

# Western Gas Announces Third-Quarter 2016 Results

HOUSTON, Nov. 1, 2016 /PRNewswire/ -- Western Gas Partners, LP (NYSE: WES) ("WES" or the "Partnership") and Western Gas Equity Partners, LP (NYSE: WGP) ("WGP") today announced third-quarter 2016 financial and operating results.

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## **WESTERN GAS PARTNERS, LP**

Net income (loss) available to limited partners for the third quarter of 2016 totaled \$81.7 million, or \$0.54 per common unit (diluted), with third-quarter 2016 Adjusted EBITDA<sup>(1)</sup> of \$278.2 million and third-quarter 2016 Distributable cash flow<sup>(1)</sup> of \$237.3 million.

WES previously declared a quarterly distribution of \$0.845 per unit for the third quarter of 2016. This distribution represented a 2% increase over the prior quarter's distribution and a 9% increase over the third-quarter 2015 distribution of \$0.775 per unit. The third-quarter 2016 Coverage ratio<sup>(1)</sup> of 1.42 times was based on the quarterly distribution of \$0.845 per unit and was calculated by dividing the quarter's Distributable cash flow<sup>(1)</sup> by quarterly distributions declared payable to the general partner and common unitholders.

"The Partnership delivered yet another outstanding financial quarter highlighted by the resiliency of our asset portfolio. We continue to experience strong growth in the Delaware Basin with Ramsey IV successfully ramping to capacity during the quarter, and Ramsey V being placed into service last week," said Chief Executive Officer, Don Sinclair. "Additionally, Ramsey II remains on schedule to return to service by the end of the year, and we have accelerated the scheduled start-up of Ramsey VI to the fourth quarter of 2017."

Please see the tables at the end of this release for a reconciliation of GAAP to non-GAAP measures and <sup>(1)</sup> calculation of the Coverage ratio. Distributable cash flow for the quarter includes \$13.7 million of business interruption insurance proceeds received during the quarter, and does not include any amounts related to WES's anticipated range of \$0 to \$5 million in reimbursable amounts attributable to the quarter.

Total throughput attributable to WES for natural gas assets for the third quarter of 2016 averaged 4.1 Bcf/d, which was 5% above the prior quarter and remained constant compared to the third quarter of 2015<sup>(2)</sup>. Total throughput for crude/NGL assets for the third quarter of 2016 averaged 185 MBbls/d, which was 1% below the prior quarter and 3% below the third quarter of 2015<sup>(2)</sup>.

Capital expenditures attributable to WES, including equity investments but excluding acquisitions, totaled \$114.4 million on a cash basis and \$93.0 million on an accrual basis during the third quarter of 2016, with maintenance capital expenditures on a cash basis of \$15.3 million, or 6% of Adjusted EBITDA<sup>(1)</sup>. WES is adjusting its outlook ranges for full-year Adjusted EBITDA<sup>(1)</sup> and maintenance capital expenditures as a percentage of full-year Adjusted EBITDA<sup>(1)</sup> to \$980 million to \$1.0 billion<sup>(3)</sup> and 6% to 8%, respectively.

## **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 third quarter of 2016 totaled \$91.4 million, or \$0.42 per common unit (diluted).

WGP previously declared a quarterly distribution of \$0.44750 per unit for the third quarter of 2016. This distribution represented a 3% increase over the prior quarter's distribution and a 17% increase over the third-quarter 2015 distribution of \$0.38125 per unit. WGP received distributions from WES of \$98.7 million attributable to the third quarter and will pay \$98.0 million in distributions for the same period. WGP expects full-year 2016 distribution growth to be 19%.

<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.

(2) Financial and operational information for the third quarter of 2015 has been recast for the acquisition of Springfield.

This press release contains forward-looking estimates of the range of Adjusted EBITDA projected to be generated by WES in its 2016 fiscal year. A reconciliation of the Adjusted EBITDA range to net cash provided by operating activities and net income is not provided because the items necessary to estimate such amounts are not reasonably accessible or estimable at this time.

## **CONFERENCE CALL TOMORROW AT 8 A.M. CDT**

WES and WGP will host a joint conference call on Wednesday, November 2, 2016, at 8:00 a.m. Central Daylight Time (9:00 a.m. Eastern Daylight Time) to discuss third-quarter 2016 results. Individuals who would like to participate should dial 844-836-8745 (Domestic) or 412-317-5439 (International) approximately 15 minutes before the scheduled conference call time. Pre-registration is available through the investor relations page at [www.westerngas.com](http://www.westerngas.com). Pre-registrants will be issued a personal identification number to use when dialing in to the live conference call, which will enable the participant to bypass the operator and gain immediate access to the call. 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, the Mid-Continent, North-central Pennsylvania and Texas, WES is engaged in the business of gathering, processing, compressing, treating and transporting natural gas, 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. Western Gas Partners and Western Gas Equity Partners believe 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 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; 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) 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>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015 <sup>(1)</sup>	2016	2015 <sup>(1)</sup>
<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	\$ 167,746	\$ 184,137	\$ 448,327	\$ 159,987
Add:				
Distributions from equity investees	27,133	25,482	76,263	73,054
Non-cash equity-based compensation expense	1,469	1,148	4,018	3,423
Interest expense, net (non-cash settled) <sup>(2)</sup>	(1,173)	4,310	(12,097)	9,920
Income tax (benefit) expense	472	12,644	7,431	37,160
Depreciation and amortization <sup>(3)</sup>	66,589	66,714	197,678	202,945
Impairments	2,392	2,335	11,313	276,579
Above-market component of swap extensions with Anadarko	18,417	7,916	34,782	7,916
Other expense <sup>(3)</sup>	40	—	96	—
Less:				
Gain (loss) on divestiture and other, net	(6,230)	77,254	(8,769)	77,248
Equity income, net - affiliates	20,294	21,976	56,801	59,137
Cash paid for maintenance capital expenditures <sup>(3)</sup>	15,306	14,704	55,288	40,809
Capitalized interest	1,343	1,039	4,674	6,826
Cash paid for (reimbursement of) income taxes	—	—	67	(138)
Series A Preferred unit distributions	14,907	—	30,876	—
Other income <sup>(3)</sup>	150	82	272	219
Distributable cash flow	\$ 237,315	\$ 189,631	\$ 628,602	\$ 586,883
<b>Distributions declared <sup>(4)</sup></b>				
Limited partners - common units	\$ 110,418		\$ 325,369	
General partner	56,324		163,105	
Total	\$ 166,742		\$ 488,474	
Coverage ratio	1.42	x	1.29	x

In March 2016, WES acquired Springfield Pipeline LLC ("Springfield") from Anadarko. Springfield owns a 50.1% interest in an oil gathering system and a gas gathering system, such interest being referred to as the "Springfield interest." Financial information has been recast to include the financial position and results attributable to the Springfield interest.

(1)

- (2) Includes accretion revisions related to the Deferred purchase price obligation - Anadarko.
- (3) Includes WES's 75% share of depreciation and amortization; other expense; cash paid for maintenance capital expenditures; and other income attributable to Chipeta.
- (4) Reflects cash distributions of \$0.845 and \$2.490 per unit declared for the three and nine months ended September 30, 2016, 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 investees, 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 September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015 <sup>(1)</sup></b>	<b>2016</b>	<b>2015 <sup>(1)</sup></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>\$ 167,746</b>	\$ 184,137	<b>\$ 448,327</b>	\$ 159,987
Add:				
Distributions from equity investees	<b>27,133</b>	25,482	<b>76,263</b>	73,054
Non-cash equity-based compensation expense	<b>1,469</b>	1,148	<b>4,018</b>	3,423
Interest expense	<b>30,768</b>	31,773	<b>75,687</b>	82,337
Income tax expense	<b>472</b>	12,644	<b>7,431</b>	37,160
Depreciation and amortization <sup>(2)</sup>	<b>66,589</b>	66,714	<b>197,678</b>	202,945
Impairments	<b>2,392</b>	2,335	<b>11,313</b>	276,579
Other expense <sup>(2)</sup>	<b>40</b>	—	<b>96</b>	—
Less:				
Gain (loss) on divestiture and other, net	<b>(6,230)</b>	77,254	<b>(8,769)</b>	77,248
Equity income, net - affiliates	<b>20,294</b>	21,976	<b>56,801</b>	59,137
Interest income - affiliates	<b>4,225</b>	4,225	<b>12,675</b>	12,675
Other income <sup>(2)</sup>	<b>150</b>	82	<b>272</b>	219
Adjusted EBITDA attributable to Western Gas Partners, LP	<b>\$ 278,170</b>	\$ 220,696	<b>\$ 759,834</b>	\$ 686,206
<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	<b>\$ 263,872</b>	\$ 224,572	<b>\$ 657,738</b>	\$ 596,893
Interest (income) expense, net	<b>26,543</b>	27,548	<b>63,012</b>	69,662
Uncontributed cash-based compensation awards	<b>290</b>	21	<b>448</b>	166
Accretion and amortization of long-term obligations, net	<b>121</b>	(5,226)	<b>9,176</b>	(12,296)
Current income tax (benefit) expense	<b>131</b>	9,030	<b>5,110</b>	27,164
Other (income) expense, net	<b>(153)</b>	(85)	<b>(224)</b>	(227)
Distributions from equity investments in excess of cumulative earnings - affiliates	<b>5,981</b>	3,871	<b>16,592</b>	12,409
Changes in operating working capital:				
Accounts receivable, net	<b>7,866</b>	(22,741)	<b>41,108</b>	18,617
Accounts and imbalance payables and accrued liabilities, net	<b>(26,330)</b>	(13,288)	<b>(24,103)</b>	(17,695)
Other	<b>3,184</b>	(168)	<b>1,445</b>	1,686
Adjusted EBITDA attributable to noncontrolling interest	<b>(3,335)</b>	(2,838)	<b>(10,468)</b>	(10,173)

Adjusted EBITDA attributable to Western Gas Partners, LP	<b>\$ 278,170</b>	\$ 220,696	<b>\$ 759,834</b>	\$686,206
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**Cash flow information of Western Gas Partners, LP**

Net cash provided by (used in) operating activities			<b>\$ 657,738</b>	\$596,893
Net cash provided by (used in) investing activities			<b>(1,040,692)</b>	(368,651)
Net cash provided by (used in) financing activities			<b>429,368</b>	(222,096)

(1) Financial information has been recast to include the financial position and results attributable to the Springfield interest.

(2) 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 investees and excluding the noncontrolling interest owner's proportionate share of revenue and cost of product.

<i>thousands</i>	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015 <sup>(1)</sup></b>	<b>2016</b>	<b>2015 <sup>(1)</sup></b>
<b>Reconciliation of Operating income (loss) to Adjusted gross margin attributable to Western Gas Partners, LP</b>				
Operating income (loss)	<b>\$ 197,288</b>	\$ 226,432	<b>\$ 527,053</b>	\$274,812
Add:				
Distributions from equity investees	<b>27,133</b>	25,482	<b>76,263</b>	73,054
Operation and maintenance	<b>74,755</b>	88,722	<b>226,141</b>	242,744
General and administrative	<b>11,382</b>	10,143	<b>33,542</b>	30,632
Property and other taxes	<b>10,670</b>	9,042	<b>33,098</b>	27,908
Depreciation and amortization	<b>67,246</b>	67,367	<b>199,646</b>	204,896
Impairments	<b>2,392</b>	2,335	<b>11,313</b>	276,579
Less:				
Gain (loss) on divestiture and other, net	<b>(6,230)</b>	77,254	<b>(8,769)</b>	77,248
Proceeds from business interruption insurance claims	<b>13,667</b>	—	<b>16,270</b>	—
Equity income, net - affiliates	<b>20,294</b>	21,976	<b>56,801</b>	59,137
Reimbursed electricity-related charges recorded as revenues	<b>15,170</b>	15,392	<b>45,707</b>	40,423
Adjusted gross margin attributable to noncontrolling interest	<b>3,984</b>	3,753	<b>12,588</b>	13,222
Adjusted gross margin attributable to Western Gas Partners, LP	<b>\$ 343,981</b>	\$ 311,148	<b>\$ 984,459</b>	\$940,595
Adjusted gross margin attributable to Western Gas Partners, LP for natural gas assets	<b>\$ 306,393</b>	\$ 277,407	<b>\$ 877,583</b>	\$842,213
Adjusted gross margin for crude/NGL assets	<b>37,588</b>	33,741	<b>106,876</b>	98,382

(1) Financial information has been recast to include the financial position and results attributable to the Springfield interest.

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)**

<i>thousands except per-unit amounts</i>	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015 <sup>(1)</sup></b>	<b>2016</b>	<b>2015 <sup>(1)</sup></b>
<b>Revenues and other</b>				
Gathering, processing and transportation	<b>\$ 315,192</b>	\$ 283,029	<b>\$ 910,332</b>	\$ 844,197
Natural gas and natural gas liquids sales	<b>164,036</b>	147,000	<b>379,585</b>	486,874
Other	<b>2,417</b>	2,486	<b>3,533</b>	4,443
<b>Total revenues and other</b>	<b>481,645</b>	432,515	<b>1,293,450</b>	1,335,514
<b>Equity income, net - affiliates</b>	<b>20,294</b>	21,976	<b>56,801</b>	59,137
<b>Operating expenses</b>				
Cost of product	<b>145,643</b>	127,704	<b>326,959</b>	414,328
Operation and maintenance	<b>74,755</b>	88,722	<b>226,141</b>	242,744
General and administrative	<b>11,382</b>	10,143	<b>33,542</b>	30,632
Property and other taxes	<b>10,670</b>	9,042	<b>33,098</b>	27,908
Depreciation and amortization	<b>67,246</b>	67,367	<b>199,646</b>	204,896
Impairments	<b>2,392</b>	2,335	<b>11,313</b>	276,579
<b>Total operating expenses</b>	<b>312,088</b>	305,313	<b>830,699</b>	1,197,087
<b>Gain (loss) on divestiture and other, net</b>	<b>(6,230)</b>	77,254	<b>(8,769)</b>	77,248
<b>Proceeds from business interruption insurance claims</b>	<b>13,667</b>	—	<b>16,270</b>	—
<b>Operating income (loss)</b>	<b>197,288</b>	226,432	<b>527,053</b>	274,812
Interest income - affiliates	<b>4,225</b>	4,225	<b>12,675</b>	12,675
Interest expense	<b>(30,768)</b>	(31,773)	<b>(75,687)</b>	(82,337)
Other income (expense), net	<b>153</b>	85	<b>224</b>	227
<b>Income (loss) before income taxes</b>	<b>170,898</b>	198,969	<b>464,265</b>	205,377
Income tax (benefit) expense	<b>472</b>	12,644	<b>7,431</b>	37,160
<b>Net income (loss)</b>	<b>170,426</b>	186,325	<b>456,834</b>	168,217
Net income attributable to noncontrolling interest	<b>2,680</b>	2,188	<b>8,507</b>	8,230
<b>Net income (loss) attributable to Western Gas Partners, LP Limited partners' interest in net income (loss):</b>				
Net income (loss) attributable to Western Gas Partners, LP	<b>\$ 167,746</b>	\$ 184,137	<b>\$ 448,327</b>	\$ 159,987
Pre-acquisition net (income) loss allocated to Anadarko	—	(19,848)	<b>(11,326)</b>	(63,606)
Series A Preferred units interest in net (income) loss	<b>(25,539)</b>	—	<b>(50,989)</b>	—
General partner interest in net (income) loss	<b>(60,551)</b>	(50,267)	<b>(174,332)</b>	(133,415)
Common and Class C limited partners' interest in net income (loss)	<b>\$ 81,656</b>	\$ 114,022	<b>\$ 211,680</b>	\$ (37,034)
<b>Net income (loss) per common unit - basic and diluted</b>	<b>\$ 0.54</b>	\$ 0.79	<b>\$ 1.39</b>	\$ (0.35)
<b>Weighted-average common units outstanding - basic</b>	<b>130,672</b>	128,575	<b>130,112</b>	128,267
<b>Weighted-average common units outstanding - diluted</b>	<b>164,658</b>	139,736	<b>157,107</b>	139,309

(1)

Financial information has been recast to include the financial position and results attributable to the Springfield interest.

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

<i>thousands except number of units</i>	<b>September 30, 2016</b>	<b>December 31, 2015 <sup>(1)</sup></b>
Current assets	<b>\$ 367,814</b>	\$ 299,217
Note receivable – Anadarko	<b>260,000</b>	260,000
Net property, plant and equipment	<b>5,030,894</b>	4,858,779
Other assets	<b>1,842,390</b>	1,883,201
<b>Total assets</b>	<b>\$ 7,501,098</b>	\$ 7,301,197
Current liabilities	<b>\$ 254,385</b>	\$ 235,488
Long-term debt	<b>2,907,395</b>	2,690,651
Asset retirement obligations and other	<b>145,964</b>	268,356
Deferred purchase price obligation – Anadarko	<b>16,425</b>	188,674
<b>Total liabilities</b>	<b>\$ 3,324,169</b>	\$ 3,383,169
<b>Equity and partners' capital</b>		
Series A Preferred units (21,922,831 and zero units issued and outstanding at September 30, 2016, and December 31, 2015, respectively)	<b>\$ 628,548</b>	\$ —
Common units (130,671,970 and 128,576,965 units issued and outstanding at September 30, 2016, and December 31, 2015, respectively)	<b>2,604,524</b>	2,588,991
Class C units (12,160,424 and 11,411,862 units issued and outstanding at September 30, 2016, and December 31, 2015, respectively)	<b>741,183</b>	710,891
General partner units (2,583,068 units issued and outstanding at September 30, 2016, and December 31, 2015)	<b>138,040</b>	120,164
Net investment by Anadarko	—	430,598
Noncontrolling interest	<b>64,634</b>	67,384
<b>Total liabilities, equity and partners' capital</b>	<b>\$ 7,501,098</b>	\$ 7,301,197

Financial information has been recast to include the financial position and results attributable to the Springfield interest.

(1)

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

<i>thousands</i>	<b>Nine Months Ended September 30, 2016</b>	<b>2015 <sup>(1)</sup></b>
<b>Cash flows from operating activities</b>		
Net income (loss)	<b>\$ 456,834</b>	\$168,217
Adjustments to reconcile net income (loss) to net cash provided by operating activities and changes in working capital:		
Depreciation and amortization	<b>199,646</b>	204,896
Impairments	<b>11,313</b>	276,579
(Gain) loss on divestiture and other, net	<b>8,769</b>	(77,248)
Change in other items, net	<b>(18,824)</b>	24,449
Net cash provided by (used in) operating activities	<b>\$ 657,738</b>	\$596,893
<b>Cash flows from investing activities</b>		
Capital expenditures	<b>\$ (372,725)</b>	\$(505,848)
Contributions in aid of construction costs from affiliates	<b>4,927</b>	—
Acquisitions from affiliates	<b>(716,465)</b>	(10,369)
Acquisitions from third parties	—	(3,514)
Investments in equity affiliates	<b>139</b>	(9,052)
Distributions from equity investments in excess of cumulative earnings – affiliates	<b>16,592</b>	12,409
Proceeds from the sale of assets to affiliates	<b>623</b>	700

Proceeds from the sale of assets to third parties	<b>7,819</b>	147,023
Proceeds from property insurance claims	<b>18,398</b>	—
Net cash provided by (used in) investing activities	<b>\$ (1,040,692)</b>	<b>\$(368,651)</b>
<b>Cash flows from financing activities</b>		
Borrowings, net of debt issuance costs	<b>\$ 1,094,600</b>	\$769,606
Repayments of debt	<b>(880,000)</b>	(610,000)
Increase (decrease) in outstanding checks	<b>(1,070)</b>	(2,435)
Proceeds from the issuance of common units, net of offering expenses	<b>25,000</b>	57,353
Proceeds from the issuance of Series A Preferred units, net of offering expenses	<b>686,937</b>	—
Distributions to unitholders	<b>(490,289)</b>	(398,983)
Distributions to noncontrolling interest owner	<b>(11,257)</b>	(10,150)
Net contributions from (distributions to) Anadarko	<b>(29,335)</b>	(35,403)
Above-market component of swap extensions with Anadarko	<b>34,782</b>	7,916
Net cash provided by (used in) financing activities	<b>\$ 429,368</b>	<b>\$(222,096)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ 46,414</b>	<b>\$6,146</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>98,033</b>	<b>67,054</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 144,447</b>	<b>\$73,200</b>

(1)

Financial information has been recast to include the financial position and results attributable to the Springfield interest.

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015 <sup>(1)</sup></b>	<b>2016</b>	<b>2015 <sup>(1)</sup></b>
Throughput for natural gas assets (MMcf/d)				
Gathering, treating and transportation	<b>1,562</b>	1,704	<b>1,556</b>	1,862
Processing	<b>2,448</b>	2,327	<b>2,301</b>	2,351
Equity investment <sup>(2)</sup>	<b>179</b>	177	<b>178</b>	171
Total throughput for natural gas assets	<b>4,189</b>	4,208	<b>4,035</b>	4,384
Throughput attributable to noncontrolling interest for natural gas assets	<b>119</b>	126	<b>127</b>	149
Total				

throughput attributable to Western Gas Partners, LP for natural gas assets	<b>4,070</b>	4,082	<b>3,908</b>	4,235
Throughput for crude/NGL assets (MBbls/d)				
Gathering, treating and transportation Equity investment <sup>(3)</sup>	<b>58</b>	66	<b>59</b>	72
Total	<b>127</b>	125	<b>126</b>	114
throughput for crude/NGL assets	<b>185</b>	191	<b>185</b>	186
Adjusted gross margin per Mcf attributable to Western Gas Partners, LP for natural gas assets <sup>(4)</sup>	<b>\$ 0.82</b>	\$ 0.74	<b>\$ 0.82</b>	\$ 0.73
Adjusted gross margin per Bbl for crude/NGL assets <sup>(5)</sup>	<b>2.20</b>	1.92	<b>2.10</b>	1.94

- (1) Throughput and adjusted gross margin have been recast to include results attributable to the Springfield interest.
- (2) Represents WES's 14.81% share of average Fort Union throughput and 22% share of average Rendezvous throughput.
- (3) 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.
- (4) 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.
- (5) 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>September 30, 2016</b>
Distributions declared by Western Gas Partners, LP:	
General partner interest	<b>\$ 3,232</b>
Incentive distribution rights	<b>53,092</b>

Common units held by WGP	<b>42,362</b>	
Less:		
Public company general and administrative expense	<b>730</b>	
Interest expense	<b>534</b>	
Cash available for distribution	<b>\$ 97,422</b>	
Declared distribution per common unit	<b>\$ 0.44750</b>	
Distributions declared by Western Gas Equity Partners, LP	<b>\$ 97,968</b>	
Coverage ratio	<b>0.99</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</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
	<b>2016</b>	<b>2015 <sup>(1)</sup></b>	<b>2016</b>	<b>2015 <sup>(1)</sup></b>
<b>Revenues and other</b>				
Gathering, processing and transportation	<b>\$ 315,192</b>	\$ 283,029	<b>\$ 910,332</b>	\$ 844,197
Natural gas and natural gas liquids sales	<b>164,036</b>	147,000	<b>379,585</b>	486,874
Other	<b>2,417</b>	2,486	<b>3,533</b>	4,443
<b>Total revenues and other</b>	<b>481,645</b>	432,515	<b>1,293,450</b>	1,335,514
<b>Equity income, net - affiliates</b>	<b>20,294</b>	21,976	<b>56,801</b>	59,137
<b>Operating expenses</b>				
Cost of product	<b>145,643</b>	127,704	<b>326,959</b>	414,328
Operation and maintenance	<b>74,755</b>	88,722	<b>226,141</b>	242,744
General and administrative	<b>12,112</b>	10,884	<b>36,514</b>	32,983
Property and other taxes	<b>10,670</b>	9,054	<b>33,113</b>	27,946
Depreciation and amortization	<b>67,246</b>	67,367	<b>199,646</b>	204,896
Impairments	<b>2,392</b>	2,335	<b>11,313</b>	276,579
<b>Total operating expenses</b>	<b>312,818</b>	306,066	<b>833,686</b>	1,199,476
<b>Gain (loss) on divestiture and other, net</b>	<b>(6,230)</b>	77,254	<b>(8,769)</b>	77,248
<b>Proceeds from business interruption insurance claims</b>	<b>13,667</b>	—	<b>16,270</b>	—
<b>Operating income (loss)</b>	<b>196,558</b>	225,679	<b>524,066</b>	272,423
Interest income - affiliates	<b>4,225</b>	4,225	<b>12,675</b>	12,675
Interest expense	<b>(31,301)</b>	(31,773)	<b>(76,869)</b>	(82,339)
Other income (expense), net	<b>165</b>	96	<b>270</b>	256
<b>Income (loss) before income taxes</b>	<b>169,647</b>	198,227	<b>460,142</b>	203,015
Income tax (benefit) expense	<b>472</b>	12,644	<b>7,431</b>	37,160
<b>Net income (loss)</b>	<b>169,175</b>	185,583	<b>452,711</b>	165,855
Net income (loss) attributable to noncontrolling interests	<b>77,778</b>	76,364	<b>190,635</b>	(14,643)
<b>Net income (loss) attributable to Western Gas Equity Partners, LP Limited partners' interest in net income (loss):</b>	<b>\$ 91,397</b>	\$ 109,219	<b>\$ 262,076</b>	\$ 180,498
Net income (loss) attributable to Western Gas Equity Partners, LP	<b>\$ 91,397</b>	\$ 109,219	<b>\$ 262,076</b>	\$ 180,498
Pre-acquisition net (income) loss allocated to Anadarko	<b>—</b>	(19,848)	<b>(11,326)</b>	(63,606)
Limited partners' interest in net income (loss)	<b>\$ 91,397</b>	\$ 89,371	<b>\$ 250,750</b>	\$ 116,892
<b>Net income (loss) per common unit - basic and diluted</b>	<b>\$ 0.42</b>	\$ 0.41	<b>\$ 1.15</b>	\$ 0.53
<b>Weighted-average common units outstanding - basic and diluted</b>	<b>218,922</b>	218,914	<b>218,921</b>	218,912

(1)

Financial information has been recast to include the financial position and results attributable to the Springfield interest.

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

<i>thousands except number of units</i>	<b>September 30, 2016</b>	<b>December 31, 2015 <sup>(1)</sup></b>
Current assets	<b>\$ 369,750</b>	\$ 301,364
Note receivable – Anadarko	<b>260,000</b>	260,000
Net property, plant and equipment	<b>5,030,894</b>	4,858,779
Other assets	<b>1,844,055</b>	1,883,201
<b>Total assets</b>	<b>\$ 7,504,699</b>	\$ 7,303,344
Current liabilities	<b>\$ 254,585</b>	\$ 235,565
Long-term debt	<b>2,935,395</b>	2,690,651
Asset retirement obligations and other	<b>145,964</b>	268,356
Deferred purchase price obligation – Anadarko	<b>16,425</b>	188,674
<b>Total liabilities</b>	<b>\$ 3,352,369</b>	\$ 3,383,246
<b>Equity and partners' capital</b>		
Common units (218,922,303 and 218,919,380 units issued and outstanding at September 30, 2016, and December 31, 2015, respectively)	<b>\$ 1,071,185</b>	\$ 1,060,842
Net investment by Anadarko	—	430,598
Noncontrolling interests	<b>3,081,145</b>	2,428,658
<b>Total liabilities, equity and partners' capital</b>	<b>\$ 7,504,699</b>	\$ 7,303,344

(1)

Financial information has been recast to include the financial position and results attributable to the Springfield interest.

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

<i>thousands</i>	<b>Nine Months Ended September 30, 2016</b>	<b>2015 <sup>(1)</sup></b>
<b>Cash flows from operating activities</b>		
Net income (loss)	<b>\$ 452,711</b>	\$165,855
Adjustments to reconcile net income (loss) to net cash provided by operating activities and changes in working capital:		
Depreciation and amortization	<b>199,646</b>	204,896
Impairments	<b>11,313</b>	276,579
(Gain) loss on divestiture and other, net	<b>8,769</b>	(77,248)
Change in other items, net	<b>(17,739)</b>	25,214
Net cash provided by (used in) operating activities	<b>\$ 654,700</b>	\$595,296
<b>Cash flows from investing activities</b>		
Capital expenditures	<b>\$ (372,725)</b>	\$(505,848)
Contributions in aid of construction costs from affiliates	<b>4,927</b>	—
Acquisitions from affiliates	<b>(716,465)</b>	(10,369)
Acquisitions from third parties	—	(3,514)
Investments in equity affiliates	<b>139</b>	(9,052)
Distributions from equity investments in excess of cumulative earnings – affiliates	<b>16,592</b>	12,409
Proceeds from the sale of assets to affiliates	<b>623</b>	700
Proceeds from the sale of assets to third parties	<b>7,819</b>	147,023
Proceeds from property insurance claims	<b>18,398</b>	—

Net cash provided by (used in) investing activities	\$ (1,040,692)	\$(368,651)
<b>Cash flows from financing activities</b>		
Borrowings, net of debt issuance costs	\$ 1,120,580	\$769,606
Repayments of debt	(880,000)	(611,150)
Increase (decrease) in outstanding checks	(1,070)	(2,435)
Proceeds from the issuance of WES common units, net of offering expenses	—	57,353
Proceeds from the issuance of WES Series A Preferred units, net of offering expenses	686,937	—
Distributions to WGP unitholders	(276,114)	(223,016)
Distributions to Chipeta noncontrolling interest owner	(11,257)	(10,150)
Distributions to noncontrolling interest owners of WES	(211,877)	(171,737)
Net contributions from (distributions to) Anadarko	(29,335)	(35,403)
Above-market component of swap extensions with Anadarko	34,782	7,916
Net cash provided by (used in) financing activities	\$ 432,646	\$(219,016)
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ 46,654	\$7,629
<b>Cash and cash equivalents at beginning of period</b>	<b>99,694</b>	<b>67,213</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 146,348</b>	<b>\$74,842</b>

(1)

Financial information has been recast to include the financial position and results attributable to the Springfield interest.

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

<https://investors.westernmidstream.com/2016-11-01-Western-Gas-Announces-Third-Quarter-2016-Results>