

# Western Gas Partners Announces Third-Quarter 2011 Results

HOUSTON, Nov 01, 2011 (BUSINESS WIRE) -- Western Gas Partners, LP (NYSE:WES) today announced third-quarter 2011 financial and operating results. Net income available to limited partners for the third quarter totaled \$34.4 million, or \$0.41 per common unit (diluted). The Partnership's third-quarter Adjusted EBITDA <sup>(1)</sup> was \$66.0 million and distributable cash flow <sup>(1)</sup> was \$51.3 million. These results include the impact of \$1.3 million of expenses related to prior periods. The coverage ratio <sup>(1)</sup> of 1.27 times for the period includes the full effect of the 5.75 million common units issued in September 2011.

Total throughput attributable to Western Gas Partners, LP for the third quarter of 2011 averaged 1,957 MMcf/d, 1 percent above the prior quarter and 11 percent above the third quarter of 2010. These results include the net throughput attributable to the Bison assets acquired from Anadarko Petroleum Corporation for all periods of comparison and throughput attributable to the Platte Valley system beginning March 2011. Capital expenditures attributable to Western Gas Partners, LP, excluding acquisitions, totaled approximately \$29.5 million during the third quarter of 2011. Of this amount, maintenance capital expenditures were approximately \$9.7 million, or 15 percent of Adjusted EBITDA.

"Our year continues to display the consistency and stability that our unitholders have come to expect," said Western Gas Partners' President and Chief Executive Officer Don Sinclair. "Our major projects continue to be both on time and on budget, and we entered the fourth quarter with over \$1 billion of available liquidity."

The Partnership previously declared a quarterly distribution of \$0.42 per unit for the third quarter of 2011, payable on November 10, 2011, to unitholders of record at the close of business on October 31, 2011, representing a 4-percent increase over the prior quarter and a 14-percent increase over the third-quarter 2010 distribution of \$0.37 per unit.

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

The Partnership will host a conference call on November 2, 2011, at 11 a.m. Central Daylight Time (12 p.m. Eastern Daylight Time) to discuss third-quarter results. The dial-in number for the call is 888-679-8033 and the participant code is 39658217. Please call in 10 minutes prior to the scheduled start time. For complete instructions on how to participate in the conference call, or to access the live audio webcast and slide presentation, please visit <http://www.westerngas.com>. A replay of the call will also be available on the Web site for approximately two weeks following the conference call.

Western Gas Partners, LP is a growth-oriented Delaware limited partnership formed by Anadarko Petroleum Corporation to own, operate, acquire and develop midstream energy assets. With midstream assets in East and West Texas, the Rocky Mountains and the Mid-Continent, the Partnership is engaged in the business of gathering, compressing, processing, treating and transporting natural gas, natural gas liquids and crude oil for Anadarko and other producers and customers. For more information about Western Gas Partners, please visit <http://www.westerngas.com>.

*This news release contains forward-looking statements. Western Gas Partners believes that its 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 obtain new sources of natural gas supplies; the effect of fluctuations in commodity prices and the demand for natural gas and related products; and construction costs or capital expenditures exceeding estimated or budgeted costs or expenditures, as well as other factors described in the "Risk Factors" section of the Partnership's 2010 Annual Report on Form 10-K filed with the Securities and Exchange Commission and other public filings and press releases by Western Gas Partners. Western Gas Partners undertakes no obligation to publicly update or revise any forward-looking statements.*

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

## Reconciliation of GAAP to Non-GAAP Measures

Below are reconciliations of Distributable cash flow (non-GAAP) and Adjusted EBITDA (non-GAAP) to Net income (GAAP) as required under Regulation G of the Securities Exchange Act of 1934. Management believes that the

presentation of Distributable cash flow, Adjusted EBITDA and Coverage ratio are widely accepted financial indicators of a company's financial performance compared to other publicly traded partnerships and are useful in assessing our ability to incur and service debt, fund capital expenditures and make distributions. Distributable cash flow, Adjusted EBITDA and Coverage ratio, as defined by the Partnership, may not be comparable to similarly titled measures used by other companies. Therefore, the Partnership's consolidated Distributable cash flow, Adjusted EBITDA and Coverage ratio should be considered in conjunction with net income and other performance measures, such as operating income or cash flows from operating activities.

## Distributable Cash Flow

The Partnership defines Distributable cash flow as Adjusted EBITDA, plus interest income, less net cash paid for interest expense (including amortization of deferred debt issuance costs originally paid in cash, offset by non-cash capitalized interest), maintenance capital expenditures and income taxes.

	<b>Three Months Ended September 30, 2011</b>		<b>Nine Months Ended September 30, 2011</b>	
<i>thousands except coverage ratio</i>		2010 <sup>1</sup>		2010 <sup>1</sup>
<b>Reconciliation of Net income attributable to Western Gas Partners, LP to Distributable cash flow and calculation of the Coverage ratio</b>				
Net income attributable to Western Gas Partners, LP	<b>\$36,809</b>	\$30,656	<b>\$108,513</b>	\$89,238
Add:				
Distributions from equity investees	<b>2,426</b>	1,381	<b>7,873</b>	3,619
Non-cash equity-based compensation expense	<b>2,389</b>	569	<b>6,235</b>	1,817
Interest expense, net (non-cash settled)	<b>--</b>	1,160	<b>1,214</b>	1,772
Income tax expense <sup>(2)</sup>	<b>92</b>	1,061	<b>1,715</b>	9,861
Depreciation, amortization and impairments <sup>(2)</sup>	<b>21,928</b>	18,619	<b>63,380</b>	52,572
Other expense <sup>(2)</sup>	<b>--</b>	--	<b>3,683</b>	2,393
Less:				
Equity income, net	<b>2,299</b>	1,912	<b>6,989</b>	4,599
Cash paid for maintenance capital expenditures <sup>(2)</sup>	<b>9,690</b>	5,983	<b>18,767</b>	16,750
Capitalized interest	<b>121</b>	--	<b>134</b>	--
Cash paid for income taxes	<b>190</b>	--	<b>190</b>	--
Other income <sup>(2)</sup>	<b>6</b>	61	<b>1,765</b>	80
<b>Distributable cash flow</b>	<b>\$51,338</b>	\$45,490	<b>\$164,768</b>	\$139,843
Distribution declared for the three months ended September 30, 2011 <sup>(3)</sup>				
Limited partners	<b>\$37,859</b>			
General partner	<b>2,464</b>			
Total	<b>\$40,323</b>			
<b>Distribution coverage ratio</b>	<b>1.27</b>	x		

<sup>(1)</sup> Financial information for 2010 has been revised to include results attributable to the Bison assets.

<sup>(2)</sup> Includes the Partnership's 51% share of income tax expense; depreciation, amortization and impairments; other expense; cash paid for maintenance capital expenditures; and other income attributable to Chipeta Processing LLC ("Chipeta").

<sup>(3)</sup> Reflects distribution of \$0.42 per unit payable on November 10, 2011.

## Reconciliation of GAAP to Non-GAAP Measures, continued

### Adjusted EBITDA attributable to Western Gas Partners, LP ("Adjusted EBITDA")

The Partnership defines Adjusted EBITDA as Net income (loss) attributable to Western Gas Partners, LP, plus distributions from equity investees, non-cash equity-based compensation expense, general and administrative expense in excess of the omnibus cap (if any), interest expense, income tax expense, depreciation,

amortization and impairments, and other expense, less income from equity investments, interest income, income tax benefit, other income and other nonrecurring adjustments that are not settled in cash.

	<b>Three Months Ended September 30, 2011</b>		<b>Nine Months Ended September 30, 2010 <sup>(1)</sup></b>	
<i>thousands</i>				
<b>Reconciliation of Net income attributable to Western Gas Partners, LP to Adjusted EBITDA</b>				
Net income attributable to Western Gas Partners, LP	<b>\$36,809</b>	\$30,656	<b>\$108,513</b>	\$89,238
Add:				
Distributions from equity investees	<b>2,426</b>	1,381	<b>7,873</b>	3,619
Non-cash equity-based compensation expense	<b>2,389</b>	569	<b>6,235</b>	1,817
Interest expense	<b>8,931</b>	6,808	<b>22,952</b>	14,547
Income tax expense <sup>(2)</sup>	<b>92</b>	1,061	<b>1,715</b>	9,861
Depreciation, amortization and impairments <sup>(2)</sup>	<b>21,928</b>	18,619	<b>63,380</b>	52,572
Other expense <sup>(2)</sup>	<b>--</b>	--	<b>3,683</b>	2,393
Less:				
Equity income, net	<b>2,299</b>	1,912	<b>6,989</b>	4,599
Interest income - affiliates	<b>4,225</b>	4,225	<b>12,675</b>	12,675
Other income <sup>(2)</sup>	<b>6</b>	61	<b>1,765</b>	80
<b>Adjusted EBITDA</b>	<b>\$66,045</b>	\$52,896	<b>\$192,922</b>	\$156,693

<sup>(1)</sup> Financial information for 2010 has been revised to include results attributable to the Bison assets.

<sup>(2)</sup> Includes the Partnership's 51% share of income tax expense; depreciation, amortization and impairments; other expense; and other income attributable to Chipeta.

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

	<b>Three Months Ended September 30, 2011</b>		<b>Nine Months Ended September 30, 2010 <sup>1</sup></b>	
<i>thousands except per-unit amounts</i>				
<b>Revenues</b>				
Gathering, processing and transportation of natural gas and natural gas liquids	<b>\$71,873</b>	\$60,363	<b>\$211,418</b>	\$172,769
Natural gas, natural gas liquids and condensate sales	<b>101,079</b>	59,887	<b>263,041</b>	196,792
Equity income and other, net	<b>2,911</b>	2,801	<b>10,051</b>	7,409
<b>Total revenues</b>	<b>175,863</b>	123,051	<b>484,510</b>	376,970
<b>Operating expenses</b>				
Cost of product	<b>68,675</b>	37,444	<b>177,877</b>	117,923
Operation and maintenance	<b>27,012</b>	19,924	<b>74,628</b>	64,798
General and administrative	<b>7,643</b>	5,970	<b>21,777</b>	17,600
Property and other taxes	<b>4,411</b>	3,610	<b>12,632</b>	10,878
Depreciation, amortization and impairments	<b>22,650</b>	19,324	<b>65,512</b>	54,683
<b>Total operating expenses</b>	<b>130,391</b>	86,272	<b>352,426</b>	265,882
<b>Operating income</b>	<b>45,472</b>	36,779	<b>132,084</b>	111,088
Interest income - affiliates	<b>4,225</b>	4,225	<b>12,675</b>	12,675
Interest expense	<b>(8,931 )</b>	(6,808 )	<b>(22,952 )</b>	(14,547 )
Other income (expense), net	<b>8</b>	62	<b>(1,914 )</b>	(2,311 )
<b>Income before income taxes</b>	<b>40,774</b>	34,258	<b>119,893</b>	106,905

Income tax expense	<b>92</b>	1,061	<b>1,715</b>	9,861
<b>Net income</b>	<b>40,682</b>	33,197	<b>118,178</b>	97,044
Net income attributable to noncontrolling interests	<b>3,873</b>	2,541	<b>9,665</b>	7,806
<b>Net income attributable to Western Gas Partners, LP</b>	<b>\$36,809</b>	\$30,656	<b>\$108,513</b>	\$89,238
<b>Limited partners' interest in net income:</b>				
Net income attributable to Western Gas Partners, LP	<b>\$36,809</b>	\$30,656	<b>\$108,513</b>	\$89,238
Pre-acquisition net (income) loss allocated to Parent	--	789	<b>(2,780 )</b>	(10,250 )
General partner interest in net (income) loss	<b>(2,394 )</b>	(888 )	<b>(5,684 )</b>	(1,890 )
Limited partners' interest in net income	<b>\$34,415</b>	\$30,557	<b>\$100,049</b>	\$77,098
<b>Net income per unit - basic and diluted</b>				
Common units	<b>\$0.41</b>	\$0.44	<b>\$1.32</b>	\$1.17
Subordinated units <sup>(2)</sup>	<b>\$--</b>	\$0.44	<b>\$0.96</b>	\$1.17
<b>Weighted average units outstanding - basic and diluted</b>				
Common units	<b>84,667</b>	42,257	<b>59,647</b>	39,412
Subordinated units <sup>(2)</sup>	--	26,536	<b>21,968</b>	26,536

<sup>(1)</sup> Financial information for 2010 has been revised to include results attributable to the Bison assets.

<sup>(2)</sup> All subordinated units were converted to common units on a one-for-one basis on August 15, 2011. For purposes of calculating net income per common and subordinated unit, the conversion of the subordinated units is deemed to have occurred on July 1, 2011.

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

	<b>September 30, 2011</b>	<b>December 31, 2010 <sup>1</sup></b>
<i>thousands except number of units</i>		
Current assets	<b>\$285,140</b>	\$43,184
Note receivable - Anadarko	<b>260,000</b>	260,000
Net property, plant and equipment	<b>1,732,934</b>	1,446,043
Other assets	<b>165,469</b>	106,903
<b>Total assets</b>	<b>\$2,443,543</b>	\$1,856,130
Current liabilities	<b>\$81,529</b>	\$45,864
Long-term debt	<b>669,061</b>	474,000
Asset retirement obligations and other	<b>62,860</b>	61,840
<b>Total liabilities</b>	<b>\$813,450</b>	\$581,704
Common units (90,140,999 and 51,036,968 units issued and outstanding at September 30, 2011, and December 31, 2010, respectively)	<b>\$1,492,186</b>	\$810,717
Subordinated units (zero and 26,536,306 units issued and outstanding at September 30, 2011, and December 31, 2010, respectively) <sup>(2)</sup>	--	282,384
General partner units (1,839,613 and 1,583,128 units issued and outstanding at September 30, 2011, and December 31, 2010, respectively)	<b>31,124</b>	21,505
Parent net investment	--	69,358
Noncontrolling interests	<b>106,783</b>	90,462

**Total liabilities, equity and partners' capital**

**\$2,443,543** \$1,856,130

(1) Financial information for 2010 has been revised to include results attributable to the Bison assets.

(2) All subordinated units were converted to common units on a one-for-one basis on August 15, 2011. For purposes of calculating net income per common and subordinated unit, the conversion of the subordinated units is deemed to have occurred on July 1, 2011.

**Western Gas Partners, LP**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Unaudited)**

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
<i>thousands</i>	<b>2011</b>	<b>2010 <sup>1</sup></b>
<b>Cash flows from operating activities</b>		
Net income	<b>\$118,178</b>	\$97,044
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and impairments	<b>65,512</b>	54,683
Change in other items, net	<b>17,040</b>	3,982
Net cash provided by operating activities	<b>\$200,730</b>	\$155,709
<b>Cash flows from investing activities</b>		
Capital expenditures	<b>\$(75,034)</b>	\$(105,545)
Acquisitions from affiliates	<b>(25,000)</b>	(734,780)
Acquisitions from third parties	<b>(301,957)</b>	(18,047)
Investments in equity affiliates	<b>(93)</b>	(310)
Proceeds from sale of assets to affiliates	<b>382</b>	2,805
Proceeds from sale of assets to third parties	<b>--</b>	2,425
Net cash used in investing activities	<b>\$(401,702)</b>	\$(853,452)
<b>Cash flows from financing activities</b>		
Borrowings, net of issuance costs	<b>\$1,055,939</b>	\$669,987
Repayments of debt	<b>(869,000)</b>	(100,000)
Proceeds from issuance of common and general partner units, net of offering expenses	<b>335,348</b>	99,279
Distributions to unitholders	<b>(99,795)</b>	(67,813)
Contributions from noncontrolling interest owners	<b>16,876</b>	2,053
Distributions to noncontrolling interest owners	<b>(10,219)</b>	(10,313)
Net contributions from (distributions to) Parent	<b>(3,793)</b>	70,966
Net cash provided by financing activities	<b>\$425,356</b>	\$664,159
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$224,384</b>	\$(33,584)
<b>Cash and cash equivalents at beginning of period</b>	<b>27,074</b>	69,984
<b>Cash and cash equivalents at end of period</b>	<b>\$251,458</b>	\$36,400

(1) Financial information for 2010 has been revised to include results attributable to the Bison assets.

**Western Gas Partners, LP**

**OPERATING STATISTICS**

**(Unaudited)**

<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
<b>September 30,</b>		<b>September 30,</b>	
<b>2011</b>	<b>2010 <sup>1</sup></b>	<b>2011</b>	<b>2010 <sup>1</sup></b>

**Throughput (MMcf/d)**

Gathering, treating and transportation <sup>(2)</sup>	<b>1,219</b>	1,132	<b>1,270</b>	1,089
Processing <sup>(3)</sup>	<b>917</b>	707	<b>840</b>	668
Equity investment <sup>(4)</sup>	<b>79</b>	115	<b>69</b>	117
Total throughput <sup>(5)</sup>	<b>2,215</b>	1,954	<b>2,179</b>	1,874
Throughput attributable to noncontrolling interests	<b>258</b>	195	<b>237</b>	194
<b>Total throughput attributable to Western Gas Partners, LP</b>	<b>1,957</b>	1,759	<b>1,942</b>	1,680
<b>Gross margin per Mcf attributable to Western Gas Partners, LP <sup>(6)</sup></b>	<b>\$0.56</b>	\$0.50	<b>\$0.55</b>	\$0.54

<sup>(1)</sup> Throughput for 2010 has been revised to include volumes attributable to the Bison assets.

<sup>(2)</sup> Excludes average NGL pipeline volumes of 25 MBbls/d and 11 MBbls/d, for the three months ended September 30, 2011 and 2010, respectively, and 23 MBbls/d and 15 MBbls/d, for the nine months ended September 30, 2011 and 2010, respectively.

<sup>(3)</sup> Includes 100% of Chipeta, Granger and Hilight system volumes and 50% of Newcastle system volumes for all periods presented as well as throughput beginning March 2011 attributable to the Platte Valley system.

<sup>(4)</sup> Represents the Partnership's 14.81% share of Fort Union's gross volumes and excludes crude oil throughput measured in barrels attributable to White Cliffs.

<sup>(5)</sup> Includes affiliate, third-party and equity-investment volumes.

<sup>(6)</sup> Average for period. Calculated as gross margin, excluding the noncontrolling interest owners' proportionate share of revenues and cost of product, divided by total throughput attributable to Western Gas Partners, LP. Calculation includes income attributable to the Partnership's investments in Fort Union and White Cliffs and volumes attributable to the Partnership's investment in Fort Union.

SOURCE: Western Gas Partners, LP

**Western Gas Partners, LP**

Benjamin Fink, CFA, SVP, Chief Financial Officer and Treasurer, 832-636-6010

[benjamin.fink@westerngas.com](mailto:benjamin.fink@westerngas.com)

---

<https://investors.westernmidstream.com/2011-11-01-Western-Gas-Partners-Announces-Third-Quarter-2011-Results>