

# Western Gas Announces Second-Quarter 2017 Results

HOUSTON, July 25, 2017 /PRNewswire/ -- Western Gas Partners, LP (NYSE: WES) ("WES" or the "Partnership") and Western Gas Equity Partners, LP (NYSE: WGP) ("WGP") today announced second-quarter 2017 financial and operating results.

## **WESTERN GAS PARTNERS, LP**

Net income (loss) available to limited partners for the second quarter of 2017 totaled \$82.9 million, or \$0.49 per common unit (diluted), with second-quarter 2017 Adjusted EBITDA<sup>(1)</sup> of \$274.8 million and second-quarter 2017 Distributable cash flow<sup>(1)</sup> of \$247.2 million.

WES previously declared a quarterly distribution of \$0.890 per unit for the second quarter of 2017. This distribution represented a 2% increase over the prior quarter's distribution and a 7% increase over the second-quarter 2016 distribution of \$0.830 per unit. The second-quarter 2017 Coverage ratio<sup>(1)</sup> of 1.19 times was based on the quarterly distribution of \$0.890 per unit.

"We continue to achieve significant milestones in the Delaware Basin that enhance both our competitive position in the area and our ability to serve the increasing needs of producers. These include the DBJV-for-Marcellus asset exchange, the early settlement of the DBJV Deferred Purchase Price Obligation, and the successful start-up of our produced water gathering and disposal systems," said Chief Executive Officer, Benjamin Fink. "Additionally, we are excited to announce the sanctioning of the Latham plant in the DJ Basin, which will consist of two cryogenic processing trains with a total capacity of 400 MMcf/d. These trains will be supported by long-term volumetric commitments from Anadarko, and are scheduled to come online in the first and third quarters of 2019."

<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 second quarter of 2017 averaged 3.5 Bcf/d, which was 12% below the prior quarter and 10% below the second quarter of 2016. Total throughput attributable to WES for natural gas was 2% above the prior quarter when adjusted for the impact of the DBJV-for-Marcellus asset exchange that closed in March 2017. Total throughput for crude, NGL and produced water assets for the second quarter of 2017 averaged 182 MBbls/d, which was 8% above the prior quarter and 3% below the second quarter of 2016.

Capital expenditures attributable to WES, including equity investments but excluding acquisitions, totaled \$133.6 million on a cash basis and \$148.2 million on an accrual basis during the second quarter of 2017, with maintenance capital expenditures on a cash basis of \$11.4 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 second quarter of 2017 totaled \$104.9 million, or \$0.48 per common unit (diluted).

WGP previously declared a quarterly distribution of \$0.52750 per unit for the second quarter of 2017. This distribution represented a 7% increase over the prior quarter's distribution and a 22% increase over the second-quarter 2016 distribution of \$0.43375 per unit. WGP will receive distributions from WES of \$116.3 million attributable to the second quarter and will pay \$115.5 million in distributions for the same period.

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

WES and WGP will host a joint conference call on Wednesday, July 26, 2017, at 11:00 a.m. Central Daylight Time (12:00 p.m. Eastern Daylight Time) to discuss second-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 1783522. 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; gathering, stabilizing and transporting condensate, natural gas liquids and crude oil; and gathering and disposing of produced water 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**

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#### **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 G 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.

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<i>thousands except Coverage ratio</i>				
<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	<b>\$ 173,451</b>	\$ 164,521	<b>\$ 275,340</b>	\$ 280,581
Add:				
Distributions from equity investments	<b>28,856</b>	24,491	<b>51,423</b>	49,130
Non-cash equity-based compensation expense	<b>975</b>	1,246	<b>2,221</b>	2,549
Non-cash settled - interest expense, net <sup>(1)</sup>	<b>—</b>	(15,461)	<b>71</b>	(10,924)
Income tax (benefit) expense	<b>843</b>	326	<b>4,395</b>	6,959
Depreciation and amortization <sup>(2)</sup>	<b>73,352</b>	66,650	<b>142,401</b>	131,089
Impairments	<b>3,178</b>	2,403	<b>167,920</b>	8,921
Above-market component of swap agreements with Anadarko	<b>16,373</b>	9,552	<b>28,670</b>	16,365
Other expense <sup>(2)</sup>	<b>95</b>	56	<b>140</b>	56
Less:				
Gain (loss) on divestiture and other, net	<b>15,458</b>	(1,907)	<b>134,945</b>	(2,539)
Equity income, net - affiliates	<b>21,728</b>	19,693	<b>41,189</b>	36,507
Cash paid for maintenance capital expenditures <sup>(2)</sup>	<b>11,402</b>	21,085	<b>22,524</b>	39,982
Capitalized interest	<b>1,060</b>	1,482	<b>1,876</b>	3,331
Cash paid for (reimbursement of) income taxes	<b>—</b>	—	<b>189</b>	67
Series A Preferred unit distributions	<b>—</b>	14,082	<b>7,453</b>	15,969
Other income <sup>(2)</sup>	<b>250</b>	—	<b>677</b>	122
Distributable cash flow	<b>\$ 247,225</b>	\$ 199,349	<b>\$ 463,728</b>	\$ 391,287
<b>Distributions declared <sup>(3)</sup></b>				
Limited partners - common units	<b>\$ 135,816</b>		<b>\$ 259,745</b>	
General partner	<b>71,675</b>		<b>136,499</b>	
Total	<b>\$ 207,491</b>		<b>\$ 396,244</b>	
Coverage ratio	<b>1.19</b>	<b>x</b>	<b>1.17</b>	<b>x</b>

(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 \$0.890 and \$1.765 per unit declared for the three and six months ended June 30, 2017, respectively.

## 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>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<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	<b>\$ 173,451</b>	\$ 164,521	<b>\$ 275,340</b>	\$ 280,581
Add:				
Distributions from equity investments	<b>28,856</b>	24,491	<b>51,423</b>	49,130
Non-cash equity-based compensation expense	<b>975</b>	1,246	<b>2,221</b>	2,549
Interest expense	<b>35,746</b>	12,883	<b>71,250</b>	44,919
Income tax expense	<b>843</b>	326	<b>4,395</b>	6,959
Depreciation and amortization <sup>(1)</sup>	<b>73,352</b>	66,650	<b>142,401</b>	131,089
Impairments	<b>3,178</b>	2,403	<b>167,920</b>	8,921
Other expense <sup>(1)</sup>	<b>95</b>	56	<b>140</b>	56
Less:				

Gain (loss) on divestiture and other, net	<b>15,458</b>	(1,907)	<b>134,945</b>	(2,539)
Equity income, net - affiliates	<b>21,728</b>	19,693	<b>41,189</b>	36,507
Interest income - affiliates	<b>4,225</b>	4,225	<b>8,450</b>	8,450
Other income <sup>(1)</sup>	<b>250</b>	—	<b>677</b>	122
Adjusted EBITDA attributable to Western Gas Partners, LP	<b>\$ 274,835</b>	\$ 250,565	<b>\$ 529,829</b>	\$481,664

**Reconciliation of Net cash provided by operating activities to Adjusted EBITDA attributable to Western Gas Partners, LP**

Net cash provided by (used in) operating activities	<b>\$ 240,536</b>	\$ 157,363	<b>\$ 433,152</b>	\$393,866
Interest (income) expense, net	<b>31,521</b>	8,658	<b>62,800</b>	36,469
Uncontributed cash-based compensation awards	<b>(209)</b>	86	<b>(172)</b>	158
Accretion and amortization of long-term obligations, net	<b>(1,038)</b>	14,522	<b>(2,139)</b>	9,055
Current income tax (benefit) expense	<b>204</b>	198	<b>628</b>	4,979
Other (income) expense, net	<b>(253)</b>	53	<b>(683)</b>	(71)
Distributions from equity investments in excess of cumulative earnings - affiliates	<b>5,768</b>	5,827	<b>9,221</b>	10,611
Changes in operating working capital:				
Accounts receivable, net	<b>(10,876)</b>	45,800	<b>(9,363)</b>	33,242
Accounts and imbalance payables and accrued liabilities, net	<b>12,035</b>	20,205	<b>41,975</b>	2,227
Other	<b>(131)</b>	1,309	<b>(116)</b>	(1,739)
Adjusted EBITDA attributable to noncontrolling interest	<b>(2,722)</b>	(3,456)	<b>(5,474)</b>	(7,133)
Adjusted EBITDA attributable to Western Gas Partners, LP	<b>\$ 274,835</b>	\$ 250,565	<b>\$ 529,829</b>	\$481,664

**Cash flow information of Western Gas Partners, LP**

Net cash provided by (used in) operating activities			<b>\$ 433,152</b>	\$393,866
Net cash provided by (used in) investing activities			<b>(363,131)</b>	(952,824)
Net cash provided by (used in) financing activities			<b>(239,749)</b>	618,692

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

(1)

**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>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Reconciliation of Operating income (loss) to Adjusted gross margin attributable to Western Gas Partners, LP</b>				
Operating income (loss)	<b>\$207,608</b>	\$176,362	<b>\$346,000</b>	\$329,765
Add:				
Distributions from equity investments	<b>28,856</b>	24,491	<b>51,423</b>	49,130
Operation and maintenance	<b>76,148</b>	75,173	<b>149,908</b>	151,386
General and administrative	<b>10,585</b>	10,883	<b>23,244</b>	22,160
Property and other taxes	<b>11,924</b>	12,078	<b>24,218</b>	22,428
Depreciation and amortization	<b>74,031</b>	67,305	<b>143,733</b>	132,400
Impairments	<b>3,178</b>	2,403	<b>167,920</b>	8,921
Less:				
Gain (loss) on divestiture and other, net	<b>15,458</b>	(1,907)	<b>134,945</b>	(2,539)
Proceeds from business interruption insurance claims	<b>24,115</b>	2,603	<b>29,882</b>	2,603
Equity income, net - affiliates	<b>21,728</b>	19,693	<b>41,189</b>	36,507
Reimbursed electricity-related charges recorded as revenues	<b>14,046</b>	14,869	<b>28,015</b>	30,537
Adjusted gross margin attributable to noncontrolling interest	<b>3,435</b>	4,183	<b>7,311</b>	8,604

Adjusted gross margin attributable to Western Gas Partners, LP	<b>\$333,548</b>	\$329,254	<b>\$665,104</b>	\$640,478
Adjusted gross margin attributable to Western Gas Partners, LP for natural gas assets	<b>\$297,778</b>	\$294,661	<b>\$599,283</b>	\$571,190
Adjusted gross margin for crude, NGL and produced water assets	<b>35,770</b>	34,593	<b>65,821</b>	69,288

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<i>thousands except per-unit amounts</i>				
<b>Revenues and other</b>				
Gathering, processing and transportation	<b>\$299,435</b>	\$301,136	<b>\$607,249</b>	\$595,140
Natural gas and natural gas liquids sales	<b>224,824</b>	126,993	<b>431,349</b>	215,549
Other	<b>1,191</b>	535	<b>3,045</b>	1,116
<b>Total revenues and other</b>	<b>525,450</b>	428,664	<b>1,041,643</b>	811,805
<b>Equity income, net - affiliates</b>	<b>21,728</b>	19,693	<b>41,189</b>	36,507
<b>Operating expenses</b>				
Cost of product	<b>203,277</b>	104,849	<b>392,636</b>	181,316
Operation and maintenance	<b>76,148</b>	75,173	<b>149,908</b>	151,386
General and administrative	<b>10,585</b>	10,883	<b>23,244</b>	22,160
Property and other taxes	<b>11,924</b>	12,078	<b>24,218</b>	22,428
Depreciation and amortization	<b>74,031</b>	67,305	<b>143,733</b>	132,400
Impairments	<b>3,178</b>	2,403	<b>167,920</b>	8,921
<b>Total operating expenses</b>	<b>379,143</b>	272,691	<b>901,659</b>	518,611
<b>Gain (loss) on divestiture and other, net</b>	<b>15,458</b>	(1,907)	<b>134,945</b>	(2,539)
<b>Proceeds from business interruption insurance claims</b>	<b>24,115</b>	2,603	<b>29,882</b>	2,603
<b>Operating income (loss)</b>	<b>207,608</b>	176,362	<b>346,000</b>	329,765
Interest income - affiliates	<b>4,225</b>	4,225	<b>8,450</b>	8,450
Interest expense	<b>(35,746)</b>	(12,883)	<b>(71,250)</b>	(44,919)
Other income (expense), net	<b>253</b>	(53)	<b>683</b>	71
<b>Income (loss) before income taxes</b>	<b>176,340</b>	167,651	<b>283,883</b>	293,367
Income tax (benefit) expense	<b>843</b>	326	<b>4,395</b>	6,959
<b>Net income (loss)</b>	<b>175,497</b>	167,325	<b>279,488</b>	286,408
Net income attributable to noncontrolling interest	<b>2,046</b>	2,804	<b>4,148</b>	5,827
<b>Net income (loss) attributable to Western Gas Partners, LP</b>	<b>\$173,451</b>	\$164,521	<b>\$275,340</b>	\$280,581
<b>Limited partners' interest in net income (loss):</b>				
Net income (loss) attributable to Western Gas Partners, LP	<b>\$173,451</b>	\$164,521	<b>\$275,340</b>	\$280,581
Pre-acquisition net (income) loss allocated to Anadarko	<b>—</b>	—	<b>—</b>	(11,326)
Series A Preferred units interest in net (income) loss	<b>(14,199)</b>	(23,121)	<b>(42,373)</b>	(25,450)
General partner interest in net (income) loss	<b>(76,365)</b>	(58,381)	<b>(144,527)</b>	(113,781)
Common and Class C limited partners' interest in net income (loss)	<b>\$82,887</b>	\$83,019	<b>\$88,440</b>	\$130,024
<b>Net income (loss) per common unit - basic and diluted</b>	<b>\$0.49</b>	\$0.55	<b>\$0.53</b>	\$0.86
<b>Weighted-average common units outstanding - basic</b>	<b>148,864</b>	130,669	<b>141,696</b>	129,830
<b>Weighted-average common units outstanding - diluted</b>	<b>165,248</b>	163,227	<b>165,149</b>	153,291

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

	<b>June 30,</b>	<b>December 31,</b>
	<b>2017</b>	<b>2016</b>
<i>thousands except number of units</i>		
Current assets	<b>\$334,802</b>	\$594,014
Note receivable - Anadarko	<b>260,000</b>	260,000
Net property, plant and equipment	<b>5,347,794</b>	5,049,932
Other assets	<b>1,803,119</b>	1,829,082
<b>Total assets</b>	<b>\$7,745,715</b>	\$7,733,028
Current liabilities	<b>\$277,395</b>	\$315,305

Long-term debt	<b>3,253,065</b>	3,091,461
Asset retirement obligations and other	<b>152,695</b>	149,043
Deferred purchase price obligation - Anadarko	<b>—</b>	41,440
<b>Total liabilities</b>	<b>\$3,683,155</b>	\$ 3,597,249
<b>Equity and partners' capital</b>		
Series A Preferred units (zero and 21,922,831 units issued and outstanding at June 30, 2017, and December 31, 2016, respectively)	<b>\$—</b>	\$ 639,545
Common units (152,602,105 and 130,671,970 units issued and outstanding at June 30, 2017, and December 31, 2016, respectively)	<b>3,070,608</b>	2,536,872
Class C units (21,743,318 and 12,358,123 units issued and outstanding at June 30, 2017, and December 31, 2016, respectively)	<b>764,174</b>	750,831
General partner units (2,583,068 units issued and outstanding at June 30, 2017, and December 31, 2016)	<b>165,442</b>	143,968
Noncontrolling interest	<b>62,336</b>	64,563
<b>Total liabilities, equity and partners' capital</b>	<b>\$7,745,715</b>	\$ 7,733,028

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

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>
<i>thousands</i>		
<b>Cash flows from operating activities</b>		
Net income (loss)	<b>\$279,488</b>	\$286,408
Adjustments to reconcile net income (loss) to net cash provided by operating activities and changes in working capital:		
Depreciation and amortization	<b>143,733</b>	132,400
Impairments	<b>167,920</b>	8,921
(Gain) loss on divestiture and other, net	<b>(134,945)</b>	2,539
Change in other items, net	<b>(23,044)</b>	(36,402)
Net cash provided by (used in) operating activities	<b>\$433,152</b>	\$393,866
<b>Cash flows from investing activities</b>		
Capital expenditures	<b>\$(260,480)</b>	\$(255,923)
Contributions in aid of construction costs from affiliates	<b>1,343</b>	3,854
Acquisitions from affiliates	<b>(3,910)</b>	(715,199)
Acquisitions from third parties	<b>(155,287)</b>	—
Investments in equity affiliates	<b>(287)</b>	139
Distributions from equity investments in excess of cumulative earnings - affiliates	<b>9,221</b>	10,611
Proceeds from the sale of assets to affiliates	<b>—</b>	613
Proceeds from the sale of assets to third parties	<b>23,292</b>	137
Proceeds from property insurance claims	<b>22,977</b>	2,944
Net cash provided by (used in) investing activities	<b>\$(363,131)</b>	\$(952,824)
<b>Cash flows from financing activities</b>		
Borrowings, net of debt issuance costs	<b>\$159,989</b>	\$530,000
Repayments of debt	<b>—</b>	(290,000)
Settlement of the Deferred purchase price obligation - Anadarko	<b>(37,346)</b>	—
Increase (decrease) in outstanding checks	<b>(2,763)</b>	(1,314)
Proceeds from the issuance of common units, net of offering expenses	<b>(183)</b>	25,000
Proceeds from the issuance of Series A Preferred units, net of offering expenses	<b>—</b>	686,940
Distributions to unitholders	<b>(381,771)</b>	(313,380)
Distributions to noncontrolling interest owner	<b>(6,375)</b>	(7,460)
Net contributions from (distributions to) Anadarko	<b>30</b>	(27,459)
Above-market component of swap agreements with Anadarko	<b>28,670</b>	16,365
Net cash provided by (used in) financing activities	<b>\$(239,749)</b>	\$618,692
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$(169,728)</b>	\$59,734
<b>Cash and cash equivalents at beginning of period</b>	<b>357,925</b>	98,033
<b>Cash and cash equivalents at end of period</b>	<b>\$188,197</b>	\$157,767

**Western Gas Partners, LP**  
**OPERATING STATISTICS**

**(Unaudited)**

	<b>Three Months Ended June 30, 2017</b>	<b>2016</b>	<b>Six Months Ended June 30, 2017</b>	<b>2016</b>
Throughput for natural gas assets (MMcf/d)				
Gathering, treating and transportation	<b>866</b>	1,508	<b>1,155</b>	1,553
Processing	<b>2,555</b>	2,320	<b>2,498</b>	2,226
Equity investment <sup>(1)</sup>	<b>158</b>	170	<b>160</b>	178
Total throughput for natural gas assets	<b>3,579</b>	3,998	<b>3,813</b>	3,957
Throughput attributable to noncontrolling interest for natural gas assets				
Total throughput attributable to Western Gas Partners, LP for natural gas assets	<b>3,472</b>	3,870	<b>3,705</b>	3,825
Throughput for crude, NGL and produced water assets (MBbls/d)				
Gathering, treating and transportation	<b>50</b>	59	<b>47</b>	59
Equity investment <sup>(2)</sup>	<b>132</b>	128	<b>129</b>	127
Total throughput for crude, NGL and produced water assets	<b>182</b>	187	<b>176</b>	186
Adjusted gross margin per Mcf attributable to Western Gas Partners, LP for natural gas assets <sup>(3)</sup>	<b>\$ 0.94</b>	\$ 0.84	<b>\$ 0.89</b>	\$ 0.82
Adjusted gross margin per Bbl for crude, NGL and produced water assets <sup>(4)</sup>	<b>2.15</b>	2.03	<b>2.07</b>	2.05

(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 and produced water assets (total revenues and other for crude, NGL and produced water assets, less reimbursements for electricity-related expenses recorded as revenue and cost of product for crude, NGL and produced water 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 and produced water 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 June 30, 2017</b>	
Distributions declared by Western Gas Partners, LP:		
General partner interest	<b>\$ 3,454</b>	
Incentive distribution rights	<b>68,221</b>	
Common units held by WGP	<b>44,618</b>	
Less:		
Public company general and administrative expense	<b>612</b>	
Interest expense	<b>551</b>	
Cash available for distribution	<b>\$ 115,130</b>	
Declared distribution per common unit	<b>\$ 0.52750</b>	
Distributions declared by Western Gas Equity Partners, LP	<b>\$ 115,487</b>	
Coverage ratio	<b>1.00</b>	<b>x</b>

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

<i>thousands except per-unit amounts</i>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues and other</b>				
Gathering, processing and transportation	<b>\$299,435</b>	\$301,136	<b>\$607,249</b>	\$595,140
Natural gas and natural gas liquids sales	<b>224,824</b>	126,993	<b>431,349</b>	215,549
Other	<b>1,191</b>	535	<b>3,045</b>	1,116
<b>Total revenues and other</b>	<b>525,450</b>	428,664	<b>1,041,643</b>	811,805
<b>Equity income, net - affiliates</b>	<b>21,728</b>	19,693	<b>41,189</b>	36,507
<b>Operating expenses</b>				
Cost of product	<b>203,277</b>	104,849	<b>392,636</b>	181,316
Operation and maintenance	<b>76,148</b>	75,173	<b>149,908</b>	151,386
General and administrative	<b>11,197</b>	11,887	<b>24,673</b>	24,402
Property and other taxes	<b>11,924</b>	12,093	<b>24,218</b>	22,443
Depreciation and amortization	<b>74,031</b>	67,305	<b>143,733</b>	132,400
Impairments	<b>3,178</b>	2,403	<b>167,920</b>	8,921
<b>Total operating expenses</b>	<b>379,755</b>	273,710	<b>903,088</b>	520,868
<b>Gain (loss) on divestiture and other, net</b>	<b>15,458</b>	(1,907)	<b>134,945</b>	(2,539)
<b>Proceeds from business interruption insurance claims</b>	<b>24,115</b>	2,603	<b>29,882</b>	2,603
<b>Operating income (loss)</b>	<b>206,996</b>	175,343	<b>344,571</b>	327,508
Interest income - affiliates	<b>4,225</b>	4,225	<b>8,450</b>	8,450
Interest expense	<b>(36,297)</b>	(13,429)	<b>(72,330)</b>	(45,568)
Other income (expense), net	<b>272</b>	(36)	<b>718</b>	105
<b>Income (loss) before income taxes</b>	<b>175,196</b>	166,103	<b>281,409</b>	290,495
Income tax (benefit) expense	<b>843</b>	326	<b>4,395</b>	6,959

<b>Net income (loss)</b>	<b>174,353</b>	165,777	<b>277,014</b>	283,536
Net income (loss) attributable to noncontrolling interests	<b>69,409</b>	76,914	<b>96,130</b>	112,857
<b>Net income (loss) attributable to Western Gas Equity Partners, LP</b>	<b>\$104,944</b>	\$88,863	<b>\$180,884</b>	\$170,679
<b>Limited partners' interest in net income (loss):</b>				
Net income (loss) attributable to Western Gas Equity Partners, LP	<b>\$104,944</b>	\$88,863	<b>\$180,884</b>	\$170,679
Pre-acquisition net (income) loss allocated to Anadarko	—	—	—	(11,326)
Limited partners' interest in net income (loss)	<b>\$104,944</b>	\$88,863	<b>\$180,884</b>	\$159,353
<b>Net income (loss) per common unit - basic and diluted</b>	<b>\$0.48</b>	\$0.41	<b>\$0.83</b>	\$0.73
<b>Weighted-average common units outstanding - basic and diluted</b>	<b>218,931</b>	218,921	<b>218,930</b>	218,920

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

<i>thousands except number of units</i>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Current assets	<b>\$335,683</b>	\$ 595,591
Note receivable - Anadarko	<b>260,000</b>	260,000
Net property, plant and equipment	<b>5,347,794</b>	5,049,932
Other assets	<b>1,804,275</b>	1,830,574
<b>Total assets</b>	<b>\$7,747,752</b>	\$ 7,736,097
Current liabilities	<b>\$277,536</b>	\$ 315,387
Long-term debt	<b>3,281,065</b>	3,119,461
Asset retirement obligations and other	<b>152,695</b>	149,043
Deferred purchase price obligation - Anadarko	—	41,440
<b>Total liabilities</b>	<b>\$3,711,296</b>	\$ 3,625,331
<b>Equity and partners' capital</b>		
Common units (218,933,141 and 218,928,570 units issued and outstanding at June 30, 2017, and December 31, 2016, respectively)	<b>\$1,070,254</b>	\$ 1,048,143
Noncontrolling interests	<b>2,966,202</b>	3,062,623
<b>Total liabilities, equity and partners' capital</b>	<b>\$7,747,752</b>	\$ 7,736,097

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

<i>thousands</i>	<b>Six Months Ended</b>	
	<b>June 30, 2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Net income (loss)	<b>\$277,014</b>	\$ 283,536
Adjustments to reconcile net income (loss) to net cash provided by operating activities and changes in working capital:		
Depreciation and amortization	<b>143,733</b>	132,400
Impairments	<b>167,920</b>	8,921
(Gain) loss on divestiture and other, net	<b>(134,945)</b>	2,539
Change in other items, net	<b>(22,364)</b>	(35,581)
Net cash provided by (used in) operating activities	<b>\$431,358</b>	\$ 391,815
<b>Cash flows from investing activities</b>		
Capital expenditures	<b>\$(260,480)</b>	\$(255,923)
Contributions in aid of construction costs from affiliates	<b>1,343</b>	3,854
Acquisitions from affiliates	<b>(3,910)</b>	(715,199)
Acquisitions from third parties	<b>(155,287)</b>	—
Investments in equity affiliates	<b>(287)</b>	139
Distributions from equity investments in excess of cumulative earnings - affiliates	<b>9,221</b>	10,611
Proceeds from the sale of assets to affiliates	—	613
Proceeds from the sale of assets to third parties	<b>23,292</b>	137
Proceeds from property insurance claims	<b>22,977</b>	2,944
Net cash provided by (used in) investing activities	<b>\$(363,131)</b>	\$(952,824)

**Cash flows from financing activities**

Borrowings, net of debt issuance costs	<b>\$159,989</b>	\$556,017
Repayments of debt	—	(290,000)
Settlement of the Deferred purchase price obligation – Anadarko	<b>(37,346)</b>	—
Increase (decrease) in outstanding checks	<b>(2,763)</b>	(1,314)
Proceeds from the issuance of WES common units, net of offering expenses	<b>(183)</b>	—
Proceeds from the issuance of WES Series A Preferred units, net of offering expenses	—	686,940
Distributions to WGP unitholders	<b>(208,803)</b>	(181,156)
Distributions to Chipeta noncontrolling interest owner	<b>(6,375)</b>	(7,460)
Distributions to noncontrolling interest owners of WES	<b>(171,689)</b>	(130,947)
Net contributions from (distributions to) Anadarko	<b>30</b>	(27,459)
Above-market component of swap agreements with Anadarko	<b>28,670</b>	16,365
Net cash provided by (used in) financing activities	<b>\$(238,470)</b>	\$620,986
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$(170,243)</b>	\$59,977
<b>Cash and cash equivalents at beginning of period</b>	<b>359,072</b>	99,694
<b>Cash and cash equivalents at end of period</b>	<b>\$188,829</b>	\$159,671

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

<https://investors.westernmidstream.com/2017-07-25-Western-Gas-Announces-Second-Quarter-2017-Results>