.00 | $ 82.00 | $ 90.50 |

**Cash Flow from Financing Activities**

The Partnership s net cash used in financing activities was $5.6 million for the three months ended March 31, 2018, compared to cash used in financing activities of $15.0 million for the three months ended March 31, 2017. During the three months ended March 31, 2018, total net borrowings under the Revolving Credit Agreement were $19.0 million and net borrowings under the Term Loan Credit Agreement were $133.6 million. Further, the Partnership used borrowings under the Term Loan Credit Agreement to repurchase $187.1 million of Senior Notes for $132.1 million, inclusive of accrued but unpaid interest. During the three months ended March 31, 2017, total net payments under the Revolving Credit Agreement were $15.0 million.

The Partnership s net cash provided by financing activities was $177.7 million for the year ended December 31, 2017, compared to $119.1 million used in financing activities for the year ended December 31, 2016. During the year ended December 31, 2017, total net borrowings under the Revolving Credit Agreement were $36.0 million. The Partnership raised $142.1 million in proceeds, net of original issue discount, but excluding other offering expenses paid by the Partnership, from a draw under the Term Loan Credit Agreement. the Partnership s net cash used in financing activities was $119.1 million for the year ended December 31, 2016, compared to $376.7 million provided by financing activities for the year ended December 31, 2015. During the year ended December 31, 2016, total net repayments under the Revolving Credit Agreement were $145.0 million. The Partnership raised $58.8 million in proceeds, net of original issue discount, but excluding other offering expenses paid by the Partnership, from a draw under the Term

Loan Credit Agreement. The Partnership s net cash provided by financing activities was $376.7 million for the year ended December 31, 2015. During the year ended December 31, 2015, total net borrowings under the Revolving Credit Agreement were $499.0 million. Finally, the Partnership had a cash outflow during the year ended December 31, 2015 in the amount of $120.4 million for distributions to unitholders and the Preferred Unitholders.

On June 4, 2014, the Partnership issued 300,000 incentive distribution units representing limited partner interests in the Partnership (the Incentive Distribution Units ) to WPX Energy Rocky Mountain, LLC ( WPX ), an affiliate of WPX Energy, Inc. ( WPX Energy ), as part of the Piceance Acquisition. The Incentive Distribution Units issued to WPX include 100,000 Incentive Distribution Units that immediately vested along

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with the ability to vest in up to an additional 200,000 Incentive Distribution Units (the Unvested IDUs ) in connection with any future asset sales or transactions completed with the Partnership pursuant to the terms of the IDR Holders Agreement. Incentive Distribution Units that are not issued to WPX or other parties will remain in the Partnership s treasury for the benefit of all limited partners until such time as the Partnership may make future issuances of Incentive Distribution Units. Effective January 1, 2016, WPX has assigned its vested and unvested Incentive Distribution Units to WPX Energy Holdings, LLC, a controlled affiliate of WPX Energy. As of June 4, 2017, all of the Unvested IDUs had been forfeited.

***The Partnership s Revolving Credit Facility***

On April 1, 2014, the Partnership entered into the Revolving Credit Agreement. Borrowings under the Revolving Credit Agreement mature on April 1, 2019. The Partnership s obligations under the Revolving Credit Agreement are secured by mortgages on over 95% of the total value of the Partnership s oil and natural gas properties as well as a pledge of all of its ownership interests in its operating subsidiaries. The amount available for borrowing at any one time is limited to the borrowing base and contains a $2 million sub-limit for letters of credit. The borrowing base is currently set at $575 million, and as of June 30, 2018, the Partnership has approximately $508 million drawn under the Revolving Credit Agreement leaving approximately $66.2 million of availability. The borrowing base is subject to semi-annual redeterminations on or about April 1 and October 1 of each year. Additionally, either the Partnership or the lenders may, once during each calendar year, elect to redetermine the borrowing base between scheduled redeterminations. The Partnership also has the right, once during each calendar year, to request the redetermination of the borrowing base upon the proposed acquisition of certain oil and natural gas properties where the purchase price is greater than 10% of the borrowing base. Any increase in the borrowing base requires the consent of all the lenders, and any decrease in or maintenance of the borrowing base must be approved by the lenders holding at least 66-2/3% of the outstanding aggregate principal amounts of the loans or participation interests in letters of credit issued under the Revolving Credit Agreement. If the required lenders do not agree on an increase or decrease, then the borrowing base will be the highest borrowing base acceptable to the lenders holding 66-2/3% of the outstanding aggregate principal amounts of the loans or participation interests in letters of credit issued under the Revolving Credit Agreement so long as it does not increase the borrowing base then in effect.

The Revolving Credit Agreement permits the Partnership to issue additional senior notes in order to refinance its currently outstanding Senior Notes as well as to issue an additional $300 million in aggregate principal amount of new senior notes, in each case, subject to specified conditions in the Revolving Credit Agreement (including pro forma compliance with the first lien debt to EBITDA ratio and interest coverage ratio described below), which include that the borrowing base shall be reduced by an amount equal to (i) (A) in the case of new senior notes, 25% of the stated principal amount of such senior notes and (B) in the case of refinancing the Partnership s currently outstanding Senior Notes, 100% of the portion of the new debt that exceeds the original principal amount of the senior notes being refinanced or (ii) in the sole discretion of the lenders holding at least 66-2/3% of the outstanding aggregate principal amounts of the loans or participation interests in letters of credit issued under the Revolving Credit Agreement prior to the issuance of the senior notes or new debt, an amount less than the amount specified in clause (A). In addition, the Partnership must prepay any amount outstanding under the Revolving Credit Agreement in excess of the redetermined borrowing base upon such a reduction.

The Partnership may elect that borrowings be comprised entirely of alternate base rate ( ABR ) loans or Eurodollar loans. Interest on the loans is determined as follows:

with respect to ABR loans, the alternate base rate equals the highest of the prime rate, the Federal funds effective rate plus 0.50%, or the one-month LIBOR plus 1.00%, plus an applicable margin ranging from and including 1.00% to 2.00% per annum, determined by the percentage of the borrowing base then in effect that is utilized, provided, that if the ratio of the Partnership s first lien debt as of the last day of any fiscal quarter to the Partnership s EBITDA (as defined in the Revolving Credit Agreement)

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for the four fiscal quarters ending on such day is greater than 3.00 to 1.00, then the applicable margin shall be increased by 0.50% during the next succeeding fiscal quarter or

with respect to any Eurodollar loans, one-, two-, three- or six-month LIBOR plus an applicable margin ranging from and including 2.00% to 3.00% per annum, determined by the percentage of the borrowing base then in effect that is utilized.

The Partnership pays a commitment fee ranging from and including 0.375% to 0.50% per annum on the average daily amount of the unused amount of the commitments under the Revolving Credit Agreement, determined by the percentage of the borrowing base then in effect that is utilized, payable quarterly.

Interest is generally payable quarterly for ABR loans and on the last day of the applicable interest period for any Eurodollar loans.

The Revolving Credit Agreement also contains various covenants that limit the Partnership s ability to:

incur indebtedness;

enter into certain leases;

grant certain liens;

enter into certain derivatives;

make certain loans, acquisitions, capital expenditures and investments;

make distributions other than from available cash;

merge, consolidate or allow certain material changes in the character of the Partnership s business;

repurchase Senior Notes or repay second lien term loans;

engage in certain asset dispositions, including a sale of all or substantially all of the Partnership s assets; or

maintain a consolidated cash balance in excess of $20 million without prepaying the loans in an amount equal to such excess.

The Revolving Credit Agreement also contains covenants that, among other things, require the Partnership to maintain specified ratios or conditions as follows:

- as of any day, first lien debt to EBITDA for the four fiscal quarters ending on the last day of the fiscal quarter immediately preceding the date of determination for which financial statements are available to not be greater than: 2.50 to 1.00;

- as of the last day of any fiscal quarter, secured debt to EBITDA for the four fiscal quarters ending on the last day of the fiscal quarter immediately preceding the date of determination to not be greater than 4.50 to 1.00 beginning with the fiscal quarter ending December 31, 2018;

- as of the last day of any fiscal quarter, total EBITDA over the last four quarters to total interest expense over the last four quarters to be greater than 2.00 to 1.00;

- consolidated current assets, as of the last day of the most recent quarter and including the unused amount of the total commitments, to consolidated current liabilities as of the last day of the most recent quarter of not less than 1.00 to 1.00, excluding current maturities under the Revolving Credit Agreement and non-cash assets and liabilities under ASC 815, which includes the current portion of oil, natural gas and interest rate derivatives; and

- as of the last day of any fiscal quarter, the ratio of (a) the sum of (i) the net present value using NYMEX forward pricing, discounted at 10% per annum, of the Partnership s proved developed

producing oil and gas properties ( PDP PV-10 ), as reflected in the most recent reserve report delivered either July 1 or December 31 of each year, as the case may be, beginning with the reserve report to be delivered on July 1, 2017 (giving pro forma effect to material acquisitions or dispositions since the date of such reports), (ii) the net mark to market value of the Partnership s swap agreements and (iii) the Partnership s cash and cash equivalents to (b) Secured Debt to not be equal to or less than 1.00 to 1.00.

If an event of default exists under the Revolving Credit Agreement, the lenders will be able to accelerate the maturity of the credit agreement and exercise other rights and remedies. Each of the following would be an event of default:

failure to pay any principal when due or any reimbursement amount, interest, fees or other amount within certain grace periods;

a representation or warranty is proven to be incorrect when made;

failure to perform or otherwise comply with the covenants or conditions contained in the Revolving Credit Agreement or other loan documents, subject, in certain instances, to certain grace periods;

default by the Partnership on the payment of any other indebtedness in excess of $15.0 million, or any event occurs that permits or causes the acceleration of the indebtedness;

bankruptcy or insolvency events involving us or any of our subsidiaries;

the loan documents cease to be in full force and effect;

the Partnership s failing to create a valid lien, except in limited circumstances;

a change of control, which will occur upon (i) the acquisition by any person or group of persons of beneficial ownership of more than 50% of the aggregate ordinary voting power of the Partnership s equity securities, (ii) the acquisition by any person or group of persons (excluding the Partnership and its subsidiaries) of beneficial ownership of more than 50% of the aggregate voting power or economic interest in the Partnership GP, (iii) the first day on which a majority of the members of the board of directors of the Partnership GP are not continuing directors (which is generally defined to mean members of the Partnership s board of directors as of April 1, 2014 and persons who are nominated for election or elected to the Partnership GP s board of directors with the approval of a majority of the continuing directors who were members of such board of directors at the time of such nomination or election), (iv) the direct or indirect sale, transfer or other disposition in one or a series of related transactions of all or greater than 50% of the properties or assets (including equity interests of subsidiaries) of the Partnership and its subsidiaries to any person, (v) the adoption of a plan related to the Partnership s liquidation or dissolution or (vi) Partnership

GP s ceasing to be the Partnership s sole general partner; provided that, under certain circumstances, a conversion from one form of entity to another form of entity or exchange of equity interests in another form entity shall not constitute a change in control;

the entry of, and failure to pay, one or more adverse judgments in excess of $15.0 million or one or more non-monetary judgments that could reasonably be expected to have a material adverse effect and for which enforcement proceedings are brought or that are not stayed pending appeal;

specified ERISA events relating to Partnership employee benefit plans that could reasonably be expected to result in liabilities in excess of $2.0 million in any year;

the Intercreditor Agreement (as defined below) ceases to be in effect, except to the extent permitted by the terms thereof; and

if an Event of Default occurs under the Term Loan Credit Agreement (as defined below).

As of March 31, 2018, the Partnership was in compliance with all financial and other covenants of the Revolving Credit Agreement. The Partnership could breach certain financial covenants under the Revolving

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Credit Agreement, which would constitute a default under the Revolving Credit Agreement. Such default, if not remedied, would require a waiver from the Partnership s lenders in order for the Partnership to avoid an event of default and subsequent acceleration of all amounts outstanding under the Revolving Credit Agreement or foreclosure on the Partnership s oil and natural gas properties. As previously noted, if the lenders under the Revolving Credit Agreement were to accelerate the indebtedness under the Revolving Credit Agreement as a result of a default, such acceleration could cause a cross-default of all of the Partnership s other outstanding indebtedness, including the second lien term loans and Senior Notes, and permit the holders of such indebtedness to accelerate the maturities of such indebtedness. While no assurances can be made that, in the event of a covenant breach, such a waiver will be granted, the Partnership believes the long-term global outlook for commodity prices and the Partnership s efforts to date, which include the suspension of distributions to unitholders and Preferred Unitholders, as well as completed asset sales, will be viewed positively by lenders.

The Partnership periodically enters into interest rate swap transactions to mitigate the volatility of interest rates. As of March 31, 2018, the Partnership had interest rate swaps on notional amounts of $235 million with a weighted average fixed rate of 1.36%. These swaps mature in September 2019.

On March 23, 2018, the Partnership entered into an amendment to the Revolving Credit Agreement (the Credit Agreement Amendment ). The Credit Agreement Amendment, subject to certain conditions, among which is the consummation of the Corporate Reorganization, amends certain provisions set forth in the Revolving Credit Agreement to, among other items:

- permit the Corporate Reorganization and modify certain provisions to reflect the new corporate structure;
- provide that New Legacy and the Partnership GP will guarantee the debt outstanding under the Revolving Credit Agreement;
- provide that the Partnership may make unlimited restricted payments, subject to no default or event of default, pro forma availability under the Revolving Credit Agreement of at least 20%, and pro forma total leverage of not more than 3.00 to 1.00, as well as to pay taxes and ordinary course overhead expenses of New Legacy;
- waive any Change in Control (as defined in the Credit Agreement) triggered by the Corporate Reorganization; and
- permit redemptions of the 2020 Senior Notes, 2021 Senior Notes and loans under the Term Loan Credit Agreement with the cash proceeds from the sale of equity interests (or exchanges for equity interests) of New Legacy.

***The Partnership s Second Lien Term Loans***

On October 25, 2016, the Partnership entered into the Term Loan Credit Agreement among the Partnership, as borrower, Cortland Capital Market Services LLC, as administrative agent and second lien collateral agent, and the lenders party thereto, providing for second lien term loans up to an aggregate principal amount of $300.0 million and subsequently increased to $400.0 million on December 31, 2017 as part of the third amendment to the Term Loan Credit Agreement. GSO and certain funds and accounts managed, advised or sub-advised, by GSO are the initial lenders thereunder. The second lien term loans are secured on a second lien priority basis by the same collateral that secures the Revolving Credit Agreement and are unconditionally guaranteed on a joint and several basis by the same wholly owned subsidiaries of the Partnership s that are guarantors under the Revolving Credit Agreement.

The Partnership used the initial $60.0 million of gross loan proceeds from the Term Loan Credit Agreement to repay outstanding indebtedness and pay associated transaction expenses. The Partnership used subsequent

draws to fund the acceleration payment under the Development Agreement and repurchase a portion of the 2021 Senior Notes. Additional second lien term loans up to an aggregate amount of $61.4 million are available until October 25, 2019. The Second Lien Term Loans under the Term Loan Credit Agreement will be issued with an upfront fee of 2% and bear interest at a rate of 12.00% per annum payable quarterly in cash or, prior to the 18 month anniversary of the Term Loan Credit Agreement, the Partnership may elect to pay in kind up to 50% of the interest payable. The second lien term loans may be used for general corporate purposes and for the repayment of outstanding indebtedness, in any case as may be approved by the Partnership and GSO. For the first 24 months following the effective date of the Term Loan Credit Agreement, GSO may not assign more than 49% of the second lien term loans without the Partnership s consent. The Term Loan Credit Agreement matures on August 31, 2021; provided that, if on July 1, 2020, the Partnership has greater than or equal to a face amount of $15.0 million of Senior Notes that were outstanding on the date the Term Loan Credit Agreement was entered into or any other senior notes with a maturity date that is earlier than August 31, 2021, the Term Loan Credit Agreement will mature on August 1, 2020. The Term Loan Credit Agreement contains customary prepayment provisions and make-whole premiums.

The Term Loan Credit Agreement also contains covenants that, among other things, require the Partnership to maintain specified ratios or conditions as follows:

- not permit, as of the last day of the fiscal quarter, the ratio of the sum of (i) PDP PV-10, (ii) the net mark to market value of the Partnership s swap agreements and (iii) the Partnership s cash and cash equivalents to Secured Debt to be less than (i) 0.85 to 1.00 through and including the fiscal quarter ended December 31, 2018 and (ii) 1.00 to 1.00 thereafter;

- not permit, as of the last day of any fiscal quarter beginning with the fiscal quarter ending December 31, 2018, the Partnership s ratio of Secured Debt as of such day to EBITDA for the four fiscal quarters then ending to be greater than 4.50 to 1.00;

- within a certain period of time after the date of the Term Loan Credit Agreement, enter into hedging transactions covering at least 75% of the projected oil and natural gas production from Proved Developed Producing Properties for each month until the two year anniversary of the Term Loan Credit Agreement;

- the Partnership is required to mortgage 95% of the total value of all of its Oil and Gas Properties set forth in the most recently evaluated Reserve Report and grant a mortgage on certain identified undeveloped acreage in the Permian Basin; and

- require the Partnership to grant a perfected security interest in its cash and securities accounts, subject to certain customary exceptions.

All capitalized terms used but not defined in the foregoing description have the meaning assigned to them in the Term Loan Credit Agreement.

As of March 31, 2018, the Partnership was in compliance with all financial and other covenants of the Term Loan Credit Agreement. As of June 30, 2018, the Partnership had approximately $338.6 million drawn under the Term Loan Credit Agreement.

A customary intercreditor agreement was entered into by Wells Fargo Bank, National Association, as priority lien agent, and Cortland Capital Markets Services LLC, as junior lien agent and acknowledged and accepted by the Partnership and the subsidiary guarantors (the Intercreditor Agreement ). If an event of default exists under the Term Loan Credit Agreement, subject to the terms of the Intercreditor Agreement, the lenders will be able to accelerate the maturity of the Term Loan Credit Agreement and exercise other rights and remedies.

On March 23, 2018, the Partnership entered into the Fourth Amendment to the Term Loan Credit Agreement (the Fourth Term Loan Amendment ). The Fourth Term Loan Amendment, subject to certain

conditions, among which is the consummation of the Corporate Reorganization, amends certain provisions set forth in the Term Loan Credit Agreement to, among other items:

- permit the Corporate Reorganization and modify certain provisions to reflect the new corporate structure;
- provide that New Legacy and the General Partner will guarantee the debt outstanding under the Term Loan Credit Agreement;
- provide that the Partnership may make unlimited restricted payments, subject to no default or event of default, pro forma availability under the Term Loan Credit Agreement of at least 20%, and pro forma total leverage of not more than 3.00 to 1.00, as well as to pay taxes and ordinary course overhead expenses of New Legacy;
- waive any Change in Control (as defined in the Term Loan Credit Agreement) triggered by the Corporate Reorganization;
- waive any requirement to prepay the Term Loans using the Partnership s Free Cash Flow or limit Capital Expenditures (each as defined in the Term Loan Credit Agreement) prior to March 31, 2019; and
- permit redemptions of the 2020 Senior Notes and the 2021 Senior Notes with the cash proceeds from the sale of equity interests (or exchanges for equity interests) of New Legacy.

***8% Senior Notes Due 2020***

On December 4, 2012, the Partnership and its 100% owned subsidiary Legacy Reserves Finance Corporation completed a private placement offering to eligible purchasers of an aggregate principal amount of $300.0 million of the 2020 Senior Notes, which were subsequently registered through a public exchange offer that closed on January 8, 2014. The 2020 Senior Notes were issued at 97.848% of par. The Partnership received net proceeds of approximately $286.7 million, after deducting the discount to initial purchasers and offering expense paid by the Partnership.

The Partnership has the option to redeem the 2020 Senior Notes, in whole or in part, at any time on or after December 1, 2016, at the specified redemption prices set forth below together with any accrued and unpaid interest to the date of redemption, if redeemed during the twelve-month period beginning on December 1 of the years indicated below.

| Year | Percentage |
|---|---|
| 2017 | 102.000% |
| 2018 | 100.000% |

The Partnership may be required to offer to repurchase the 2020 Senior Notes at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, in the event of a change of control as defined by the indenture. The Partnership and Legacy Reserves Finance Corporation s obligations under the 2020 Senior Notes are guaranteed by the Partnership s 100% owned subsidiaries Legacy Reserves Operating GP LLC, Legacy Reserves Operating LP, Legacy Reserves Services, Inc., Legacy Reserves Energy Services LLC, Dew Gathering LLC and Pinnacle Gas Treating LLC, which constitute all of the Partnership s wholly owned subsidiaries other than Legacy Reserves Finance Corporation. In the future, the guarantees may be released or terminated under the following circumstances: (i) in connection with any sale or other disposition of all or substantially all of the properties of the guarantor; (ii) in connection with any sale or other disposition of sufficient capital stock of the guarantor so that it no longer qualifies as the Partnership s Restricted Subsidiary (as defined in the indenture); (iii) if designated to be an unrestricted subsidiary; (iv) upon legal defeasance, covenant defeasance or satisfaction and discharge of the indenture; (v) upon the liquidation or dissolution of the guarantor

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provided no default or event of default has occurred or is occurring; (vi) at such time the guarantor does not have outstanding guarantees of the Partnership s, or any other guarantor s, other debt; or (vii) upon merging into, or transferring all of its properties to the Partnership or another guarantor and ceasing to exist. Refer to Note 14 Subsidiary Guarantors in the Notes to the Consolidated Financial Statements included in this proxy statement/prospectus for further details on the Partnership s guarantors.

The indenture governing the 2020 Senior Notes limits the Partnership s ability and the ability of certain of its subsidiaries to (i) sell assets; (ii) pay distributions on, repurchase or redeem equity interests or purchase or redeem the Partnership s subordinated debt, provided that such subsidiaries may pay dividends to the holders of their equity interests (including the Partnership) and the Partnership may pay distributions to the holders of its equity interests subject to the absence of certain defaults, the satisfaction of a fixed charge coverage ratio test and so long as the amount of such distributions does not exceed the sum of available cash (as defined in the Partnership Agreement) at the Partnership, net proceeds from the sales of certain securities and return of or reductions to capital from restricted investments; (iii) make certain investments; (iv) incur or guarantee additional indebtedness or issue Preferred Units; (v) create or incur certain liens; (vi) enter into agreements that restrict distributions or other payments from certain of the Partnership s subsidiaries to the Partnership; (vii) consolidate, merge or transfer all or substantially all of the Partnership s assets; (viii) engage in certain transactions with affiliates; (ix) create unrestricted subsidiaries; and (x) engage in certain business activities. These covenants are subject to a number of important exceptions and qualifications. If at any time when the 2020 Senior Notes are rated investment grade by each of Moody s Investors Service, Inc. and Standard & Poor s Ratings Services and no Default (as defined in the indenture) has occurred and is continuing, many of such covenants will terminate and the Partnership and its subsidiaries will cease to be subject to such covenants. The indenture also includes customary events of default. The Partnership is in compliance with all financial and other covenants of the 2020 Senior Notes. As previously noted, if the lenders under the Revolving Credit Agreement were to accelerate the indebtedness under the Revolving Credit Agreement as a result of a default, such acceleration could cause a cross-default of all of the Partnership s other outstanding indebtedness and permit the holders of such indebtedness to accelerate the maturities of such indebtedness.

During the year ended December 31, 2016, the Partnership repurchased a face amount of $52.0 million of the 2020 Senior Notes on the open market. The Partnership treated these repurchases as an extinguishment of debt. Accordingly, the Partnership recognized a gain for the difference between (1) the face amount of the 2020 Senior Notes repurchased net of the unamortized portion of both the original issuer s discount and issuance costs and (2) the repurchase price.

On June 1, 2016, the Partnership exchanged 2,719,124 units for $15.0 million of face amount of its outstanding 2020 Senior Notes. The Partnership treated this exchange as an extinguishment of debt. Accordingly, the Partnership recognized a gain for the difference between (1) the face amount of the 2020 Senior Notes repurchased net of the unamortized portion of both the original issuer s discount and issuance costs and (2) the fair value of the units issued in the exchange based on the closing price on June 1, 2016. The Partnership previously repurchased and exchanged, and have not retired, $67.0 million of its 2020 Senior Notes. Subject to certain restrictions, the Partnership retains its voting rights under the indenture governing the 2020 Senior Notes.

***6.625% Senior Notes Due 2021***

On May 28, 2013, the Partnership and its 100% owned subsidiary Legacy Reserves Finance Corporation completed a private placement offering to eligible purchasers of an aggregate principal amount of $250 million of the Partnership s 2021 Senior Notes. The 2021 Senior Notes were issued at 98.405% of par. The Partnership received approximately

$240.7 million of net cash proceeds, after deducting the discount to initial purchasers and offering expenses paid by the Partnership.

On May 13, 2014, the Partnership and its 100% owned subsidiary Legacy Reserves Finance Corporation completed a private placement offering to eligible purchasers of an aggregate principal amount of an additional

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$300 million of the Partnership s 6.625% 2021 Senior Notes. This issuance of 2021 Senior Notes was at 99.0% of par. The Partnership received approximately $291.8 million of net cash proceeds, after deducting the discount to initial purchasers and offering expenses payable by the Partnership.

The terms of the 2021 Senior Notes, including details related to Partnership guarantors, are substantially identical to the terms of the 2020 Senior Notes with the exception of the interest rate and redemption provisions noted below. The Partnership will have the option to redeem the 2021 Senior Notes, in whole or in part, at any time on or after June 1, 2017, at the specified redemption prices set forth below together with any accrued and unpaid interest, if any, to the date of redemption if redeemed during the twelve-month period beginning on June 1 of the years indicated below.

| Year | Percentage |
|---|---|
| 2017 | 103.313% |
| 2018 | 101.656% |
| 2019 and thereafter | 100.000% |

The Partnership may be required to offer to repurchase the 2021 Senior Notes at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, in the event of a change of control as defined by the indenture. The Partnership is in compliance with all financial and other covenants of the 2021 Senior Notes. The Partnership and Legacy Reserves Finance Corporation s obligations under the 2021 Senior Notes are guaranteed by the same parties and on the same terms as the 2020 Senior Notes discussed above. Further, if the lenders under the Revolving Credit Agreement were to accelerate the indebtedness under the Revolving Credit Agreement as a result of a default, such acceleration could cause a cross-default of all of the 2021 Senior Notes and permit the holders of such notes to accelerate the maturities of such indebtedness.

On December 31, 2017, the Partnership entered into an agreement to repurchase a face amount of $187.1 million of its 2021 Senior Notes from certain holders in a single transaction. The transaction was settled on January 5, 2018 and will therefore be recognized in 2018. The Partnership will treat these repurchases as an extinguishment of debt. Accordingly, the Partnership recognized a gain for the difference between (1) the face amount of the 2021 Senior Notes repurchased net of the unamortized portion of both the original issuer s discount and issuance costs and (2) the repurchase price during the three months ended March 31, 2018.

During the year ended December 31, 2016, the Partnership repurchased a face amount of $117.3 million of its 2021 Senior Notes on the open market. The Partnership treated these repurchases as an extinguishment of debt. Accordingly, the Partnership recognized a gain for the difference between (1) the face amount of the 2021 Senior Notes repurchased net of the unamortized portion of both the original issuer s discount and issuance costs and (2) the repurchase price. The Partnership previously repurchased, and has not retired, $304.4 million of its 2021 Senior Notes. Subject to certain restrictions, the Partnership retains its voting rights under the indenture governing the 2021 Senior Notes.

***Supplemental Indentures to the Senior Notes***

On March 26, 2018, in connection with the Corporate Reorganization, the Partnership commenced consent solicitations relating to the 2020 Senior Notes and the 2021 Senior Notes.

On April 2, 2018, following receipt of the requisite consents of the holders of the 2020 Senior Notes and the 2021 Senior Notes, as applicable, the Partnership entered into:

- the 2020 Supplemental Indenture; and
- the 2021 Supplemental Indenture.

Pursuant to the supplemental indentures, the parties amended the indentures governing the Senior Notes to, among other things, (i) exclude the Corporate Reorganization from the definition of Change of Control,

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(ii) permit the Corporate Reorganization, (iii) provide for the issuance of an unconditional and irrevocable guarantee of the 2020 Senior Notes and the 2021 Senior Notes by New Legacy and the General Partner, (iv) provide that certain covenants and other provisions under the Indentures previously applicable to the Partnership and its restricted subsidiaries will apply to New Legacy and its restricted subsidiaries, (v) make certain changes to the restricted payments covenant to reflect that the Partnership will no longer be a publicly traded master limited partnership following the Corporate Reorganization and (vi) effect certain other conforming changes.

**Off-Balance Sheet Arrangements**

None.

**Contractual Obligations**

A summary of the Partnership s contractual obligations as of December 31, 2017 is provided in the following table.

| **Contractual Cash Obligations** | **2018** | **2019-2020** | **2021-2022** | **Thereafter** | **Total** |
|---|---|---|---|---|---|
| | | | **Obligations Due in Period (In thousands)** | | |
| Long-term debt | | | | | |
| Revolving credit facility[a] | $ | $ 499,000 | $ | $ | $ 499,000 |
| Interest on revolving credit facility[b] | 21,806 | 5,452 | | | 27,258 |
| Second Lien Term Loans | | 205,000 | | | 205,000 |
| Interest on Second Lien Term Loans | 24,600 | 38,950 | | | 63,550 |
| Senior Notes[c] | | 232,989 | 432,656 | | 665,645 |
| Interest on Senior Notes | 47,302 | 93,051 | 11,943 | | 152,296 |
| Management compensation[d] | 2,430 | 4,860 | 4,860 | | 12,150 |
| Employee compensation[e] | 3,101 | 823 | | | 3,924 |
| Office lease | 1,341 | 2,361 | | | 3,702 |
| Total contractual cash obligations | $ 100,580 | $ 1,082,486 | $ 449,459 | $ | $ 1,632,525 |

(a) Represents amounts outstanding under the Revolving Credit Agreement as of December 31, 2017.

(b) Based upon the weighted average interest rate of 4.37% under the Revolving Credit Agreement as of December 31, 2017.

(c) Includes $187.1 million of 2021 Senior Notes repurchased on January 5, 2018.

(d) The related employment agreements do not contain termination provisions; therefore, the ultimate payment obligation is not known. For purposes of this table, management has not reflected payments subsequent to 2022.

(e) The Partnership has bonus agreements with certain of its non-executive employees. The bonus agreements provide for fixed bonus amounts to be paid to employees contingent upon various criteria including their continuous employment or a change in control.

**Critical Accounting Policies and Estimates**

The discussion and analysis of the Partnership s financial condition and results of operations is based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of the Partnership s consolidated financial statements requires the Partnership s management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. Estimates and assumptions are evaluated on a regular basis. The Partnership based its estimates

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on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of the financial statements. Changes in these estimates and assumptions could materially affect the Partnership s financial position, results of operations or cash flows. Management considers an accounting estimate to be critical if:

- it requires assumptions to be made that were uncertain at the time the estimate was made; and
- changes in the estimate or different estimates that could have been selected could have a material impact on the Partnership s consolidated results of operations or financial condition.

Refer to Note 1 Summary of Significant Accounting Policies in the Notes to the Consolidated Financial Statements included in this proxy statement/prospectus for a detailed discussion of all significant accounting policies that the Partnership s employs and related estimates made by management.

*Nature of Critical Estimate Item:* Oil and Natural Gas Reserves The Partnership s estimate of proved reserves is based on the quantities of oil and gas which geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under existing economic and operating conditions. LaRoche Petroleum Consultants, Ltd. ( LaRoche ) prepares a reserve and economic evaluation of all of the Partnership s properties in accordance with SEC guidelines on a lease, unit or well-by-well basis, depending on the availability of well-level production data. The accuracy of the Partnership s reserve estimates is a function of many factors including the following: the quality and quantity of available data, the interpretation of that data, the accuracy of various mandated economic assumptions, and the judgments of the individuals preparing the estimates. In addition, the Partnership must estimate the amount and timing of future operating costs, severance taxes, development costs, and workover costs, all of which may in fact vary considerably from actual results. In addition, as prices and cost levels change from year to year, the economics of producing the reserves may change and therefore the estimate of proved reserves also may change. Any significant variance in these assumptions could materially affect the estimated quantity and value of the Partnership s reserves. Despite the inherent imprecision in these engineering estimates, the Partnership s reserves are used throughout the Partnership s financial statements. Reserves and their relation to estimated future net cash flows impact the Partnership s depletion and impairment calculations. As a result, adjustments to depletion rates are made concurrently with changes to reserve estimates.

*Assumptions/Approach Used:* Units-of-production method to deplete the Partnership s oil and natural gas properties The quantity of reserves could significantly impact the Partnership s depletion expense. Any reduction in proved reserves without a corresponding reduction in capitalized costs will increase the depletion rate.

*Effect if Different Assumptions Used:* Units-of-production method to deplete the Partnership s oil and natural gas properties A 10% increase or decrease in reserves would have decreased or increased, respectively, the Partnership s depletion expense for the year ended December 31, 2017 by approximately 10%.

*Nature of Critical Estimate Item:* Asset Retirement Obligations The Partnership has certain obligations to remove tangible equipment and restore land at the end of oil and gas production operations. These removal and restoration obligations are primarily associated with plugging and abandoning wells. GAAP requires the Partnership to estimate

asset retirement costs for all of Partnership assets, adjust those costs for inflation to the forecast abandonment date, discount that amount using a credit-adjusted-risk-free rate back to the date the Partnership acquired the asset or obligation to retire the asset and record an asset retirement obligation ( ARO ) liability in that amount with a corresponding addition to the Partnership s asset value. When new obligations are incurred (*i.e.*, a new well is drilled or acquired), the Partnership adds a layer to the ARO liability. The Partnership then accretes the liability layers quarterly using the applicable effective credit-adjusted-risk-free rate for each layer. Should either the estimated life or the estimated abandonment costs of a property change materially upon

periodic review, a new calculation is performed using the same methodology of taking the abandonment cost and inflating it forward to its abandonment date and then discounting it back to the present using the Partnership s credit-adjusted-risk-free rate. The carrying value of the ARO is adjusted to the newly calculated value, with a corresponding offsetting adjustment to the asset retirement cost. When well obligations are relieved by sale of the property or plugging and abandoning the well, the related liability and asset costs are removed from the Partnership s balance sheet. Any difference in the cost to plug and the related liability is recorded as a gain or loss on the Partnership s income statement in the disposal of assets line item.

*Assumptions/Approach Used:* Estimating the future asset removal costs is difficult and requires management to make estimates and judgments because most of the removal obligations are many years in the future and contracts and regulations often have vague descriptions of what constitutes removal. Asset removal technologies and costs are constantly changing, as are regulatory, political, environmental, safety and public relations considerations. Inherent in the estimate of the present value calculation of the Partnership s AROs are numerous assumptions and judgments including the ultimate settlement amounts, inflation factors, credit-adjusted-risk-free rates, timing of settlement, and changes in the legal, regulatory, environmental and political environments.

*Effect if Different Assumptions Used:* Since there are so many variables in estimating AROs, the Partnership attempts to limit the impact of management s judgment on certain of these variables by developing a standard cost estimate based on historical costs and industry quotes updated annually. Unless the Partnership expects a well s plugging to be significantly different than a normal abandonment, it uses this estimate. The resulting estimate, after application of a discount factor and present value calculation, could differ from actual results, despite the Partnership s efforts to make an accurate estimate. The Partnership engages independent engineering firms to evaluate its properties annually. The Partnership considers the remaining estimated useful life from the year-end reserve report prepared by its independent reserve engineers in estimating when abandonment could be expected for each property. On an annual basis the Partnership s management evaluates its latest estimates against actual abandonment costs incurred.

*Nature of Critical Estimate Item:* Derivative Instruments and Hedging Activities The Partnership uses derivative financial instruments to achieve a more predictable cash flow from oil and natural gas production and interest expense by reducing its exposure to price fluctuations and interest rate changes. Currently, these transactions are swaps, enhanced swaps and collars whereby the Partnership exchanges its floating price for oil and natural gas for a fixed price and floating interest rates for fixed rates with qualified and creditworthy counterparties. The contracts with the Partnership s counterparties enable it to avoid margin calls for out-of-the-money positions.

The Partnership does not specifically designate derivative instruments as cash flow hedges, even though they reduce its exposure to changes in oil and natural gas prices and interest rate changes. Therefore, the mark-to-market of these instruments is recorded in current earnings. The Partnership estimates market values utilizing software provided by a third party firm, which specializes in valuing derivatives, and validates these estimates by comparison to counterparty estimates as the basis for these end-of-period mark-to-market adjustments. In order to estimate market values, the Partnership uses forward commodity price curves, if available, or estimates of forward curves provided by third party pricing experts. For the Partnership s interest rate swaps, the Partnership uses a yield curve based on money market rates and interest swap rates to estimate market value. When the Partnership records a mark-to-market adjustment resulting in a gain or loss in a current period, this change in fair value represents a current period mark-to-market adjustment for commodity derivatives which will be settled in future periods. As shown in the previous tables, the Partnership has hedged a portion of its future production through 2019. Taking into account the mark-to-market liabilities and assets recorded as of December 31, 2017, the future cash obligations table presented above shows the amounts which the Partnership would expect to pay the counterparties over the time periods shown. As oil and gas

prices rise and fall, the Partnership s future cash obligations related to these derivatives will rise and fall.

*Nature of Critical Estimate Item:* Oil and Natural Gas Property Impairments Oil and natural gas properties are reviewed for impairment when facts and circumstances indicate that their carrying value may not be

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recoverable. The Partnership compares net capitalized costs of proved oil and natural gas properties to estimated undiscounted future net cash flows using management s expectations of future oil and natural gas prices. These future price scenarios reflect the Partnership s estimation of future price volatility. If net capitalized costs exceed estimated undiscounted future net cash flows, the measurement of impairment is based on estimated fair value, using estimated discounted future net cash flows. Significant inputs used to determine the fair values of proved properties include estimates of: (i) reserves; (ii) future operating and development costs; (iii) future commodity prices; and (iv) a market-based weighted average cost of capital rate. The underlying commodity prices embedded in the Partnership s estimated cash flows are the product of a process that begins with NYMEX forward curve pricing, adjusted for estimated location and quality differentials, as well as other factors that the Partnership believes will impact realizable prices.

As of December 31, 2017, a 10% decrease in net cash flows attributable to the Partnership s production caused by any one or a combination of variables, including commodity prices, development costs, changes in production levels or other factors, would increase the Partnership s recognized oil and natural gas property impairments by $6.0 million.

**Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, Leases ( ASU 2016-02 ). ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Partnership is currently evaluating the impact of its pending adoption of ASU 2016-02 on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers ( ASU 2014-09 ), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers ( ASU 2015-14 ), which approved a one-year delay of the standard s effective date. In accordance with ASU 2015-14, the standard is now effective for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients; or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Partnership will adopt ASU 2014-09 utilizing the modified retrospective approach as of January 1, 2018.

The Partnership has completed its scoping and impact assessment of ASU 2014-09. Its assessment included involvement from a consultant to assist with implementation methodology and development of conclusions related to the impact that ASU 2014-09 is expected to have on the Partnership s financial statements.

In performing its impact assessment, the Partnership evaluated a representative population of revenue contracts related to its three material revenue streams: oil, natural gas and natural gas liquids. Through its contract review process, the Partnership identified all material contract types and contractual features that represent its revenue. For those contracts evaluated during its implementation, the Partnership reviewed key contract provisions under ASU 2014-09 to assess the impact on the amount and timing of revenue recognition, as

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well as the presentation of revenues upon adoption of the new standard. As a part of this assessment, the Partnership compared its historical accounting policies and practices to that required by ASU 2014-09.

Based upon work completed to date, the adoption of ASU 2014-09 will not have a material impact on net profit. However, certain reclassifications between revenue and expenses will be required based upon the Partnership s assessment of (i) where control of its product passes to its customers for certain natural gas and NGL contracts and (ii) whether the Partnership represents the principal or the agent in certain arrangements. In addition, the Partnership s disclosures surrounding revenue recognition will be more robust upon adoption of ASU 2014-09. The Partnership is continuing to perform other implementation activities, including the development of new controls and policies and draft disclosures.

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## BUSINESS OF THE PARTNERSHIP

### Overview

The Partnership is a master limited partnership headquartered in Midland, Texas, focused on the development of oil and natural gas properties primarily located in the Permian Basin, East Texas, Rocky Mountain and Mid-Continent regions of the United States.

The Partnership s oil and natural gas production and reserve data as of December 31, 2017 are as follows:

- the Partnership had proved reserves of approximately 180.0 MMBoe, of which 66% were natural gas, 34% were NGLs and 94% were classified as proved developed producing; and
- the Partnership s proved reserves to production ratio was approximately 10.0 years based on the annualized production volumes for the three months ended December 31, 2017.

The Partnership has built a diverse portfolio of oil and natural gas reserves primarily through the acquisition of producing oil and natural gas properties and the development of properties in established producing trends. These acquisitions, along with the Partnership s ongoing development activities and operational improvements, have allowed it to achieve significant production and reserve growth over the last decade.

### 2017 Highlights

- Deployed $176.8 million of development capital expenditures, primarily focused on the drilling and completion of the Partnership s Permian Basin horizontal assets;
- Paid $141 million Acceleration Payment to gain additional exposure to certain of the Partnership s Permian Basin horizontal assets and improve the Partnership s credit metrics;
- Increased revenue 39%, relative to 2016, to $436 million;
- Increased oil production 26%, relative to 2016, to 13,786 Bbls/d;
- Entered into an agreement to repurchase $187 million of the 2021 Senior Notes at $0.70 per $1.00 of principal amount; and

Entered into an agreement to amend the Partnership s Term Loan Credit Agreement to increase the amount of aggregate commitments from $300 million to $400 million.

**Business Strategy**

The key elements of the Partnership s business strategy are to:

Prudently deploy capital in developing drilling opportunities that maximize return on investment, production, reserves and cash flow;

Identify, acquire and exploit additional opportunities to broaden the Partnership s operational footprint and enrich its future growth potential;

Maintain efficient operations to minimize production declines, improve lifting costs and well economics; and

Rationalize the Partnership s asset base by regularly reviewing its asset portfolio and divesting non-core assets.

**2018 Operating Focus**

In 2018, the Partnership plans to focus on the development of its Permian Basin horizontal drilling inventory. The Partnership s development capital expenditures are expected to be approximately $225 million,

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compared to approximately $176.8 million in 2017 and $29.5 million in 2016. The Partnership expects to fund its 2018 investments from cash flow from operations and available borrowing capacity under the Revolving Credit Agreement and Term Loan Credit Agreement. Should projected commodity prices deviate from the Partnership s current outlook, the Partnership may elect to make adjustments to its level of capital expenditures. The Partnership is evaluating and intends to evaluate and opportunistically pursue alternatives to change its legal structure and tax status as a partnership, materially reduce the Partnership s outstanding indebtedness and extend its near term maturity indebtedness. In the event that cash flows from operations are greater than the Partnership currently anticipates, whether as a result of increased commodity prices, reduced interest expense or otherwise, or additional external financing sources become available to it, the Partnership intends to accelerate its development plan and increase capital expenditures.

**Operating Regions**

**Permian Basin.** The Permian Basin, one of the largest and most prolific oil and natural gas producing basins in the United States, was discovered in 1921 and extends over 100,000 square miles in West Texas and southeast New Mexico. It is characterized by oil and natural gas fields with long production histories and multiple producing formations. These stacked formations have been further drilled and produced following the advent and refinement of horizontal drilling. Currently, the majority of the rigs running in the Permian Basin are drilling horizontal wells. The Permian Basin has historically been the Partnership s largest operating region and still contains the majority of its drilling locations and development projects. The Partnership s producing wells in the Permian Basin are generally characterized as oil wells that also produce high-Btu casinghead gas with significant NGL content.

**East Texas.** The Partnership entered the East Texas region through its July 2015 acquisitions in Anderson, Freestone, Houston, Leon, Limestone and Robertson counties. The properties in East Texas consist of mature, low-decline natural gas wells. The East Texas properties are supported by a 601 mile natural gas gathering system and plant the Partnership acquired as part of those acquisitions.

**Rocky Mountain.** The Partnership s Rocky Mountain region was originally comprised by acquisitions in the Big Horn, Wind River and Powder River Basins in Wyoming largely consisting of mature oil wells with a natural water drive producing primarily from the Dinwoody-Phosphoria, Tensleep and Minnelusa formations. The Partnership expanded its footprint with its acquisition of oil properties in North Dakota and Montana in 2012 and its acquisition of non-operated natural gas properties in Colorado in 2014. The North Dakota properties produce primarily from the Madison and Bakken formations, while the Montana properties produce mostly from the Sawtooth and Bowes formations. The Colorado properties produce primarily from the Williams Fork formation.

**Mid-Continent.** The Partnership s properties in the Mid-Continent region are located in Oklahoma. These properties were acquired in 2007.

The Partnership s proved reserves by operating region are as follows:

**Proved Reserves by Operating Region as of December 31, 2017**

| Operating Regions | Oil (MBbls) | Natural Gas (MMcf) | NGLs (MBbls) | Total (MBoe) | % Liquids | % PDP | % Total |
|---|---|---|---|---|---|---|---|
| Permian Basin | 43,023 | 125,810 | 1,433 | 65,424 | 68% | 87% | 36% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| East Texas | 79 | 343,720 | 216 | 57,582 | 1% | 98% | 32% |
| Rocky Mountain | 5,987 | 234,176 | 5,338 | 50,354 | 22% | 99% | 28% |
| Mid-Continent | 2,057 | 12,428 | 2,465 | 6,593 | 69% | 96% | 4% |
| **Total** | **51,146** | **716,134** | **9,452** | **179,953** | **34%** | **94%** | **100%** |

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### Development Activities

The Partnership s development projects are primarily focused on drilling and completing new wells, but also include accessing additional productive or improving existing formations in existing well-bores, and artificial lift equipment enhancement, as well as secondary (waterflood) and tertiary recovery projects.

The table below details the activity in the Partnership s PUD locations from December 31, 2016 to December 31, 2017:

| | Gross Locations | Net Locations | Net Volume (MBoe) |
|---|---|---|---|
| Balance, December 31, 2016 | 47 | 16.9 | 5,643 |
| PUDs converted to PDP by drilling | (17) | (4.1) | (3,384) |
| PUDs removed due to performance[a] | (1) | (0.6) | (13) |
| PUDs removed from future drilling schedule[c] | (8) | (6.1) | (684) |
| PUDs removed due to sale | (2) | (2.0) | (212) |
| Extensions and discoveries[b] | 21 | 11.3 | 4,402 |
| Ownership changes | | 4.7 | 2,211 |
| Balance, December 31, 2017 | 40 | 20.1 | 7,963 |

(a) PUDs removed due to performance are those PUDs removed due to new or revised engineering, geologic and economic evaluations such as offset well production data, the drilling of offset wells, new geologic data or changes in projected capital costs or product prices. PUDs are removed depending on whether the technical criteria for the proved undeveloped reserve classification is satisfied. The reduction in PUDs due to performance was due to the removal of a PUD as it became uneconomic as of December 31, 2017 based on offset well performance.

(b) The increases in PUDs due to extensions and discoveries were driven by offset drilling in connection with the Partnership s drilling program in the Permian Basin, which includes the horizontal Spraberry, horizontal Wolfcamp and horizontal Bone Spring wells.

(c) These PUD locations were removed from the Partnership s PUD inventory because it determined, based upon review of its current inventory and as indicated in its future drilling plans, that these PUD locations are not scheduled to be drilled within five years after initial recognition as proved reserves.

As of December 31, 2017, the Partnership identified 57 gross (32.4 net) recompletion and fracture stimulation projects.

Excluding any potential acquisitions, the Partnership expects to make capital expenditures of approximately $225 million during the year ending December 31, 2018 and during the three months ended March 31, 2018, it incurred $59.7 million of such capital expenditures inclusive of the effect accrued capital expenditures.

A significant portion of the Partnership s horizontal operated development activity in the Permian Basin is pursued through its Development Agreement. The Partnership s capital resources and liquidity benefit from its interest in the development activity under the Development Agreement as described below.

On August 1, 2017, the Partnership, along with Investor, entered into Restated Agreement, which amended and restated the Development Agreement pursuant to which the Partnership and Investor agreed to participate in the funding, exploration, development and operation of certain of the Partnership s undeveloped oil and gas properties in the Permian Basin. Under the Restated Agreement and through subsequent elections, the parties have now committed to develop the Second Tranche. Investor s share of its development costs is limited to $80 million.

In connection with the Restated Agreement, the Partnership made the $141 million Acceleration Payment to cause the reversion of Investor s working interest from 80% to 15% of the parties combined interests in the

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48 wells contained in the first tranche such that the Partnership s working interest reverted from 20% to 85% of the parties combined working interests in all such wells, and all undeveloped assets subject to the terms of the Restated Agreement reverted back to the Partnership. The reversion of interests as a result of the Acceleration Payment was accounted for as an asset acquisition. Refer to Note 4 Acquisitions in the Notes to the Consolidated Financial Statements included in this proxy statement/prospectus for discussion of the impact ASU 2017-01 had on the Partnership s current period consolidated financial statements. Pursuant to the Restated Agreement, Investor shall fund 40% of the costs to the parties combined interests to develop the wells in the Second Tranche in exchange for an undivided 33.7% working interest of the Partnership s original working interest in the wells, subject to a reversionary interest of 6.3% of the Partnership s original working interest in the wells upon the occurrence of Investor achieving a 15% internal rate of return in the aggregate with respect to such tranche of wells. The Restated Agreement provides that Investor can suspend its obligation to fund wells in a tranche upon the occurrence of certain events, but that the Partnership can continue to drill and fund on its own any such wells in which Investor elects to not participate (subject to Investor s later right to participate in such wells in accordance with the Restated Agreement).

The Acceleration Payment was funded by a $145 million draw under the Partnership s Term Loan Credit Agreement.

During 2017, the Partnership completed several individually immaterial divestitures totaling $11.1 million net of costs subject to customary post-closing obligations. These divestitures consisted of dispositions of unproved leasehold acreage and low-volume, high-cost producing properties and resulted in a loss on disposal of assets of $1.6 million for the year ended December 31, 2017.

**Oil and Natural Gas Derivative Activities**

The Partnership s business strategy includes entering into oil and natural gas derivative contracts which are designed to mitigate price risk for a portion of its oil, NGL and natural gas production from time to time. At March 31, 2018, the Partnership had in place oil and natural gas derivatives covering portions of its estimated future oil and natural gas production. The Partnership s derivative contracts are in the form of fixed price swaps, enhanced swaps and costless collars for NYMEX WTI oil; fixed price swaps for NYMEX Henry Hub; and fixed price swaps for the Midland-to-Cushing oil differential.

**Summary of Oil and Natural Gas Properties and Projects**

The Partnership s most significant fields and regions are Spraberry, East Texas, Lea and Piceance Basin. As of December 31, 2017, these four areas accounted for approximately 67% of the Partnership s standardized measure and 73% of its total estimated proved reserves.

*Spraberry Field.* The Spraberry field is located in Andrews, Howard, Midland, Martin, Reagan and Upton Counties, Texas. This Spraberry field summary includes wells in the War San field which produce from the same formations and in the same area as the Partnership s Spraberry field wells. This field produces from Spraberry and Wolfcamp age formations from 5,000 to 11,000 feet. The Partnership operates 193 active wells (187 producing, 6 injecting) in this field with working interests ranging from 12.9% to 100% and net revenue interests ranging from 9.6% to 90.8%. The Partnership also owns another 169 non-operated wells (165 producing, 4 injecting). As of December 31, 2017, the Partnership s properties in the Spraberry field contained 19.2 MMBoe (76% liquids) of net proved reserves with a standardized measure of $289.9 million. The average net daily production from this field was 7,365 Boe/d for the fourth quarter of 2017. The estimated reserve life (R/P) for this field is 7.1 years based on the annualized fourth quarter production rate.

Twenty wells were drilled on the Partnership s properties in the Spraberry field in 2017. The Partnership has identified six more proved undeveloped projects, four of which are horizontal Wolfcamp or horizontal Spraberry locations and the remainder are primarily 40-acre infill drilling locations, and three behind-pipe or proved

developed non-producing recompletion projects in this field. The Partnership has also identified numerous unproved drilling locations in this field.

*East Texas.* The Partnership s wells in the East Texas basin are primarily located in Freestone, Leon and Robertson Counties, Texas. The wells in the Partnership s East Texas fields are produced from multiple fields and formations which primarily include the Bossier and Cotton Valley formations at depths of approximately 12,000 to 14,000 feet. The Partnership operates 911 active wells (905 producing, 6 injecting) in East Texas with working interests ranging from 19.2% to 100% and net revenue interests ranging from 3.2% to 87.5%. The Partnership also owns another 545 non-operated wells (527 producing, 18 injecting). As of December 31, 2017, the Partnership s properties in East Texas contained 57.0 MMBoe of net proved reserves with a standardized measure of $195.2 million. The average net daily production from this field was 12,128 Boe/d for the fourth quarter of 2017. The estimated reserve life (R/P) for this field is 12.9 years based on the annualized fourth quarter production rate.

*Lea Field.* The Lea field is located in Lea County, New Mexico. The Partnership s Lea field properties consist primarily of interests in the Lea Unit. The majority of the production from these properties is from the Bone Spring formation at depths of 9,500 feet to 11,500 feet. These properties also produce from the Morrow, Devonian, Delaware and Pennsylvania formations at depths ranging from 6,500 feet to 14,500 feet. The Partnership operates 36 wells (35 producing, 1 injecting) in the Lea Field with working interests ranging from 2.4% to 91.3% and net revenue interests ranging from 4.1% to 75.9%. As of December 31, 2017, the Partnership s properties in the Lea Field contained 10.6 MMBoe (78% liquids) of net proved reserves with a standardized measure of $166.4 million. The average net daily production from this field was 4,205 Boe/d for the fourth quarter of 2017. The estimated reserve life (R/P) of the field is 6.9 years based on the annualized fourth quarter production rate.

Ten wells were drilled on the Partnership s properties in the Lea field in 2017. The Partnership s engineers have identified nine additional proved undeveloped horizontal Bone Spring drilling locations and two behind-pipe or proved developed non-producing recompletion projects in this field. The Partnership has also identified numerous unproved horizontal drilling locations in this field.

*Piceance Basin.* The Partnership s wells in the Piceance Basin are located in Garfield County, Colorado in the Grand Valley, Parachute and Rulison fields. Most of the wells in these fields produce from the Williams Fork formation at depths of approximately 7,000 to 9,000 feet and some wells produce from the Wasatch formation at depths of 1,600 to 4,000 feet. The Partnership s ownership in this basin is comprised of non-operated interests in 2,676 active wells acquired in 2014 (the Piceance Acquisition ). As of December 31, 2017, the Partnership s properties in the Piceance Basin contained 44.6 MMBoe (13% liquids) of net proved reserves with a standardized measure of $133.4 million. The average net daily production from this field was 11,464 Boe/d for the fourth quarter of 2017. The estimated reserve life (R/P) for this field is 10.7 years based on the annualized fourth quarter production rate.

**Proved Reserves**

The following table sets forth a summary of information related to the Partnership s estimated net proved reserves as of the dates indicated based on reserve reports prepared by LaRoche. The estimates of net proved reserves have not been filed with or included in reports to any federal authority or agency. Standardized measure amounts shown in the table are not intended to represent the current market value of the Partnership s estimated oil and natural gas reserves.

The following information represents estimates of the Partnership s proved reserves as of December 31, 2017, 2016 and 2015. These reserve estimates have been prepared in compliance with the SEC rules and accounting standards

using current costs and the average annual prices based on the unweighted arithmetic average of the first-day-of-the-month price for each month in the years ended December 31, 2017, 2016 and

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2015. As a result of this methodology, the Partnership used an average WTI posted price of $47.79 per Bbl for oil and an average Platts Henry Hub natural gas price of $2.98 per MMBtu to calculate the Partnership s estimate of proved reserves as of December 31, 2017. Please see the table below.

| | As of December 31, | | |
|---|---|---|---|
| | **2017** | **2016** | **2015** |
| **Reserve Data:** | | | |
| Estimated net proved reserves: | | | |
| Oil (MMBbls) | 51.1 | 32.5 | 36.1 |
| Natural Gas Liquids (MMBbls) | 9.5 | 7.8 | 7.8 |
| Natural Gas (Bcf) | 716.1 | 627 | 721.6 |
| Total (MMBoe) | 180 | 144.8 | 164.2 |
| Estimated proved developed reserves: | | | |