Western Gas Announces Marcellus Acquisitions and Fourth-Quarter and Full-Year 2012 Results Provides Outlook for 2013

HOUSTON--(BUSINESS WIRE)--Feb. 27, 2013-- Western Gas Partners, LP (NYSE: WES) (“WES” or the “Partnership”) today announced that it has agreed to acquire a 33.75% interest in both the Liberty andRome gas gathering systems from Anadarko Petroleum Corporation (NYSE: APC) for total consideration of $490 million (the “Anadarko Acquisition”). The Partnership also announced that it has agreed to acquire a 33.75% interest in the Larry’s Creek, Seely and Warrensville gas gathering systems from an affiliate of Chesapeake Energy Corporation (NYSE: CHK) for total consideration of $133.5 million (the “Third-Party Acquisition”). The assets in both the Anadarko Acquisition and the Third-Party Acquisition serve production from the Marcellus shale in north-central Pennsylvania and have current total combined throughput of over 1.2 Bcf/d.

“These immediately accretive Marcellus acquisitions further enhance both our geographic diversity and our fee-based asset portfolio,” said Chief Operating Officer, Danny Rea. “We expect that the high quality of the underlying resources in combination with the large inventory of wells not yet connected to the systems will provide significant near-term growth.”

The Partnership intends to finance the Anadarko Acquisition with approximately $220 million of cash on hand, the borrowing of $246 million on its revolving credit facility and the issuance of 449,129 common units to Anadarko at an implied price of approximately $54.55 per unit. The transaction will be immediately accretive to the Partnership, with the acquisition price representing an approximate 7.6 times multiple of the assets’ forecasted 2013 earnings before interest, taxes, depreciation and amortization (“EBITDA”). The transaction is expected to close on March 1, 2013.

The Partnership intends to finance the Third-Party Acquisition with borrowings on its revolving credit facility. The transaction will be immediately accretive to the Partnership, with the acquisition price representing an approximate 9.7 times multiple of the assets’ forecasted 2013 EBITDA. The acquisition is expected to close by March 15, 2013.

The terms of the Anadarko Acquisition were unanimously approved by the board of directors of the Partnership’s general partner and by the board’s special committee, which is comprised entirely of independent directors. The special committee engaged Evercore Partners to act as its financial advisor and Bracewell & Giuliani LLP to act as its legal advisor.

FOURTH QUARTER AND FULL-YEAR 2012 RESULTS

The Partnership and Western Gas Equity Partners, LP (NYSE: WGP) (“WGP”) today also announced fourth-quarter and full-year 2012 financial and operating results.

“WES delivered an 18% distribution growth rate while maintaining healthy coverages and received its second investment-grade credit rating, and we successfully launched the initial public offering of WGP,” said President and Chief Executive Officer, Don Sinclair. “While we believe the challenges in the NGL markets that we experienced in 2012 will continue in 2013, our high-quality portfolio, combined with our ability to consistently execute accretive acquisitions from our sponsor, positions us to deliver consistent growth.”

WESTERN GAS PARTNERS, LP

Net income (loss) available to limited partners for 2012, which includes results from the additional 24% interest in Chipeta Processing, LLC (“Chipeta”) beginning August 1, 2012, totaled $78.9 million, or$0.84 per common unit (diluted), with full-year 2012 Adjusted EBITDA (1) of $327.7 million and full-year 2012 Distributable cash flow (1) of $264.4 million.

Net income (loss) available to limited partners for the fourth quarter of 2012 totaled $(26.6) million, or$(0.27) per common unit (diluted), with fourth-quarter 2012 Adjusted EBITDA (1) of $83.3 million and fourth-quarter 2012 Distributable cash flow (1) of $67.2 million.

The Partnership paid a quarterly distribution of $0.52 per unit for the fourth quarter of 2012 on February 12, 2013, to unitholders of record at the close of business on February 1, 2013. This distribution represents a 4% increase over the prior quarter and an 18% increase over the fourth-quarter 2011 distribution of $0.44 per unit. The full-year 2012 distribution of $1.96 per unit represents an 18% increase over the full-year 2011 distribution.

The fourth-quarter 2012 Coverage ratio [(1)] was 1.02 times, based on the $0.52 per unit distribution and including distributions on the 8.9 million common and general partner units sold to WGP after its initial public offering ("IPO") in December 2012.

Total throughput attributable to the Partnership for the fourth quarter of 2012 averaged 2.5 Bcf/d, flat with the prior quarter and 8% above the fourth quarter of 2011. For the full-year 2012, throughput attributable to the Partnership averaged 2.4 Bcf/d, 9% above the prior year average. These results include the net throughput attributable to the Mountain Gas Resources ("MGR") and Bison assets acquired from Anadarko for all periods of comparison, throughput attributable to the Platte Valleysystem beginning March 2011, and throughput attributable to the recently acquired 24% interest in Chipeta beginning August 2012.

Excluding acquisitions, capital expenditures attributable to the Partnership on a cash basis totaled$154.7 million during the fourth quarter of 2012. Of this amount, maintenance capital expenditures were approximately $6.2 million, or 7% of Adjusted EBITDA [(1)]. For the full-year 2012, capital expenditures attributable to the Partnership totaled $423.8 million on a cash basis, excluding acquisitions and including the capital expenditures associated with the 24% interest in Chipeta beginning August 1, 2012. Capital expenditures attributable to the Partnership on an accrual basis and excluding acquisitions totaled $162.8 million during the fourth quarter of 2012 and $491.0 million for the full-year 2012.

WESTERN GAS EQUITY PARTNERS, LP

As of December 31, 2012, WGP indirectly owned the 2% general partner interest and 100% of the incentive distribution rights in WES and 49,296,205 WES common units. WGP presents its results consolidated with those of WES. WGP closed its IPO on December 12, 2012, and the results for the periods prior to the IPO are therefore attributable to subsidiaries of Anadarko.

Net income (loss) available to limited partners for the 20-day period beginning on the date the IPO closed through December 31, 2012, totaled $(9.8) million, or $(0.04) per common unit (diluted) for the fourth-quarter and full-year 2012, based on the number of common units issued in connection with the IPO.

Net income (loss) attributable to WGP for the fourth-quarter and full-year 2012 totaled $(1.5) million and$34.0 million, respectively. Included in reported net income (loss) for the fourth-quarter and full-year 2012 is income tax (benefit) expense attributable to the pre-IPO period. Income generated by WGP is not subject to federal income tax subsequent to the IPO.

WGP previously paid a prorated quarterly distribution of $0.03587 per unit for the fourth quarter of 2012 on February 21, 2013, to unitholders of record at the close of business on February 1, 2013. This distribution was the first paid by WGP and corresponds to a quarterly distribution of $0.165 per unit, or$0.66 per unit on an annualized basis. The initial distribution was prorated for the 20-day period from the date of the closing of WGP's IPO on December 12, 2012, through the end of the quarter, pursuant to the terms of WGP's partnership agreement.

WGP received distributions from WES of $8.0 million attributable to the 20-day period following its IPO and subsequently paid out $7.9 million in distributions for the prorated fourth quarter of 2012.

2013 WES OUTLOOK

Based on the current forecast, which includes the effects of the Anadarko Acquisition and the Third-Party Acquisition, WES's Adjusted EBITDA [(1)] for 2013 is expected to be between $410 million and $450 million. Total cash basis capital expenditures excluding acquisitions are expected to be between$550 million and $600 million with maintenance capital expenditures expected to be between 9% and 12% of Adjusted EBITDA [(1)]. The 2013 forecast includes the completion of the Partnership's Brasada and Lancaster plants, which will serve the Eagleford shale and the DJ Basin. WES continues to expect to meet its previously stated goal of no less than 15% distribution growth in 2013. Details surrounding the 2013 forecast will be provided during the Partnership's earnings conference call.

2013 WGP OUTLOOK

Based on the previously announced expectation of no less than 15% distribution growth at WES, WGP expects that its 2013 distribution growth will be no less than 33%.

CONFERENCE CALL TOMORROW AT 11 A.M. CST

Western Gas Partners and Western Gas Equity Partners will host a joint conference call on Thursday, February 28, 2013, at 11 a.m. Central Standard Time (12 p.m. Eastern Standard Time) to discuss fourth-quarter and full-year 2012 results and the outlook for 2013. To participate via telephone, please dial 877.621.4819 and enter participant code 88744809. Please call in 10 minutes prior to the scheduled start time. To access the live audio webcast of the conference call and slide presentation, please visitwww.westerngas.com. A replay of the call will also be available on the website for approximately two weeks following the conference call.

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

Western Gas Equity Partners, LP ("WGP") is a Delaware limited partnership formed by Anadarko to own three types of interests in WES: (i) the 2.0% general partner interest, through WGP's 100% ownership of WES's general partner; (ii) all of the incentive distribution rights in WES; and (iii) 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.

This news release contains forward-looking statements. Western Gas Partners and Western Gas Equity Partners believe 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 safely and efficiently operate WES's assets; 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; the ability to meet projected in-service dates for capital growth projects; and construction costs or capital expenditures exceeding estimated or budgeted costs or expenditures, as well as other factors described in the "Risk Factors" sections of WES's most recent Form 10-K and WGP's Form S-1 registration statement filed with the Securities and Exchange Commission and other public filings and press releases by Western Gas Partners andWestern Gas Equity Partners. Western Gas Partners and Western Gas Equity Partners undertake no obligation to publicly update or revise any forward-looking statements.

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

Below are reconciliations of the Partnership's Distributable cash flow (non-GAAP) to net income (loss) attributable to Western Gas Partners, LP (GAAP) and Adjusted EBITDA (non-GAAP) to net income (loss) attributable to Western Gas Partners, LP (GAAP) and net cash provided by operating activities (GAAP), as required under Regulation G of the Securities Exchange Act of 1934. Management believes that the Partnership's Distributable cash flow, Adjusted EBITDA and Coverage ratio are widely accepted financial indicators of the Partnership's financial performance compared to other publicly traded partnerships and are useful in assessing the Partnership's 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 Distributable cash flow, Adjusted EBITDA and Coverage ratio should be considered in conjunction with net income and other performance measures (as applicable), such as operating income (loss) 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.

	Three Months Ended		**Year Ended**	
	December 31,		**December 31,**	
thousands except Coverage ratio	**2012**	**2011**	**2012**	**2011**
Reconciliation of Net income (loss) attributable to Western Gas Partners, LP to Distributable cash flow and calculation of the Coverage ratio				
Net income (loss) attributable to Western Gas Partners, LP	**$(16,971)**	$40,014	**$106,986**	$174,243

Add:				
Distributions from equity investees	**5,057**	4,011	**20,660**	15,999
Non-cash equity-based compensation expense[1]	**57,101**	7,519	**73,508**	13,754
Interest expense, net (non-cash settled)	**82**	—	**326**	—
Income tax expense	**559**	3,454	**1,258**	19,018
Depreciation, amortization and impairments [2]	**35,418**	32,869	**114,932**	109,151
Other expense [2]	**—**	—	**1,665**	3,683
Less:				
Equity income, net	**5,359**	3,579	**16,111**	11,261
Cash paid for maintenance capital expenditures [2] [3]	**6,187**	7,709	**31,730**	28,293
Capitalized interest	**2,369**	286	**6,196**	420
Cash paid for income taxes	**—**	—	**495**	190
Other income [2] [4]	**181**	288	**368**	2,049
Interest income, net (non-cash settled)	**—**	5,343	**—**	11,660
Distributable cash flow	**$67,150**	$70,662	**$264,435**	$281,975
Distributions declared [5]				
Limited partners	**$54,424**		**$190,123**	
General partner	**11,233**		**30,358**	
Total	**$65,657**		**$220,481**	
Coverage ratio	**1.02 x**		**1.20 x**	

[1] Includes $56.2 million and $69.8 million of equity-based compensation associated with the Western Gas Holdings, LLC Equity Incentive Plan, as amended and restated, paid and contributed by Anadarko during the three months and year ended December 31, 2012, respectively.

[2] Includes the Partnership’s 51% share prior to August 1, 2012, and 75% share after August 1, 2012, of depreciation, amortization and impairments; other expense; cash paid for maintenance capital expenditures; and other income attributable to Chipeta.

[3] Net of a prior period adjustment reclassifying approximately $0.7 million from capital expenditures to operating expenses for the year ended December 31, 2012.

[4] Excludes income of $0.4 million and $0.6 million for the three months ended December 31, 2012and 2011, respectively, and $1.6 million for each of the years ended December 31, 2012 and 2011, related to a component of a gas processing agreement accounted for as a capital lease.

[5] Reflects distributions of $0.52 and $1.96 per unit declared for the three months and year endedDecember 31, 2012, respectively.

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

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, expense in excess of the expense reimbursement cap provided in the omnibus agreement (which cap is no longer effective), interest expense, income tax expense, depreciation, amortization and impairments, and other expense, less income from equity investments, interest income, income tax benefit, and other income.

	Three Months Ended		**Year Ended**	
	December 31,		**December 31,**	
thousands	**2012**	**2011**	**2012**	**2011**
Reconciliation of Net income (loss) attributable to Western Gas Partners, LP to Adjusted				

EBITDA				
Net income (loss) attributable to Western Gas Partners, LP	**$(16,971)**	$40,014	**$106,986**	$174,243
Add:				
Distributions from equity investees	**5,057**	4,011	**20,660**	15,999
Non-cash equity-based compensation expense [(1)]	**57,101**	7,519	**73,508**	13,754
Interest expense	**11,942**	8,607	**42,060**	30,345
Income tax expense	**559**	3,454	**1,258**	19,018
Depreciation, amortization and impairments [(2)]	**35,418**	32,869	**114,932**	109,151
Other expense [(2)]	**—**	—	**1,665**	3,683
Less:				
Equity income, net	**5,359**	3,579	**16,111**	11,261
Interest income, net – affiliates	**4,225**	9,568	**16,900**	28,560
Other income [(2)] [(3)]	**181**	288	**368**	2,049
Adjusted EBITDA	**$83,341**	$83,039	**$327,690**	$324,323
Reconciliation of Adjusted EBITDA to Net cash provided by operating activities				
Adjusted EBITDA attributable to Western Gas Partners, LP	**$83,341**	$83,039	**$327,690**	$324,323
Adjusted EBITDA attributable to noncontrolling interests	**3,505**	5,057	**17,214**	16,850
Interest income (expense), net	**(7,717)**	961	**(25,160)**	(1,785)
Non-cash equity based compensation expense [(1)]	**(56,153)**	(6,723)	**(69,791)**	(10,264)
Debt-related amortization and other items, net	**591**	510	**2,319**	3,110
Current income tax expense	**(368)**	(5,532)	**(553)**	(16,414)
Other income (expense), net [(3)]	**183**	291	**(1,292)**	(1,628)
Distributions from equity investees less than (in excess of) equity income, net	**302**	(432)	**(4,549)**	(4,738)
Changes in operating working capital:				
Accounts receivable and natural gas imbalance receivable	**(16,524)**	6,003	**(14,219)**	(13,260)
Accounts payable, accrued liabilities and natural gas imbalance payable	**(60,110)**	1,387	**11,622**	29,625
Other	**1,290**	(791)	**3,392**	1,352
Net cash provided by (used in) operating activities	**$(51,660)**	$83,770	**$246,673**	$327,171
Cash flow information of Western Gas Partners, LP				
Net cash provided by operating activities			**$246,673**	$327,171
Net cash used in investing activities			**$(1,071,127)**	$(472,951)
Net cash provided by financing activities			**$1,017,876**	$345,265

[(1)] Includes $56.2 million and $69.8 million of equity-based compensation associated with the Western Gas Holdings, LLC Equity Incentive Plan, as amended and restated, paid and contributed by Anadarko during the three months and year ended December 31, 2012, respectively.

[(2)] Includes the Partnership’s 51% share prior to August 1, 2012, and 75% share after August 1, 2012, of depreciation, amortization and impairments; other expense; and other income attributable to Chipeta.

[(3)] Excludes income of $0.4 million and $0.6 million for the three months ended December 31, 2012and 2011, respectively, and $1.6 million for each of the years ended December 31, 2012 and 2011, related to a component of a gas processing agreement accounted for as a capital lease.

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

thousands except per-unit amounts	**Three Months Ended December 31, 2012**	**2011**	**Year Ended December 31, 2012**	**2011**
Revenues				
Gathering, processing and transportation of natural gas and natural gas liquids	**$85,334**	$78,897	**$321,183**	$301,329
Natural gas, natural gas liquids and condensate sales	**121,521**	130,583	**508,339**	502,383
Equity income and other, net	**5,982**	5,717	**19,918**	19,553
Total revenues	**212,837**	215,197	**849,440**	823,265
Operating expenses				
Cost of product	**81,360**	86,606	**336,079**	327,371
Operation and maintenance	**34,303**	31,245	**131,344**	119,104
General and administrative	**62,833**	14,484	**97,066**	39,114
Property and other taxes	**4,690**	3,277	**19,688**	16,579
Depreciation, amortization and impairments	**35,991**	33,491	**117,261**	111,904
Total operating expenses	**219,177**	169,103	**701,438**	614,072
Operating income (loss)	**(6,340)**	46,094	**148,002**	209,193
Interest income, net – affiliates	**4,225**	9,568	**16,900**	28,560
Interest expense	**(11,942)**	(8,607)	**(42,060)**	(30,345)
Other income (expense), net	**579**	851	**292**	(44)
Income (loss) before income taxes	**(13,478)**	47,906	**123,134**	207,364
Income tax expense	**559**	3,454	**1,258**	19,018
Net income (loss)	**(14,037)**	44,452	**121,876**	188,346
Net income attributable to noncontrolling interests	**2,934**	4,438	**14,890**	14,103
Net income (loss) attributable to Western Gas Partners, LP	**$(16,971)**	$40,014	**$106,986**	$174,243
Limited partners' interest in net income (loss):				
Net income (loss) attributable to Western Gas Partners, LP	**$(16,971)**	$40,014	**$106,986**	$174,243
Pre-acquisition net (income) loss allocated to Anadarko	**—**	(5,587)	**—**	(34,084)
General partner interest in net (income) loss	**(9,581)**	(2,915)	**(28,089)**	(8,599)
Limited partners' interest in net income (loss)	**$(26,552)**	$31,512	**$78,897**	$131,560
Net income (loss) per unit – basic and diluted				
Common units	**$(0.27)**	$0.35	**$0.84**	$1.64
Subordinated units [1]	**$—**	$—	**$—**	$1.28
Weighted average units outstanding – basic and diluted				
Common units	**97,832**	90,141	**93,936**	67,333
Subordinated units [1]	**—**	—	**—**	16,431

[1] 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)

thousands except number of units	**December 31, 2012**	**December 31, 2011**
Current assets	**$465,333**	$256,448
Note receivable – Anadarko	**260,000**	260,000
Net property, plant and equipment	**2,473,375**	2,052,224
Other assets	**277,354**	268,954
Total assets	**$3,476,062**	$2,837,626
Current liabilities	**$157,258**	$76,596
Long-term debt	**1,168,278**	669,178
Asset retirement obligations and other	**70,050**	174,546
Total liabilities	**$1,395,586**	$920,320
Equity and partners' capital		
Common units (104,660,553 and 90,140,999 units issued and outstanding at December 31, 2012 and 2011, respectively)	**$1,957,066**	$1,495,253
General partner units (2,135,930 and 1,839,613 units issued and outstanding at December 31, 2012 and 2011, respectively)	**52,752**	31,729
Net investment by Anadarko	**—**	269,600
Noncontrolling interests	**70,658**	120,724
Total liabilities, equity and partners' capital	**$3,476,062**	$2,837,626

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

thousands	**Year Ended December 31, 2012**	**2011**
Cash flows from operating activities		
Net income	**$121,876**	$188,346
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and impairments	**117,261**	111,904
Change in other items, net	**7,536**	26,921
Net cash provided by operating activities	**$246,673**	$327,171
Cash flows from investing activities		
Capital expenditures	**$(459,306)**	$(142,946)
Acquisitions from affiliates	**(611,719)**	(28,837)
Acquisitions from third parties	**—**	(301,957)
Investments in equity affiliates	**(862)**	(93)
Proceeds from sale of assets to affiliates	**760**	382
Proceeds from sale of assets to third parties	**—**	500
Net cash used in investing activities	**$(1,071,127)**	$(472,951)
Cash flows from financing activities		
Borrowings, net of debt issuance costs	**$1,041,648**	$1,055,939
Repayments of debt	**(549,000)**	(869,000)
Proceeds from issuance of common and general partner units, net of offering expenses	**625,877**	335,317

Distributions to unitholders	**(197,850)**	(140,118)
Contributions from noncontrolling interest owners	**29,108**	33,637
Distributions to noncontrolling interest owners	**(17,303)**	(17,478)
Net contributions from (distributions to) Anadarko	**85,396**	(53,032)
Net cash provided by financing activities	**$1,017,876**	$345,265
Net increase (decrease) in cash and cash equivalents	**$193,422**	$199,485
Cash and cash equivalents at beginning of period	**226,559**	27,074
Cash and cash equivalents at end of period	**$419,981**	$226,559

Western Gas Partners, LP
OPERATING STATISTICS
(Unaudited)

	Three Months Ended December 31,		**Year Ended December 31,**	
MMcf/d except per-unit amounts	**2012**	**2011**	**2012**	**2011**
Throughput				
Gathering, treating and transportation [(1)]	**1,187**	1,304	**1,238**	1,321
Processing [(2)]	**1,201**	1,025	**1,187**	962
Equity investment [(3)]	**232**	218	**235**	198
Total throughput [(4)]	**2,620**	2,547	**2,660**	2,481
Throughput attributable to noncontrolling interests	**151**	255	**228**	242
Total throughput attributable to Western Gas Partners, LP	**2,469**	2,292	**2,432**	2,239
Gross margin per Mcf attributable to Western Gas Partners, LP [(5)]	**$ 0.56**	$ 0.58	**$0.55**	$0.58

(1) Excludes average NGL pipeline volumes of 24 MBbls/d and 26 MBbls/d for the three months endedDecember 31, 2012 and 2011, respectively, and 25 MBbls/d and 24 MBbls/d for the years endedDecember 31, 2012 and 2011, respectively. Includes 100% of Wattenberg system volumes for all periods presented.

(2) Consists of 100% of Chipeta and Hilight system volumes, 100% of the Granger and Red Desert complex volumes, 50% of Newcastle system volumes, and throughput beginning March 2011attributable to the Platte Valley system.

(3) Represents our 14.81% share of Fort Union and 22% share of Rendezvous gross volumes, and excludes our 10% share of average White Cliffs pipeline volumes consisting of 7 MBbls/d and 4 MBbls/d for the three months ended December 31, 2012 and 2011, respectively, and 6 MBbls/d and 4 MBbls/d for the years ended December 31, 2012 and 2011, respectively.

(4) Includes affiliate, third-party and equity-investment volumes.

(5) 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 the Partnership (excluding throughput measured in barrels). Calculation includes gross margin attributable to our NGL pipelines and income attributable to our investments in Fort Union, White Cliffs and Rendezvous and volumes attributable to our investments in Fort Union and Rendezvous.

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

thousands except per-unit amount	Three Months Ended December 31, 2012
Distributions declared by Western Gas Partners, LP:	
General partner interest	**$ 1,313**
Incentive distribution rights	**9,921**
Common units held by WGP	**25,634**
Less:	
Public company general and administrative expense	**516**
Distributions received attributable to the pre-IPO period and other	**28,500**
Cash available for distribution	**$ 7,852**
Declared distribution per common unit [(1)]	**$ 0.03587**
Distributions declared by Western Gas Equity Partners, LP	**$ 7,852**

(1) Represents a prorated quarterly distribution of $0.165.

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

thousands except per-unit amounts	Three Months Ended December 31, 2012	2011	Year Ended December 31, 2012	2011
Revenues				
Gathering, processing and transportation of natural gas and natural gas liquids	**$85,334**	$78,897	**$321,183**	$301,329
Natural gas, natural gas liquids and condensate sales	**121,521**	130,583	**508,339**	502,383
Equity income and other, net	**5,982**	5,717	**19,918**	19,553
Total revenues	**212,837**	215,197	**849,440**	823,265
Operating expenses				
Cost of product	**81,360**	86,606	**336,079**	327,371
Operation and maintenance	**34,303**	31,245	**131,344**	119,104
General and administrative	**63,349**	14,484	**97,582**	39,114
Property and other taxes	**4,690**	3,277	**19,688**	16,579
Depreciation, amortization and impairments	**35,991**	33,491	**117,261**	111,904
Total operating expenses	**219,693**	169,103	**701,954**	614,072
Operating income (loss)	**(6,856)**	46,094	**147,486**	209,193
Interest income, net – affiliates	**4,225**	9,568	**16,900**	28,560
Interest expense	**(11,942)**	(8,607)	**(42,060)**	(30,345)
Other income (expense), net	**579**	851	**292**	(44)
Income (loss) before income taxes	**(13,994)**	47,906	**122,618**	207,364
Income tax (benefit) expense	**(450)**	9,664	**29,452**	45,664
Net income (loss)	**(13,544)**	38,242	**93,166**	161,700
Net income (loss) attributable to noncontrolling interests	**(12,077)**	22,041	**59,181**	86,057
Net income (loss) attributable to Western Gas Equity Partners, LP	**$(1,467)**	$16,201	**$33,985**	$75,643
Limited partners' interest in net income (loss): [(1)]				
Net income (loss) attributable to Western Gas Equity Partners, LP	**$(1,467)**		**$33,985**	
Results attributable to the pre-IPO period [(2)]	**(8,347)**		**(43,799)**	

Limited partners' interest in net income (loss)	**$(9,814)**	**$(9,814)**
Net income (loss) per common unit – basic and diluted [1]	**$(0.04)**	**$(0.04)**
Weighted average number of common units outstanding – basic and diluted [1]	**218,896**	**218,896**

[1] Amounts not applicable prior to WGP's IPO on December 12, 2012.

[2] Includes financial results prior to WGP's IPO on December 12, 2012.

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

thousands except number of units	**December 31, 2012**	**December 31, 2011**
Current assets	**$466,225**	$256,448
Note receivable – Anadarko	**260,000**	260,000
Net property, plant and equipment	**2,473,375**	2,052,224
Other assets	**277,354**	268,954
Total assets	**$3,476,954**	$2,837,626
Current liabilities	**$158,207**	$112,222
Long-term debt	**1,168,278**	669,178
Asset retirement obligations and other	**70,050**	589,272
Total liabilities	**$1,396,535**	$1,370,672
Equity and partners' capital		
Common units (218,895,515 issued and outstanding at December 31, 2012)	**$912,376**	$—
Net investment by Anadarko	**—**	528,873
Noncontrolling interests	**1,168,043**	938,081
Total liabilities, equity and partners' capital	**$3,476,954**	$2,837,626

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

thousands	**Year Ended December 31, 2012**	**2011**
Cash flows from operating activities		
Net income	**$93,166**	$161,700
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and impairments	**117,261**	111,904
Change in other items, net	**(24,320)**	(382)

Net cash provided by operating activities	**$186,107**	$273,222
Cash flows from investing activities		
Capital expenditures	**$(459,306)**	$(142,946)
Acquisitions from affiliates	**(611,719)**	(28,837)
Acquisitions from third parties	**—**	(301,957)
Investments in equity affiliates	**(862)**	(93)
Other	**760**	882
Net cash used in investing activities	**$(1,071,127)**	$(472,951)
Cash flows from financing activities		
Borrowings, net of debt issuance costs	**$1,041,648**	$1,055,939
Repayments of debt	**(549,000)**	(869,000)
Proceeds from issuance of WES common units, net of offering expenses	**211,932**	328,345
Proceeds from issuance of WGP common units, net of offering expenses	**410,579**	—
Contributions received from Chipeta noncontrolling interest owners (including Anadarko)	**29,108**	33,637
Distributions to Chipeta noncontrolling interest owners (including Anadarko)	**(17,303)**	(17,478)
Distributions to WES noncontrolling interest owners	**(99,570)**	(72,079)
Net contributions from (distributions to) Anadarko	**53,623**	(60,150)
Net cash provided by financing activities	**$1,081,017**	$399,214
Net increase (decrease) in cash and cash equivalents	**$195,997**	$199,485
Cash and cash equivalents at beginning of period	**226,559**	27,074
Cash and cash equivalents at end of period	**$422,556**	$226,559

(1) 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.

Photos/Multimedia Gallery Available:http://www.businesswire.com/multimedia/home/20130227006600/en/

Source: Western Gas Partners, LP

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