



*Not All Yields Are Created Equal*

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- Upstream LLC Generating Stable Cash Flows.** Vanguard Natural Resources LLC. (VNR) is an upstream limited liability company (LLC) with a geographically diverse portfolio of long-lived oil and gas properties. It is keenly focused on maximizing the productivity of its existing assets and maintaining or increasing cash distributions to its unitholders.

- Limited Partnerships are Tax Efficient Investments.** Publicly-traded limited partnerships are “hybrid” debt/equity investments that offer tax-advantaged yields and potential equity appreciation. Because the partnerships do not pay corporate income taxes, VNR can be more competitive in acquisition arena and retain more cash flow to distribute to investors. Also, deductions generated by depletion and intangible drilling costs create tax shield equivalent to 70-100% of cash distributions in a given year. The tax-deferred portion of the distribution is not taxable until the unitholder sells the security. However, if held in an estate, this tax liability is eliminated when units are transferred to an heir as the cost basis is reset to the current price on the date of transfer.

- Diverse, Long-Lived Asset Base.** Oil and gas reserves suitable for upstream partnerships should be predominantly proved developed and long-lived, with slow depletion rates. VNR owns 122 bcfe of mature, proved oil and gas reserves with an average reserve to production ratio of 17 years located in the southern Appalachian Basin in Kentucky and Tennessee, in the Permian Basin in West Texas and New Mexico, and in South Texas.

- Positive Cash Distribution Coverage.** The coverage ratio is the ratio of cash flow available to pay distributions after debt service and capital expenditures. VNR’s distribution coverage averaged 1.1x during the first nine months of 2008, and is expected to be in the 1.15x-1.2x range at year-end. VNR recently increased its quarterly distribution by 12% to \$0.50 per unit, and its annualized distribution of \$2.00 currently yields over 30%.

- Active Hedging Strategy.** VNR hedges a significant percentage of its expected oil and gas production (>70-90% in 2009) in order to lock in prices and reduce commodity price exposure. It has multi-year hedges through 2012. This price certainty allows VNR to maintain distributions at a long-term sustainable level.

- Strong Liquidity Position.** VNR’s borrowing capacity increased to \$175 million from \$150 million in the 2008 third quarter and a new bank joined its bank group. Strong liquidity and financial flexibility are important in maintaining existing production levels to support cash distribution payments.

### Stock Data

<b>Price (December 3, 2008)</b>	<b>\$6.01</b>
Fiscal Year Ends	December 31
Symbol / Exchange:	VNR/ NYSE ARCA
52-Week Range:	\$5.20-\$18.55
Diluted Units O/S:	12.57mm
Market Capitalization:	\$75.5mm
Total Enterprise Value (TEV)	\$209.5mm
Average Daily Volume	54,275
Management Ownership <sup>2</sup> :	3.5%

### Financial Data (SMM, except per unit data)

	<u>9/30/08</u>	<u>12/31/07</u>
Total Cash :	\$0.341	\$3.110
Total Debt :	\$134.5	\$37.4
Total Members Equity:	\$103.1	\$82.3
LT Debt / Total Capital :	57%	31%

	<u>9M2008</u>	<u>9M2007</u>
Distributable Cash Flow	\$17.6	\$6.2
EBITDA <sup>3</sup> :	\$36.2	\$23.3
Diluted EPU <sup>4</sup> :	\$1.59	\$0.29

<b>Trading Multiples</b>	2008E	<u>2009E<sup>4</sup></u>
EV / EBITDA:	4.6x	3.8x
P / CFPU:	2.8x	2.7x

### Production and Pricing Data

	<u>9M08</u>
Average Daily Natural Gas Production (Mcf/d)	14,129
Net Realized Price, including hedges (\$/Mcf)	\$10.76
Average Daily Oil Production (Bbls/d)	767
Net Realized Price, including hedges (\$/Bbl)	\$87.62

### Stock Price (1-year price performance)



1) Total Enterprise Value (TEV) defined as market capitalization plus total debt less cash.  
 2) Includes unvested restricted stock.  
 3) EBITDA is a non-GAAP financial measure; see page 4 for GAAP reconciliation.  
 4) EPU reflects cumulative earnings in first nine months of each period.  
 5) 2008 and 2009 FC consensus per Thomson One Financial

## COMPANY OVERVIEW

*Vanguard Natural Resources LLC (VNR) is a publicly-traded limited liability company focused on the acquisition and development of mature, long-loved natural gas and oil properties in the U.S. Its primary business objective is to generate stable cash flows so as to make quarterly cash distribution payments to its unitholders. Its properties are located in the southern portion of the Appalachian Basin in Kentucky and Tennessee, the Permian Basin in West Texas and New Mexico, and in South Texas.*

## INVESTMENT CONSIDERATIONS

Structured as a limited liability company rather than a “C-corporation”, VNR represents a class of limited partnership investments that attract income-oriented investors seeking significant income streams, relatively low risk (beta), and tax advantaged structures. Generally affected by lack of liquidity and institutional de-leveraging, these hybrid debt/equity securities are currently trading at very attractive valuations and are offering unprecedented high yields. Moreover, VNR has mitigated its exposure to volatile commodity risk through hedging strategies and has accumulated a portfolio of low-risk oil and gas reserves.

***High Quality, Long Lived Reserves With Stable Production Profile.*** At the end of 2007, VNR has a total proved reserve base of 122 Bcfe, of which 77% are proved undeveloped (PUD) reserves. Its reserve mix is 78% gas and 22% oil and has an average life of 17 years. Earlier this year, VNR acquired 55 Bcfe (52% gas / 48% oil) of long life oil and gas reserves for a total of approximately \$130 million in the Permian basin and South Texas. These transactions balanced VNR’s commodity and geographic mix and supported the 18% increase in distributions since its IPO in 2007.

***Robust Hedging Program Supports Distribution Visibility And Stability.*** Declining commodity prices can pressure earnings but an actively managed hedging program can not only mitigate commodity price risk but also lock in the accretive cash flows from acquisitions. A significant portion of VNR’s natural gas and oil production is hedged through 2012(see page 3). Currently, VNR has hedged 79% of expected gas production and 70% expected oil production through 2010 at a minimum hedged price of \$10.59/mcf and \$88/bbl.

***Governance Structure Which Aligns The Interest Of Management And Unit Holders.*** Upstream LLCs need a strong and conservative management team to maintain reserves and actively manage hedges. VNR’s two top executives, CEO & President, Scott Smith, and EVP & CFO, Richard Robert, both have specific experience at energy partnerships and have collective industry experience of about 48 years.

***Attractive Distribution Yield.*** Largely attributable to the steep decline in equity value and a recent distribution increase, VNR’s units are yielding 32.7%, slightly above peer averages and well above historical norms. At least 70% of VNR’s cash distribution is tax deferred to its unitholders. Moreover, VNR’s makes distributions from its stable, effectively-hedged cash flows, and the company has minimal external financing requirements through 2009.

## OPERATIONAL FOCUS

***Development Success in Appalachia with Devonian Shale Potential.*** The Appalachian Basin is characterized by relatively small wells with long productive lives. The natural gas produced in Appalachia has a high Btu content and enjoys premium pricing because of its proximity to gas-consuming markets in the northeast. VNR is targeting low-risk, multiple producing horizons in Appalachia where it has identified over 500 gross PUD and probable locations, in which it has a 40% working interest. At year-end 2007, VNR owned approximately 70 Bcfe of reserves, of which 97% are natural gas and 75% were classified as proved developed. With its partner, VNR is testing the Devonian Shale potential near existing fields through horizontal drilling applications.

***Permian Basin Properties Generate Oil Production:*** In early 2008, VNR acquired 4.4 Mmboe of producing oil and gas reserves in West Texas and New Mexico from Apache Corporation, of which 84% are oil with an average production rate of 750 Boepd. The properties require nominal reinvestment to maintain production and have an average life of 15 years.

In mid-2008, VNR closed an acquisition of 20 Bcf of proved reserves in Webb County, Texas, 98% of which are natural gas. The 91 wells are producing a net 3,500 mcf/d, and VNR has an approximate 45% working interest in 1,700 undeveloped acres. As a non operator, VNR will participate in a drilling program to develop the multi-year inventory of proved undeveloped locations

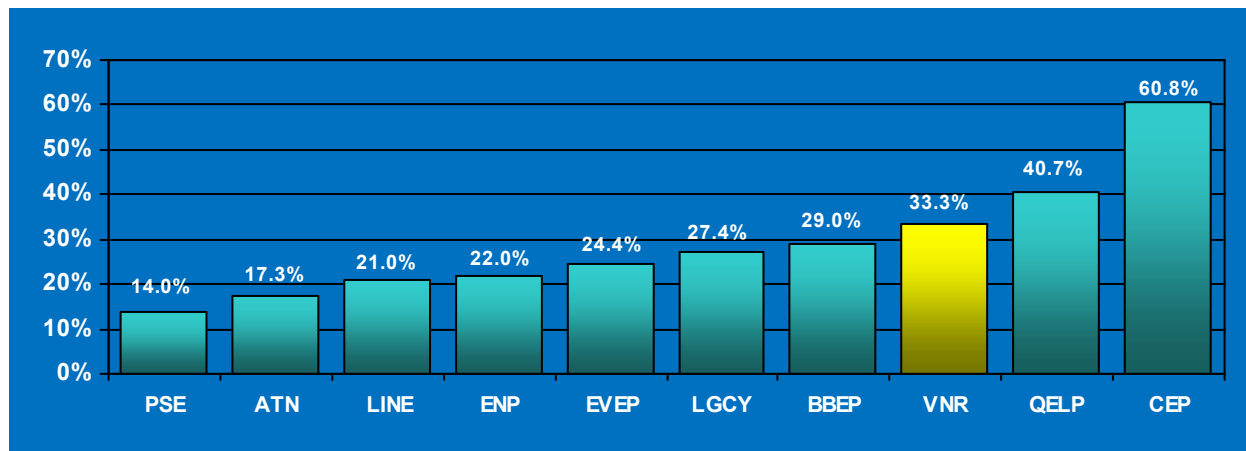
***What is a Limited Partnership?*** Publicly-traded limited partnerships, master limited partnerships (MLPs), and limited liability companies issue securities that trade in units, rather than corporate stock and as partnerships, do not pay corporate level taxes. Instead, taxes are paid on a partially deferred basis by the limited partner unitholders.

LLCs have all the tax advantages of MLPs, including no corporate level of taxation and tax deferral for unitholders, with the primary differences being that LLCs do not have a General Partner or incentive distribution rights. In addition, LLCs unitholders have voting rights, whereas MLP limited partner unitholders generally do not.

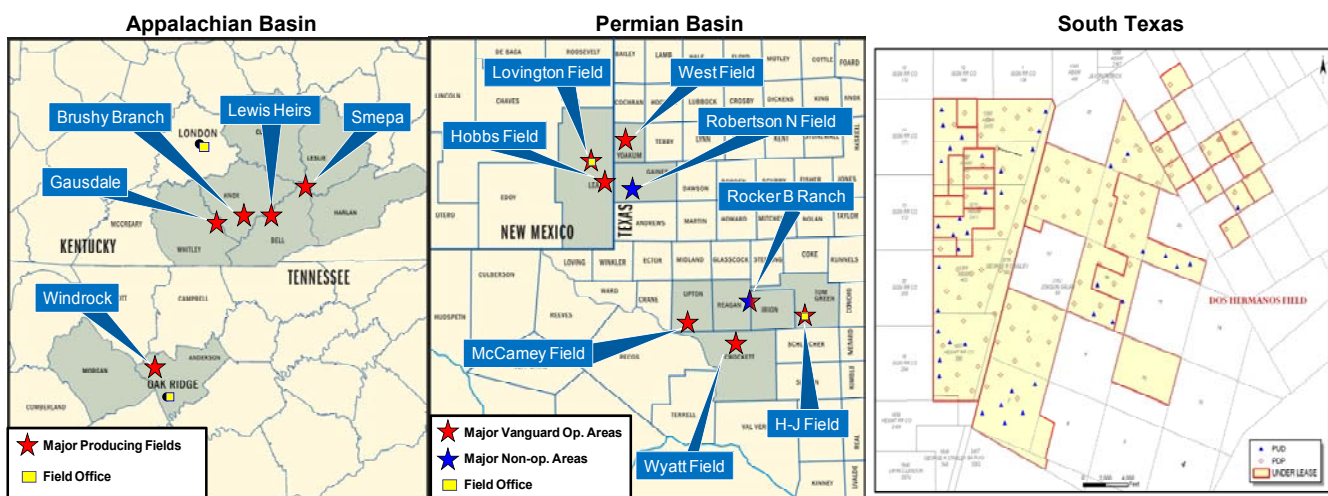
## SIGNIFICANT HEDGING PROGRAM PROTECTS CASH DISTRIBUTIONS

	2009		2010		2011		2012	
<b>Natural Gas (\$/mcf)</b>								
% Hedged	91%		66%		49%			
Swaps	60%	\$11.21	54%	\$10.85	49%	\$9.30		
Collars	17%	\$9.23 - \$11.07	12%	\$9.84 - \$11.44	NA			
Puts	14%	\$9.23	NA		NA			
<b>Crude Oil (\$/bbl)</b>								
% Hedged	77%		63%		63%		64%	
Swaps	64%	\$87.23	63%	\$85.65	63%	\$85.50	64%	\$80.00
Collars	13%	\$100 - \$127	NA		NA		NA	

## ATTRACTIVE TAX-ADVANTAGED YIELD



## PORTFOLIO OF LONG-LIVED, MATURE OIL & GAS PROPERTIES





**Vanguard Natural Resources LLC.**  
***COMPANY HEADQUARTERS***

7700 San Felipe, Suite 485  
Houston, TX 77063  
(832) 327-2255  
[www.vnrlc.com](http://www.vnrlc.com)

***INVESTOR RELATIONS CONTACTS***

Jack Lascar, Partner, [jlascar@drg-e.com](mailto:jlascar@drg-e.com)  
Carol Coale, Managing Director, [ccoale@drg-e.com](mailto:ccoale@drg-e.com)  
Dennard, Rupp, Gray & Easterly, LLC  
(713) 529-6600



This document is issued by Vanguard Natural Resources LLC and was prepared in conjunction with the firm of Dennard Rupp Gray & Easterly, LLC.

**Reader Advisory and Forward Looking Statements**

This Fact Sheet is presented as a brief company overview for investors, analysts and other parties with an interest in the Company. Vanguard's management hopes that this Fact Sheet will encourage analysts and investors to investigate more about the Company through its Securities and Exchange Commission (SEC) filings, press releases and other public materials. This Fact Sheet does not constitute an offer to sell or a solicitation of an offer to buy any securities of the Company. This Fact Sheet contains "forward-looking statements," as contemplated by the Private Securities Litigation Reform Act of 1995, in which Vanguard discusses factors it believes may affect its performance in the future. These statements are based on the Company's current assumptions, expectations and projections about future events, which are subject to a wide range of business risks. The Company encourages investors to review the information regarding the risks inherent to Vanguard and its industry, as described in its Annual Report on Form 10-K for the year ended December 31, 2008 and its Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, copies of which are available at <http://www.sec.gov> and at the Company's website at [www.Vanguardgroup.com](http://www.Vanguardgroup.com). This Fact Sheet does not purport to be all-inclusive or to contain all of the information that a reader may desire regarding the structure or the affairs of the Company. Although the Company believes that the assumptions reflected in these forward-looking statements are reasonable, the Company can give no assurance that these assumptions will prove to be correct or that financial or market forecasts, savings or other benefits anticipated in the forward-looking statements will be achieved. Forward-looking statements are not guarantees of future performance and actual results may differ materially from those projected. The information contained in this Fact Sheet is only current as of the publish date and the Company undertakes no obligation to update this Fact Sheet.

**Regulation G EBITDA Reconciliation**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008 (2)	2007	2008 (2)(3)	2007
<b>Net income</b> .....	\$ 8,930,770	\$ 1,051,211	\$ 18,370,958	\$ 1,665,368
Plus:				
Interest expense .....	1,635,804	2,524,427	4,009,914	6,944,241
Loss on extinguishment of debt.....	-	-	-	2,501,528
Depreciation, depletion, amortization and accretion .....	4,187,241	2,267,050	10,341,243	6,587,339
Bad debt expense.....	-	-	-	1,007,458
Amortization of premiums paid and non-cash settlements on derivative contracts.....	1,450,582	1,813,495	3,981,775	2,546,999
Change in fair value of derivative contracts .....	(3,173,189)	-	(3,173,189)	-
Unit-based compensation expense .....	812,034	751,635	2,708,381	1,314,778
Realized loss on cancelled derivatives .....	-	-	-	776,634
Less:				
Interest income .....	4,265	19,793	16,273	47,439
<b>Adjusted EBITDA</b> .....	\$ 13,838,977	\$ 8,388,025	\$ 36,222,809	\$ 23,296,906
Less:				
Interest expense, net	1,631,539	2,504,634	3,993,641	6,896,802
Drilling, recompletions and other capital expenditures	7,631,400	4,063,266	14,671,208	10,195,873
<b>Distributable Cash Flow</b>	<u>\$ 4,576,038</u>	<u>\$ 1,820,125</u>	<u>\$ 17,557,960</u>	<u>\$ 6,204,231</u>

- (1) Our Adjusted EBITDA should not be considered as an alternative to net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Our Adjusted EBITDA excludes some, but not all, items that affect net income and operating income and these measures may vary among other companies. Therefore, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies.
- (2) The south Texas acquisition closed on July 28, 2008 and as such only two months of operations are included in the three month and nine month period ended September 30, 2008.
- (3) The Permian Basin acquisition closed on January 31, 2008 and as such only eight months of operations are included in the nine month period ended September 30, 2008.

We define Adjusted EBITDA as net income (loss) plus:

- Net interest expense (including write-off of deferred financing fees);
- Loss on extinguishment of debt;
- Depreciation, depletion and amortization (including accretion of asset retirement obligations);
- Bad debt expenses;
- Amortization of premiums paid and non-cash settlements on derivative contracts;
- Change in fair value of derivative contracts;
- Unit-based compensation expense; and
- Realized (gain) loss on cancelled derivatives.