

## Western Gas Announces First-Quarter 2017 Results

HOUSTON, May 2, 2017 /PRNewswire/ -- Western Gas Partners, LP (NYSE: WES) ("WES" or the "Partnership") and Western Gas Equity Partners, LP (NYSE: WGP) ("WGP") today announced first-quarter 2017 financial and operating results.

### WESTERN GAS PARTNERS, LP

Net income (loss) available to limited partners for the first quarter of 2017 totaled \$5.6 million, or \$0.01 per common unit (diluted), with first-quarter 2017 Adjusted EBITDA<sup>(1)</sup> of \$255.0 million and first-quarter 2017 Distributable cash flow<sup>(1)</sup> of \$216.5 million.

WES previously declared a quarterly distribution of \$0.875 per unit for the first quarter of 2017. This distribution represented a 2% increase over the prior quarter's distribution and a 7% increase over the first-quarter 2016 distribution of \$0.815 per unit. The first-quarter 2017 Coverage ratio<sup>(1)</sup> of 1.15 times was based on the quarterly distribution of \$0.875 per unit.

"During the quarter, we began executing the largest capital program in our history, with three Delaware Basin processing plants in various stages of development. Ramsey train VI remains on schedule to begin service in the fourth quarter of this year, and Mentone trains I and II remain on schedule for start-up in the second half of 2018, said Chief Executive Officer, Benjamin Fink. "Furthermore, during the quarter we closed our DBJV-for-Marcellus asset exchange and successfully converted half of our outstanding convertible preferred units into common units, with the other half to be converted this month. Both of these transactions are critical steps toward achieving our objective of providing sustainable distribution growth over time."

<sup>(1)</sup> Please see the tables at the end of this release for a reconciliation of GAAP to non-GAAP measures and calculation of the Coverage ratio.

Total throughput attributable to WES for natural gas assets for the first quarter of 2017 averaged 3.9 Bcf/d, which was 3% below the prior quarter and 4% above the first quarter of 2016. Total throughput for crude/NGL assets for the first quarter of 2017 averaged 169 MBbls/d, which was 7% below the prior quarter and 8% below the first quarter of 2016.

Capital expenditures attributable to WES, including equity investments but excluding acquisitions, totaled \$123.8 million on a cash basis and \$129.8 million on an accrual basis during the first quarter of 2017, with maintenance capital expenditures on a cash basis of \$11.1 million.

### WESTERN GAS EQUITY PARTNERS, LP

WGP indirectly owns the entire general partner interest in WES, 100% of the incentive distribution rights in WES and 50,132,046 WES common units. Net income (loss) available to limited partners for the first quarter of 2017 totaled \$75.9 million, or \$0.35 per common unit (diluted).

WGP previously declared a quarterly distribution of \$0.49125 per unit for the first quarter of 2017. This

distribution represented a 6% increase over the prior quarter's distribution and a 16% increase over the first-quarter 2016 distribution of \$0.42375 per unit. WGP received distributions from WES of \$108.7 million attributable to the first quarter and will pay \$107.5 million in distributions for the same period.

<sup>(1)</sup> Please see the tables at the end of this release for a reconciliation of GAAP to non-GAAP measures and calculation of the Coverage ratio.

## CONFERENCE CALL TOMORROW AT 11 A.M. CDT

WES and WGP will host a joint conference call on Wednesday, May 3, 2017, at 11:00 a.m. Central Daylight Time (12:00 p.m. Eastern Daylight Time) to discuss first-quarter 2017 results. Individuals who would like to participate should dial 877-883-0383 (Domestic) or 412-902-6506 (International) approximately 15 minutes before the scheduled conference call time, and enter participant access code 5700314. To access the live audio webcast of the conference call, please visit the investor relations section of the Partnership's website at [www.westerngas.com](http://www.westerngas.com). A replay of the conference call will also be available on the website for two weeks following the call.

Western Gas Partners, LP ("WES") is a growth-oriented Delaware master limited partnership formed by Anadarko Petroleum Corporation to acquire, own, develop and operate midstream energy assets. With midstream assets located in the Rocky Mountains, North-central Pennsylvania and Texas, WES is engaged in the business of gathering, compressing, treating, processing and transporting natural gas, and gathering, stabilizing and transporting condensate, natural gas liquids and crude oil for Anadarko, as well as for other producers and customers.

Western Gas Equity Partners, LP ("WGP") is a Delaware master limited partnership formed by Anadarko to own the following types of interests in WES: (i) the general partner interest and all of the incentive distribution rights in WES, both owned through WGP's 100% ownership of WES's general partner, and (ii) a significant limited partner interest in WES.

For more information about Western Gas Partners, LP and Western Gas Equity Partners, LP, please visit [www.westerngas.com](http://www.westerngas.com).

*This news release contains forward-looking statements. WES and WGP's management believes that their expectations are based on reasonable assumptions. No assurance, however, can be given that such expectations will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this news release. These factors include the ability to meet financial guidance or distribution growth expectations; the ability to safely and efficiently operate WES's assets; the supply of, demand for, and price of oil, natural gas, NGLs and related products or services; the ability to meet projected in-service dates for capital growth projects; construction costs or capital expenditures exceeding estimated or budgeted costs or expenditures; and the other factors described in the "Risk Factors" sections of WES's and WGP's most recent Forms 10-K and Forms 10-Q filed with the Securities and Exchange Commission and in their other public filings and press releases. Western Gas Partners and Western Gas Equity Partners undertake no obligation to publicly update or revise any forward-looking statements.*

WESTERN GAS CONTACT

Jonathon E. VandenBrand  
 Director, Investor Relations  
[jon.vandenbrand@anadarko.com](mailto:jon.vandenbrand@anadarko.com)  
 832.636.6000

Western Gas Partners, LP Reconciliation of GAAP to Non-GAAP Measures

Below are reconciliations of (i) net income (loss) attributable to Western Gas Partners, LP (GAAP) to WES's Distributable cash flow (non-GAAP), (ii) net income (loss) attributable to Western Gas Partners, LP (GAAP) and net cash provided by operating activities (GAAP) to Adjusted EBITDA attributable to Western Gas Partners, LP ("Adjusted EBITDA") (non-GAAP), and (iii) operating income (loss) (GAAP) to Adjusted gross margin attributable to Western Gas Partners, LP ("Adjusted gross margin") (non-GAAP), as required under Regulation C of the Securities Exchange Act of 1934. Management believes that WES's Distributable cash flow, Adjusted EBITDA, Adjusted gross margin, and Coverage ratio are widely accepted financial indicators of WES's financial performance compared to other publicly traded partnerships and are useful in assessing its ability to incur and service debt, fund capital expenditures and make distributions. Distributable cash flow, Adjusted EBITDA, Adjusted gross margin and Coverage ratio, as defined by WES, may not be comparable to similarly titled measures used by other companies. Therefore, WES's Distributable cash flow, Adjusted EBITDA, Adjusted gross margin and Coverage ratio should be considered in conjunction with net income (loss) attributable to Western Gas Partners, LP and other applicable performance measures, such as operating income (loss) or cash flows from operating activities.

Western Gas Partners, LP Reconciliation of GAAP to Non-GAAP Measures, continued

Distributable Cash Flow

WES defines Distributable cash flow as Adjusted EBITDA, plus interest income and the net settlement amounts from the sale and/or purchase of natural gas, condensate and NGLs under WES's commodity price swap agreements to the extent such amounts are not recognized as Adjusted EBITDA, less net cash paid (or to be paid) for interest expense (including amortization of deferred debt issuance costs originally paid in cash, offset by non-cash capitalized interest), maintenance capital expenditures, Series A Preferred unit distributions and income taxes.

| <i>thousands except Coverage ratio</i>   | <b>Three Months Ended</b> |             |
|--|---------------------------|-------------|
|  | <b>March 31,</b>          |             |
|  | <b>2017</b>               | <b>2016</b> |
| <b>Reconciliation of Net income (loss) attributable to Western Gas Partners, LP to Distributable cash flow and calculation of the Coverage ratio</b> |                           |             |
| Net income (loss) attributable to Western Gas Partners, LP   | \$ 101,889                | \$ 116,060  |
| Add:   |                           |             |
| Distributions from equity investments  | 22,567                    | 24,639      |
| Non-cash equity-based compensation expense   | 1,246                     | 1,303       |
| Non-cash settled - interest expense, net <sup>(1)</sup>  | 71                        | 4,537       |
| Income tax (benefit) expense   | 3,552                     | 6,633       |
| Depreciation and amortization <sup>(2)</sup>   | 69,049                    | 64,439      |
| Impairments  | 164,742                   | 6,518       |
| Above-market component of swap extensions with Anadarko  | 12,297                    | 6,813       |
| Other expense <sup>(2)</sup>   | 45                        | —           |

|   |            |            |
|---|------------|------------|
| Less:   |            |            |
| Gain (loss) on divestiture and other, net                     | 119,487    | (632)      |
| Equity income, net – affiliates                               | 19,461     | 16,814     |
| Cash paid for maintenance capital expenditures <sup>(2)</sup> | 11,122     | 18,897     |
| Capitalized interest  | 816        | 1,849      |
| Cash paid for (reimbursement of) income taxes                 | 189        | 67         |
| Series A Preferred unit distributions                         | 7,453      | 1,887      |
| Other income <sup>(2)</sup>                                   | 427        | 122        |
| Distributable cash flow                                       | \$ 216,503 | \$ 191,938 |
| <b>Distributions declared<sup>(3)</sup></b>                   |            |            |
| Limited partners – common units                               | \$ 123,929 |            |
| General partner   | 64,824     |            |
| Total   | \$ 188,753 |            |
| Coverage ratio  | 1.15       | x          |

(1) Includes amounts related to the Deferred purchase price obligation - Anadarko.

(2) Includes WES's 75% share of depreciation and amortization; other expense; cash paid for maintenance capital expenditures; and other income attributable to Chipeta.

(3) Reflects cash distributions of \$0.875 per unit declared for the three months ended March 31, 2017.

### Western Gas Partners, LP Reconciliation of GAAP to Non-GAAP Measures, continued

#### Adjusted EBITDA Attributable to Western Gas Partners, LP

WES defines Adjusted EBITDA as net income (loss) attributable to Western Gas Partners, LP, plus distributions from equity investments, non-cash equity-based compensation expense, interest expense, income tax expense, depreciation and amortization, impairments, and other expense (including lower of cost or market inventory adjustments recorded in cost of product), less gain (loss) on divestiture and other, net, income from equity investments, interest income, income tax benefit, and other income.

| <i>thousands</i>  | Three Months Ended<br>March 31, |            |
|---|---------------------------------|------------|
|   | 2017                            | 2016       |
| <b>Reconciliation of Net income (loss) attributable to Western Gas Partners, LP to Adjusted EBITDA attributable to Western Gas Partners, LP</b> |                                 |            |
| Net income (loss) attributable to Western Gas Partners, LP  | \$ 101,889                      | \$ 116,060 |
| Add:  |                                 |            |
| Distributions from equity investments   | 22,567                          | 24,639     |
| Non-cash equity-based compensation expense  | 1,246                           | 1,303      |
| Interest expense  | 35,504                          | 32,036     |
| Income tax expense  | 3,552                           | 6,633      |
| Depreciation and amortization <sup>(1)</sup>  | 69,049                          | 64,439     |
| Impairments   | 164,742                         | 6,518      |
| Other expense <sup>(1)</sup>  | 45                              | —          |
| Less:   |                                 |            |
| Gain (loss) on divestiture and other, net   | 119,487                         | (632)      |
| Equity income, net – affiliates   | 19,461                          | 16,814     |
| Interest income – affiliates  | 4,225                           | 4,225      |
| Other income <sup>(1)</sup>   | 427                             | 122        |
| Adjusted EBITDA attributable to Western Gas Partners, LP  | \$ 254,994                      | \$ 231,099 |
| <b>Reconciliation of Net cash provided by operating activities to Adjusted EBITDA attributable to Western Gas Partners, LP</b>                  |                                 |            |
| Net cash provided by (used in) operating activities   | \$ 192,616                      | \$ 236,503 |
| Interest (income) expense, net  | 31,279                          | 27,811     |
| Uncontributed cash-based compensation awards  | 37                              | 72         |
| Accretion and amortization of long-term obligations, net  | (1,101)                         | (5,467)    |

|   |            |            |
|---|------------|------------|
| Current income tax (benefit) expense  | 424        | 4,781      |
| Other (income) expense, net   | (430)      | (124)      |
| Distributions from equity investments in excess of cumulative earnings – affiliates | 3,453      | 4,784      |
| Changes in operating working capital:   |            |            |
| Accounts receivable, net  | 1,513      | (12,558)   |
| Accounts and imbalance payables and accrued liabilities, net                        | 29,940     | (17,978)   |
| Other   | 15         | (3,048)    |
| Adjusted EBITDA attributable to noncontrolling interest                             | (2,752)    | (3,677)    |
| Adjusted EBITDA attributable to Western Gas Partners, LP                            | \$ 254,994 | \$ 231,099 |
| <b>Cash flow information of Western Gas Partners, LP</b>                            |            |            |
| Net cash provided by (used in) operating activities                                 | \$ 192,616 | \$ 236,503 |
| Net cash provided by (used in) investing activities                                 | (252,434)  | (842,818)  |
| Net cash provided by (used in) financing activities                                 | (175,797)  | 616,761    |

(1) Includes WES's 75% share of depreciation and amortization; other expense; and other income attributable to Chipeta.

### Western Gas Partners, LP Reconciliation of GAAP to Non-GAAP Measures, continued

#### Adjusted Gross Margin Attributable to Western Gas Partners, LP

WES defines Adjusted gross margin as total revenues and other, less cost of product and reimbursements for electricity-related expenses recorded as revenue, plus distributions from equity investments and excluding the noncontrolling interest owner's proportionate share of revenue and cost of product.

| <i>thousands</i>   | Three Months Ended<br>March 31, |            |
|--|---------------------------------|------------|
|  | 2017                            | 2016       |
| <b>Reconciliation of Operating income (loss) to Adjusted gross margin attributable to Western Gas Partners, LP</b> |                                 |            |
| Operating income (loss)  | \$ 138,392                      | \$ 153,403 |
| Add:   |                                 |            |
| Distributions from equity investments  | 22,567                          | 24,639     |
| Operation and maintenance  | 73,760                          | 76,213     |
| General and administrative   | 12,659                          | 11,277     |
| Property and other taxes   | 12,294                          | 10,350     |
| Depreciation and amortization  | 69,702                          | 65,095     |
| Impairments  | 164,742                         | 6,518      |
| Less:  |                                 |            |
| Gain (loss) on divestiture and other, net  | 119,487                         | (632)      |
| Proceeds from business interruption insurance claims   | 5,767                           | —          |
| Equity income, net – affiliates  | 19,461                          | 16,814     |
| Reimbursed electricity-related charges recorded as revenues  | 13,969                          | 15,668     |
| Adjusted gross margin attributable to noncontrolling interest  | 3,876                           | 4,421      |
| Adjusted gross margin attributable to Western Gas Partners, LP   | \$ 331,556                      | \$ 311,224 |
| Adjusted gross margin attributable to Western Gas Partners, LP for natural gas assets                              | \$ 301,505                      | \$ 276,529 |
| Adjusted gross margin for crude/NGL assets   | 30,051                          | 34,695     |

### Western Gas Partners, LP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

| <i>thousands except per-unit amounts</i> | Three Months Ended<br>March 31, |      |
|--|---------------------------------|------|
|  | 2017                            | 2016 |
| <b>Revenues and other</b>                |                                 |      |

|  |                   |                   |
|--|-------------------|-------------------|
| Gathering, processing and transportation                           | \$ 307,814        | \$ 294,004        |
| Natural gas and natural gas liquids sales                          | 206,525           | 88,556            |
| Other  | 1,854             | 581               |
| <b>Total revenues and other</b>                                    | <b>516,193</b>    | <b>383,141</b>    |
| <b>Equity income, net – affiliates</b>                             | <b>19,461</b>     | <b>16,814</b>     |
| <b>Operating expenses</b>  |                   |                   |
| Cost of product  | 189,359           | 76,467            |
| Operation and maintenance  | 73,760            | 76,213            |
| General and administrative   | 12,659            | 11,277            |
| Property and other taxes   | 12,294            | 10,350            |
| Depreciation and amortization                                      | 69,702            | 65,095            |
| Impairments  | 164,742           | 6,518             |
| <b>Total operating expenses</b>                                    | <b>522,516</b>    | <b>245,920</b>    |
| <b>Gain (loss) on divestiture and other, net</b>                   | <b>119,487</b>    | <b>(632)</b>      |
| <b>Proceeds from business interruption insurance claims</b>        | <b>5,767</b>      | <b>—</b>          |
| <b>Operating income (loss)</b>                                     | <b>138,392</b>    | <b>153,403</b>    |
| Interest income – affiliates                                       | 4,225             | 4,225             |
| Interest expense   | (35,504)          | (32,036)          |
| Other income (expense), net  | 430               | 124               |
| <b>Income (loss) before income taxes</b>                           | <b>107,543</b>    | <b>125,716</b>    |
| Income tax (benefit) expense                                       | 3,552             | 6,633             |
| <b>Net income (loss)</b>   | <b>103,991</b>    | <b>119,083</b>    |
| Net income attributable to noncontrolling interest                 | 2,102             | 3,023             |
| <b>Net income (loss) attributable to Western Gas Partners, LP</b>  | <b>\$ 101,889</b> | <b>\$ 116,060</b> |
| <b>Limited partners' interest in net income (loss):</b>            |                   |                   |
| Net income (loss) attributable to Western Gas Partners, LP         | \$ 101,889        | \$ 116,060        |
| Pre-acquisition net (income) loss allocated to Anadarko            | —                 | (11,326)          |
| Series A Preferred units interest in net (income) loss             | (28,174)          | (2,329)           |
| General partner interest in net (income) loss                      | (68,162)          | (55,400)          |
| Common and Class C limited partners' interest in net income (loss) | \$ 5,553          | \$ 47,005         |
| <b>Net income (loss) per common unit – basic and diluted</b>       | <b>\$ 0.01</b>    | <b>\$ 0.31</b>    |
| <b>Weighted-average common units outstanding – basic</b>           | <b>134,448</b>    | <b>128,990</b>    |
| <b>Weighted-average common units outstanding – diluted</b>         | <b>165,047</b>    | <b>143,355</b>    |

**Western Gas Partners, LP**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

| <i>thousands except number of units</i>  | <b>March 31,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|--|---------------------------|------------------------------|
| Current assets   | \$ 285,619                | \$ 594,014                   |
| Note receivable – Anadarko   | 260,000                   | 260,000                      |
| Net property, plant and equipment  | 5,266,813                 | 5,049,932                    |
| Other assets   | 1,820,408                 | 1,829,082                    |
| <b>Total assets</b>  | <b>\$ 7,632,840</b>       | <b>\$ 7,733,028</b>          |
| Current liabilities  | \$ 280,063                | \$ 315,305                   |
| Long-term debt   | 3,092,257                 | 3,091,461                    |
| Asset retirement obligations and other   | 154,871                   | 149,043                      |
| Deferred purchase price obligation – Anadarko  | 37,346                    | 41,440                       |
| <b>Total liabilities</b>   | <b>\$ 3,564,537</b>       | <b>\$ 3,597,249</b>          |
| <b>Equity and partners' capital</b>  |                           |                              |
| Series A Preferred units (10,961,416 and 21,922,831 units issued and outstanding at March 31, 2017, and December 31, 2016, respectively) | \$ 336,722                | \$ 639,545                   |
| Common units (141,633,385 and 130,671,970 units issued and outstanding at March 31, 2017, and December 31, 2016, respectively)           | 2,759,744                 | 2,536,872                    |
| Class C units (12,537,100 and 12,358,123 units issued and outstanding at March 31, 2017, and December 31, 2016, respectively)            | 754,670                   | 750,831                      |
| General partner units (2,583,068 units issued and outstanding at March 31, 2017, and December 31, 2016)                                  | 153,872                   | 143,968                      |

|  |                     |                     |
|--|---------------------|---------------------|
| Noncontrolling interest                                |                     |                     |
| <b>Total liabilities, equity and partners' capital</b> | <b>\$ 7,693,396</b> | <b>\$ 7,793,028</b> |

**Western Gas Partners, LP**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

| <i>thousands</i>  | Three Months Ended<br>March 31, |                   |
|---|---------------------------------|-------------------|
|   | 2017                            | 2016              |
| <b>Cash flows from operating activities</b>   |                                 |                   |
| Net income (loss)   | \$ 103,991                      | \$ 119,083        |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities and changes in working capital: |                                 |                   |
| Depreciation and amortization   | 69,702                          | 65,095            |
| Impairments   | 164,742                         | 6,518             |
| (Gain) loss on divestiture and other, net   | (119,487)                       | 632               |
| Change in other items, net  | (26,332)                        | 45,175            |
| Net cash provided by (used in) operating activities   | \$ 192,616                      | \$ 236,503        |
| <b>Cash flows from investing activities</b>   |                                 |                   |
| Capital expenditures  | \$ (125,944)                    | \$ (136,987)      |
| Contributions in aid of construction costs from affiliates  | 1,310                           | 2,369             |
| Acquisitions from affiliates  | —                               | (713,596)         |
| Acquisitions from third parties   | (155,287)                       | —                 |
| Investments in equity affiliates  | —                               | 474               |
| Distributions from equity investments in excess of cumulative earnings – affiliates                                     | 3,453                           | 4,784             |
| Proceeds from the sale of assets to third parties   | 34                              | 138               |
| Proceeds from property insurance claims   | 24,000                          | —                 |
| Net cash provided by (used in) investing activities   | \$ (252,434)                    | \$ (842,818)      |
| <b>Cash flows from financing activities</b>   |                                 |                   |
| Borrowings, net of debt issuance costs  | \$ (11)                         | \$ 330,000        |
| Increase (decrease) in outstanding checks   | 1,024                           | (994)             |
| Proceeds from the issuance of common units, net of offering expenses  | (158)                           | 25,000            |
| Proceeds from the issuance of Series A Preferred units, net of offering expenses  | —                               | 440,000           |
| Distributions to unitholders  | (185,565)                       | (152,588)         |
| Distributions to noncontrolling interest owner  | (3,370)                         | (3,838)           |
| Net contributions from (distributions to) Anadarko  | (14)                            | (27,632)          |
| Above-market component of swap extensions with Anadarko   | 12,297                          | 6,813             |
| Net cash provided by (used in) financing activities   | \$ (175,797)                    | \$ 616,761        |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>\$ (235,615)</b>             | <b>\$ 10,446</b>  |
| <b>Cash and cash equivalents at beginning of period</b>   | <b>357,925</b>                  | <b>98,033</b>     |
| <b>Cash and cash equivalents at end of period</b>   | <b>\$ 122,310</b>               | <b>\$ 108,479</b> |

**Western Gas Partners, LP**  
**OPERATING STATISTICS**  
(Unaudited)

|  | Three Months Ended<br>March 31, |       |
|--|---------------------------------|-------|
|  | 2017                            | 2016  |
| Throughput for natural gas assets (MMcf/d)                                       |                                 |       |
| Gathering, treating and transportation   | 1,443                           | 1,597 |
| Processing   | 2,442                           | 2,134 |
| Equity investment <sup>(1)</sup>   | 162                             | 185   |
| Total throughput for natural gas assets  | 4,047                           | 3,916 |
| Throughput attributable to noncontrolling interest for natural gas assets        | 109                             | 135   |
| Total throughput attributable to Western Gas Partners, LP for natural gas assets | 3,938                           | 3,781 |

|  |             |             |
|--|-------------|-------------|
| Throughput for crude/NGL assets (MBbls/d)  |             |             |
| Gathering, treating and transportation   | 44          | 60          |
| Equity investment <sup>(2)</sup>   | 125         | 124         |
| <b>Total throughput for crude/NGL assets</b>   | <b>169</b>  | <b>184</b>  |
| Adjusted gross margin per Mcf attributable to Western Gas Partners, LP for natural gas assets <sup>(3)</sup> | \$ 0.85     | \$ 0.80     |
| <b>Adjusted gross margin per Bbl for crude/NGL assets <sup>(4)</sup></b>                                     | <b>1.98</b> | <b>2.07</b> |

- (1) Represents WES's 14.81% share of average Fort Union throughput and 22% share of average Rendezvous throughput.
- (2) Represents WES's 10% share of average White Cliffs throughput, WES's 25% share of average Mont Belvieu JV throughput, WES's 20% share of average TEG and TEP throughput, and WES's 33.33% share of average FRP throughput.
- (3) Average for period. Calculated as Adjusted gross margin attributable to Western Gas Partners, LP for natural gas assets (total revenues and other for natural gas assets, less reimbursements for electricity-related expenses recorded as revenue and cost of product for natural gas assets, plus distributions from WES's equity investments in Fort Union and Rendezvous, and excluding the noncontrolling interest owner's proportionate share of revenue and cost of product), divided by total throughput (MMcf/d) attributable to Western Gas Partners, LP for natural gas assets.
- (4) Average for period. Calculated as Adjusted gross margin for crude/NGL assets (total revenues and other for crude/NGL assets, less reimbursements for electricity-related expenses recorded as revenue and cost of product for crude/NGL assets, plus distributions from WES's equity investments in White Cliffs, the Mont Belvieu JV, TEG, TEP and FRP), divided by total throughput (MBbls/d) for crude/NGL assets.

**Western Gas Equity Partners, LP**  
**CALCULATION OF CASH AVAILABLE FOR DISTRIBUTION**  
(Unaudited)

| <i>thousands except per-unit amount and Coverage ratio</i> | <b>Three Months Ended</b> |         |
|--|---------------------------|---------|
|  | <b>March 31, 2017</b>     |         |
| Distributions declared by Western Gas Partners, LP:        |                           |         |
| General partner interest                                   | \$                        | 3,381   |
| Incentive distribution rights                              |                           | 61,443  |
| Common units held by WGP                                   |                           | 43,866  |
| Less:  |                           |         |
| Public company general and administrative expense          |                           | 817     |
| Interest expense   |                           | 529     |
| Cash available for distribution                            | \$                        | 107,344 |
| Declared distribution per common unit                      | \$                        | 0.49125 |
| Distributions declared by Western Gas Equity Partners, LP  | \$                        | 107,549 |
| Coverage ratio   |                           | 1.00 x  |

**Western Gas Equity Partners, LP**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

| <i>thousands except per-unit amounts</i>  | <b>Three Months Ended</b> |                |
|---|---------------------------|----------------|
|   | <b>March 31,</b>          |                |
|   | <b>2017</b>               | <b>2016</b>    |
| <b>Revenues and other</b>                 |                           |                |
| Gathering, processing and transportation  | \$ 307,814                | \$ 294,004     |
| Natural gas and natural gas liquids sales | 206,525                   | 88,556         |
| Other                                     | 1,854                     | 581            |
| <b>Total revenues and other</b>           | <b>516,193</b>            | <b>383,141</b> |
| <b>Equity income, net – affiliates</b>    | <b>19,461</b>             | <b>16,814</b>  |



|  |                  |                  |
|--|------------------|------------------|
| <b>Operating expenses</b>  |                  |                  |
| Cost of product  | 189,359          | 76,467           |
| Operation and maintenance  | 73,760           | 76,213           |
| General and administrative   | 13,476           | 12,515           |
| Property and other taxes   | 12,294           | 10,350           |
| Depreciation and amortization  | 69,702           | 65,095           |
| Impairments  | 164,742          | 6,518            |
| <b>Total operating expenses</b>  | <b>523,333</b>   | <b>247,158</b>   |
| <b>Gain (loss) on divestiture and other, net</b>                         | <b>119,487</b>   | <b>(632)</b>     |
| <b>Proceeds from business interruption insurance claims</b>              | <b>5,767</b>     | <b>—</b>         |
| <b>Operating income (loss)</b>   | <b>137,575</b>   | <b>152,165</b>   |
| Interest income – affiliates   | 4,225            | 4,225            |
| Interest expense   | (36,033)         | (32,139)         |
| Other income (expense), net  | 446              | 141              |
| <b>Income (loss) before income taxes</b>                                 | <b>106,213</b>   | <b>124,392</b>   |
| Income tax (benefit) expense   | 3,552            | 6,633            |
| <b>Net income (loss)</b>   | <b>102,661</b>   | <b>117,759</b>   |
| Net income (loss) attributable to noncontrolling interests               | 26,721           | 35,943           |
| <b>Net income (loss) attributable to Western Gas Equity Partners, LP</b> | <b>\$ 75,940</b> | <b>\$ 81,816</b> |
| <b>Limited partners' interest in net income (loss):</b>                  |                  |                  |
| Net income (loss) attributable to Western Gas Equity Partners, LP        | \$ 75,940        | \$ 81,816        |
| Pre-acquisition net (income) loss allocated to Anadarko                  | —                | (11,326)         |
| Limited partners' interest in net income (loss)                          | \$ 75,940        | \$ 70,490        |
| <b>Net income (loss) per common unit – basic and diluted</b>             | <b>\$ 0.35</b>   | <b>\$ 0.32</b>   |
| <b>Weighted-average common units outstanding – basic and diluted</b>     | <b>218,929</b>   | <b>218,919</b>   |

**Western Gas Equity Partners, LP**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

| <i>thousands except number of units</i>  | March 31,<br>2017   | December 31,<br>2016 |
|--|---------------------|----------------------|
| Current assets   | \$ 286,235          | \$ 595,591           |
| Note receivable – Anadarko   | 260,000             | 260,000              |
| Net property, plant and equipment  | 5,266,813           | 5,049,932            |
| Other assets   | 1,821,734           | 1,830,574            |
| <b>Total assets</b>  | <b>\$ 7,634,782</b> | <b>\$ 7,736,097</b>  |
| Current liabilities  | \$ 280,150          | \$ 315,387           |
| Long-term debt   | 3,120,257           | 3,119,461            |
| Asset retirement obligations and other   | 154,871             | 149,043              |
| Deferred purchase price obligation – Anadarko  | 37,346              | 41,440               |
| <b>Total liabilities</b>   | <b>\$ 3,592,624</b> | <b>\$ 3,625,331</b>  |
| <b>Equity and partners' capital</b>  |                     |                      |
| Common units (218,928,570 units issued and outstanding at March 31, 2017, and December 31, 2016) | \$ 1,042,403        | \$ 1,048,143         |
| Noncontrolling interests   | 2,999,755           | 3,062,623            |
| <b>Total liabilities, equity and partners' capital</b>   | <b>\$ 7,634,782</b> | <b>\$ 7,736,097</b>  |

**Western Gas Equity Partners, LP**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

| <i>thousands</i>                            | Three Months Ended<br>March 31, |            |
|---|---------------------------------|------------|
|   | 2017                            | 2016       |
| <b>Cash flows from operating activities</b> |                                 |            |
| Net income (loss)                           | \$ 102,661                      | \$ 117,759 |

Adjustments to reconcile net income (loss) to net cash provided by operating activities and changes in working capital:

|  |                     |                     |
|--|---------------------|---------------------|
| Depreciation and amortization  | 69,702              | 65,095              |
| Impairments  | 164,742             | 6,518               |
| (Gain) loss on divestiture and other, net  | (119,487)           | 632                 |
| Change in other items, net   | (25,945)            | 45,879              |
| <b>Net cash provided by (used in) operating activities</b>                           | <b>\$ 191,673</b>   | <b>\$ 235,883</b>   |
| <b>Cash flows from investing activities</b>  |                     |                     |
| Capital expenditures   | \$ (125,944)        | \$ (136,987)        |
| Contributions in aid of construction costs from affiliates                           | 1,310               | 2,369               |
| Acquisitions from affiliates   | —                   | (713,596)           |
| Acquisitions from third parties  | (155,287)           | —                   |
| Investments in equity affiliates   | —                   | 474                 |
| Distributions from equity investments in excess of cumulative earnings – affiliates  | 3,453               | 4,784               |
| Proceeds from the sale of assets to third parties                                    | 34                  | 138                 |
| Proceeds from property insurance claims  | 24,000              | —                   |
| <b>Net cash provided by (used in) investing activities</b>                           | <b>\$ (252,434)</b> | <b>\$ (842,818)</b> |
| <b>Cash flows from financing activities</b>  |                     |                     |
| Borrowings, net of debt issuance costs   | \$ (11)             | \$ 356,162          |
| Increase (decrease) in outstanding checks  | 1,024               | (994)               |
| Proceeds from the issuance of WES common units, net of offering expenses             | (158)               | —                   |
| Proceeds from the issuance of WES Series A Preferred units, net of offering expenses | —                   | 440,000             |
| Distributions to WGP unitholders   | (101,254)           | (88,389)            |
| Distributions to Chipeta noncontrolling interest owner                               | (3,370)             | (3,838)             |
| Distributions to noncontrolling interest owners of WES                               | (84,172)            | (63,425)            |
| Net contributions from (distributions to) Anadarko                                   | (14)                | (27,632)            |
| Above-market component of swap extensions with Anadarko                              | 12,297              | 6,813               |
| <b>Net cash provided by (used in) financing activities</b>                           | <b>\$ (175,658)</b> | <b>\$ 618,697</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                          | <b>\$ (236,419)</b> | <b>\$ 11,762</b>    |
| <b>Cash and cash equivalents at beginning of period</b>                              | <b>359,072</b>      | <b>99,694</b>       |
| <b>Cash and cash equivalents at end of period</b>                                    | <b>\$ 122,653</b>   | <b>\$ 111,456</b>   |

SOURCE Western Gas  
Partners, LP; Western Gas  
Equity Partners, LP



<http://investors.westerngas.com/2017-05-02-Western-Gas-Announces-First-Quarter-2017-Results>