

## Dear Fellow Unitholders



We were pleased to have finished the year outperforming expectations and making good on our assertion that we would have over 1.0x distribution coverage for 2014 in spite of the collapse in the commodity markets in the fourth quarter. Our performance was bolstered by the acquisitions in 2014 which included over \$1.4 billion invested in principally natural gas assets which should deliver sustainable cash flow for many years

to come. With these transactions, the company achieved substantial growth in production, reserves and cash flow during the year. It is a testament to the hard work of our talented employees that we successfully integrated these acquisitions with minimal disruptions to our base operations.

### Highlights for 2014 Included:

- *Increased Adjusted EBITDA to \$421.4 million, an increase of 36% from the \$309.7 million generated in 2013.*
- *Generated Distributable Cash Flow available to Common and Class B unitholders of \$214.9 million, an increase of 16% from the \$185.4 million generated in 2013.*
- *Improved our average production to 327,109 thousand cubic feet equivalent (Mcf) per day in 2014 which was up 54% over 212,686 Mcf per day produced in 2013. On an Mcf basis, natural gas, crude oil and natural gas liquids accounted for 70%, 16% and 14% of our production, respectively.*
- *Doubled proved reserves to 2,031.3 billion cubic feet equivalent, 68% of which are classified as proved developed. On an Mcf basis, natural gas, crude oil and natural gas liquids accounted for 73%, 15% and 12% of our proved reserves, respectively.*
- *Expanded our equity base by issuing two additional publicly traded Perpetual Preferred Units for total net proceeds of \$273.5 million.*
- *Raised an additional \$149 million via our At-The-Market (ATM) program through the issuance of our common and Series A preferred units.*

In summary, 2014 was a great year on the acquisition front and marked a year of continued growth for Vanguard as we reported significant increases in our financial and operating results. Additionally, we executed our largest capital expenditure program to date, with over \$142 million invested in growth and maintenance capital in 2014. These achievements are a reflection of the efforts of our employees and their hard work on behalf of the Company to remain focused on achieving our goals. Into 2015, we continue to evaluate numerous acquisition opportunities during this low commodity price cycle and believe Vanguard can compete effectively for quality assets which will drive our growth and provide substantial long-term benefits to our unitholders. We are confident this cyclical commodity price environment will eventually

adjust, however in the mean time we will continue to make cost conscious decisions to efficiently run the business to generate long-term value to our unitholders and continue the successful track record of Vanguard Natural Resources.

Sincerely yours,



Scott W. Smith

President and Chief Executive Officer

