



2019

NYSE: WES | NYSE: WGP
westerngas.com

INVESTOR
RELATIONS

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FOURTH QUARTER AND FULL-YEAR 2018 REVIEW

February 15, 2019

Cautionary Language Regarding Forward Looking Statements

Important Information for Investors and Unitholders

This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval.

In connection with the proposed transaction discussed herein, Western Gas Equity Partners, LP (“WGP”) filed with the Securities and Exchange Commission (the “Commission”) a registration statement on Form S-4, which includes a prospectus of WGP and a proxy statement of Western Gas Partners, LP (“WES”). WES and WGP may also file other documents with the Commission regarding the proposed transaction. A definitive proxy statement/prospectus was mailed to the unitholders of WES on January 28, 2019. INVESTORS AND UNITHOLDERS OF WES ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS (INCLUDING ALL AMENDMENTS AND SUPPLEMENTS THERETO) AND OTHER DOCUMENTS RELATING TO THE PROPOSED TRANSACTION FILED WITH THE COMMISSION CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and unitholders may obtain free copies of the proxy statement/prospectus and other documents containing important information about WES and WGP, through the website maintained by the Commission at <http://www.sec.gov>. Copies of the documents filed with the Commission by WES and WGP are also available free of charge on their internet website at www.westerngas.com or by contacting their Investor Relations Department at 832-636-6000.

Participants in the Solicitation

WES, WGP, their respective general partners and their respective general partners’ directors and executive officers may be deemed to be participants in the solicitation of proxies from the unitholders of WES in connection with the proposed transaction. Information about the directors and executive officers of WES is set forth in WES’s Annual Report on Form 10-K which was filed with the Commission on February 16, 2018. Information about the directors and executive officers of WGP is set forth in WGP’s Annual Report on Form 10-K which was filed with the Commission on February 16, 2018. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the proxy statement/prospectus and other relevant materials that may be filed with the Commission. Free copies of these documents can be obtained using the contact information above.

Cautionary Statement Regarding Forward-Looking Statements

This presentation contains forward-looking statements. For example, statements regarding future financial performance, future competitive positioning, future market demand, future benefits to unitholders, future economic and industry conditions, the proposed transaction (including its benefits, results, effects and timing) and whether and when the transaction will be consummated, are forward-looking statements within the meaning of federal securities laws. WES, WGP and their respective general 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.

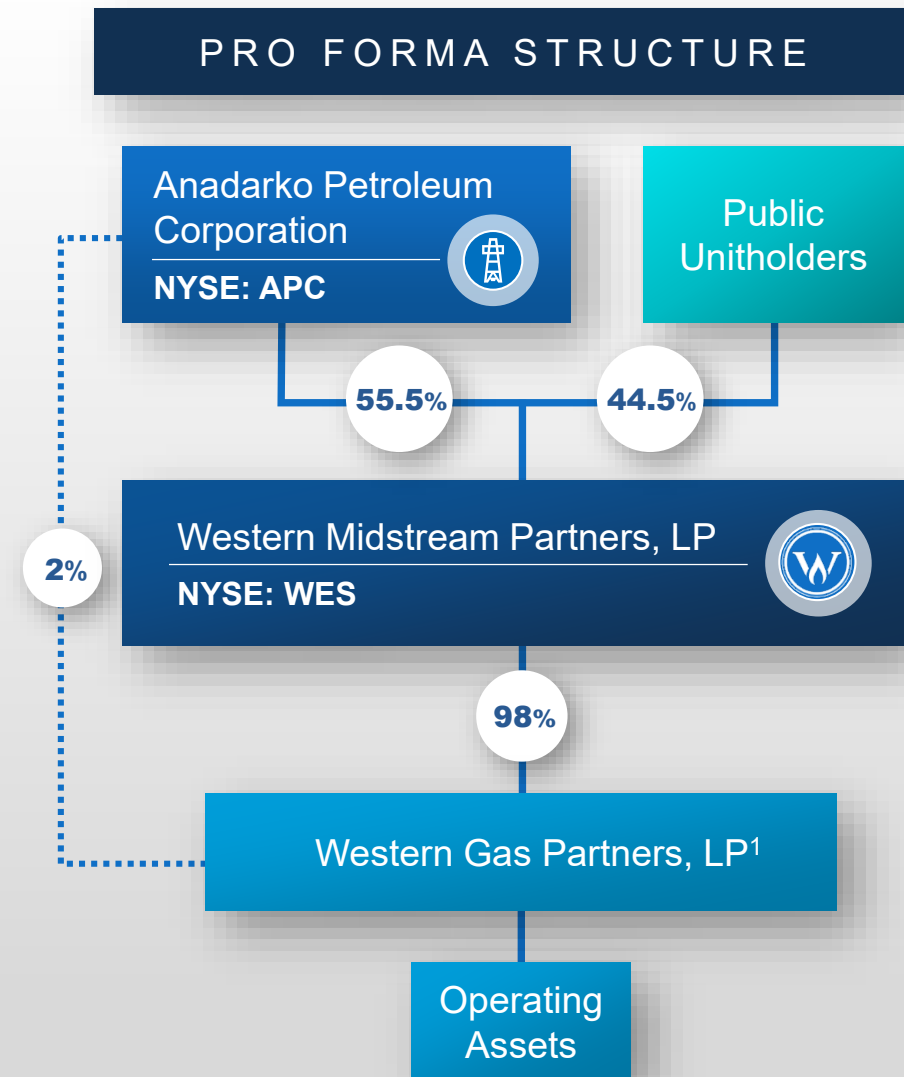
A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this presentation. Such factors include, but are not limited to: the failure of the unitholders of WES to approve the proposed transaction; the risk that the conditions to the closing of the proposed transaction are not satisfied; the risk that regulatory approvals required for the proposed transaction are not obtained or are obtained subject to conditions that are not anticipated; potential adverse reactions or changes to business relationships resulting from the announcement or completion of the proposed transaction; uncertainties as to the timing of the proposed transaction; competitive responses to the proposed transaction; unexpected costs, charges or expenses resulting from the proposed transaction; the outcome of pending or potential litigation; the inability to retain key personnel; uncertainty of the expected financial performance of the pro-forma partnership, following completion of the proposed transaction; and any changes in general economic and/or industry specific conditions.

WES and WGP caution that the foregoing list of factors is not exclusive. Additional information concerning these and other risk factors is contained in WES’s and WGP’s most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other Commission filings, which are available at the Commission’s website, <http://www.sec.gov>. All subsequent written and oral forward-looking statements concerning WES, WGP, the proposed transaction or other matters attributable to WES and WGP or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Each forward looking statement speaks only as of the date of the particular statement. Except as required by law, WES, WGP and their respective general partners undertake no obligation to publicly update or revise any forward-looking statements.

A reconciliation of any forecasted Adjusted EBITDA to net cash provided by operating activities and net income, or forecasted Adjusted gross margin to operating income, is not provided because the items necessary to estimate such amounts are not reasonably accessible or estimable at this time.

Simplification & Strategic Acquisition Transactions

- ▶ **Transactions Expected to Close by End of 1Q19**
- ▶ **Subject to WES Unitholder Vote on February 27th**
- ▶ **Term Loan Facility to Finance Acquisition Cash Consideration**
 - Opportunistically term out \$2B facility with public bonds
 - No equity needed to fund 2019 capital program
- ▶ **Subject to Closing, Western Gas Equity Partners, LP to Become Western Midstream Partners, LP**
 - Common units will trade on NYSE under “WES” ticker symbol



1) Western Gas Partners, LP will remain the borrower for all existing and future indebtedness and owner of all operating assets and equity interests.

Strong 2018 Performance

(\$ in Millions)

	2018 Guidance	2018 Actuals
WES Adjusted EBITDA ¹	\$1,175 - \$1,225	\$1,206
WES Total Capital Expenditures ²	\$1,350 - \$1,450	\$1,458
WES Maintenance Capital Expenditures	\$85 - \$95	\$91
WES 2018 Distribution Growth	1.5 cents/quarter	1.5 cents/quarter
WGP 2018 Distribution Growth	12%	12%

1) 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.

2) Includes equity investments and the acquisition of our interests in Whitethorn (\$150.6 million) and Cactus II (\$12.1 million), which are accounted for as acquisitions on the statement of cash flows, and excludes capitalized interest.

4Q18 vs 3Q18 Financial Performance

(\$ in Millions)

	4Q18	3Q18
Adjusted EBITDA	\$347.5	\$314.5
Total Capital Expenditures ¹	\$321.8	\$328.9
Maintenance Capital Expenditures	\$29.9	\$23.8
Distributable Cash Flow	\$257.3	\$248.2
Coverage Ratio	1.10x	1.08x

1) Total Capital Expenditures attributable to WES includes equity investments and acquisition capital less capitalized interest.

4Q18 vs 3Q18 Operational Performance

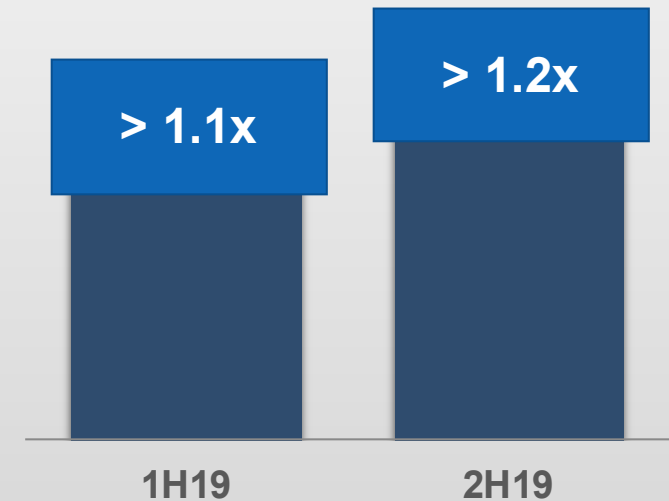
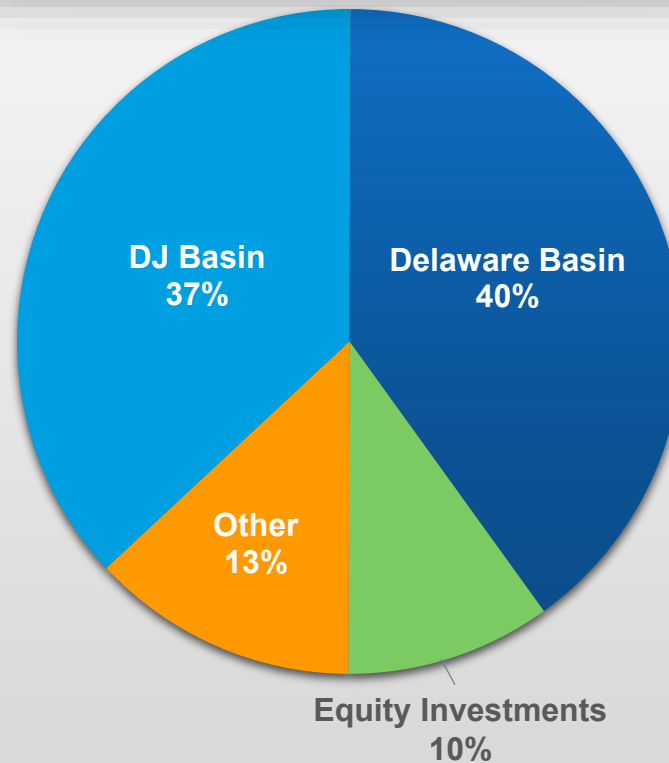
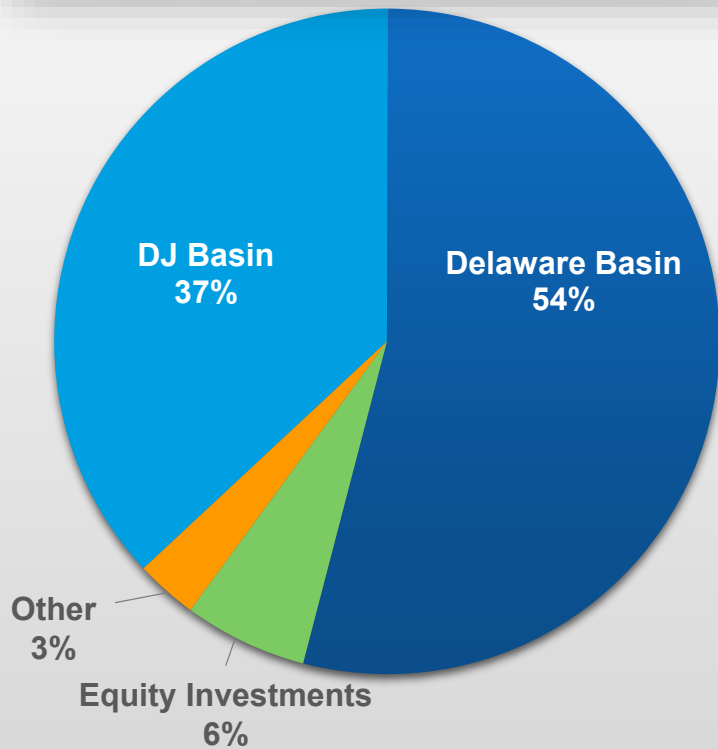
	4Q18	3Q18	Key Drivers
Natural Gas Throughput (Bcf/d)	3.93	3.85	DJ Basin and Marcellus, partially offset by Chipeta and Wyoming
Adjusted Gross Margin for Natural Gas Assets (\$/Mcf)	\$1.05	\$1.03	-
Crude, NGL & Produced Water Throughput (MBbls/d)	434	421	DBM Water growth
Adjusted Gross Margin for Crude, NGL & Produced Water Assets (\$/Bbl)	\$2.19	\$1.76	Springfield revenue recognition and equity investment distribution timing offset by DBM Water growth

Focused Investment in High-Growth Basins

**2019E Capital Expenditures:
\$1.3 to \$1.4 Billion**

**2019E Adjusted EBITDA:
\$1.8 to \$1.9 Billion**

**2019E Coverage Ratio:
Coverage Expansion**



Note: Delaware Basin 2019E Adjusted EBITDA includes distributions from, and 2019E Capital Expenditures includes contributions to, the following equity investments: Red Bluff Express Pipeline, Mi Vida and Bone Spring gas processing plants.

Delaware Basin: Efficient Three-Product Growth



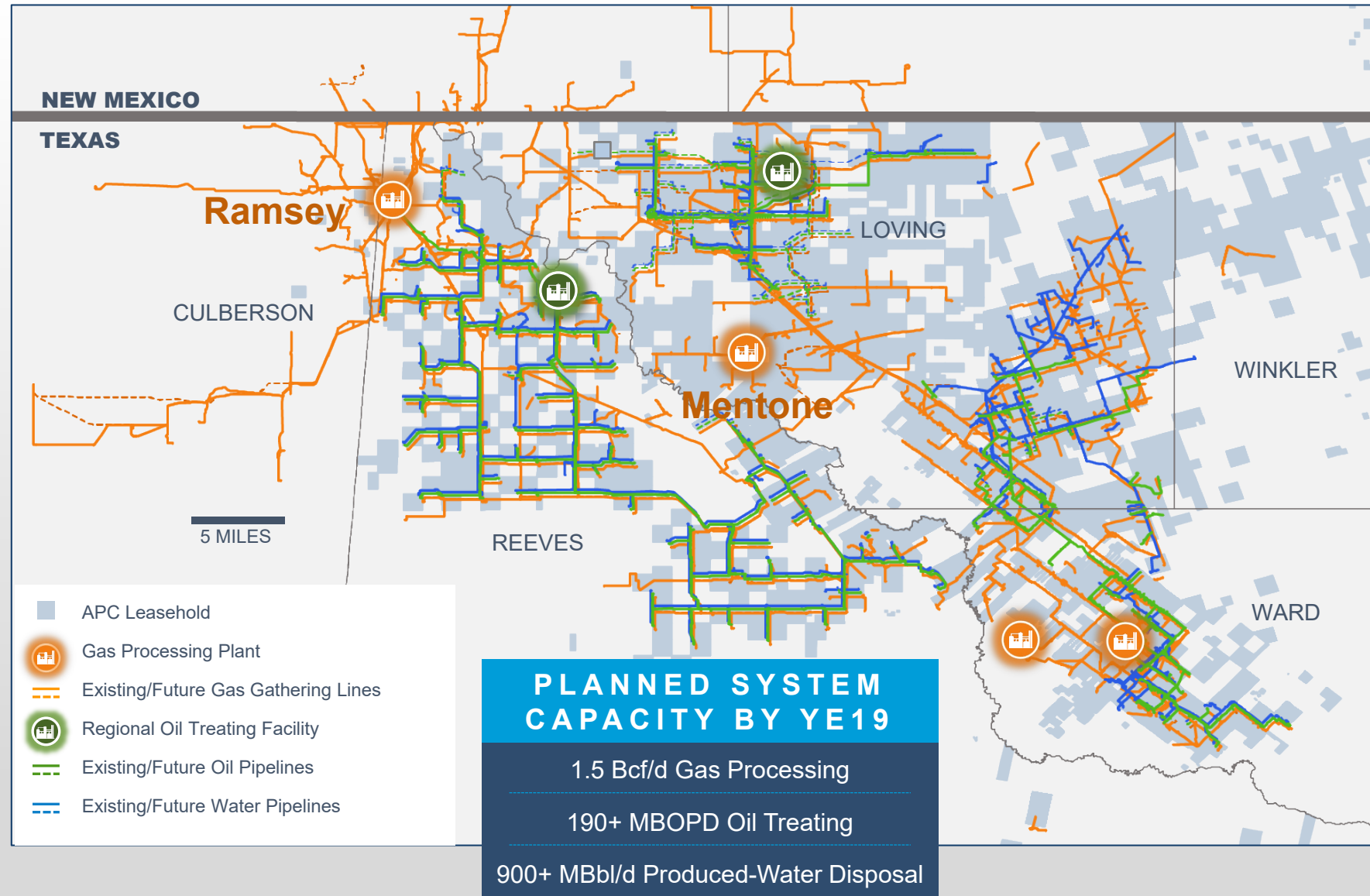
Gas, Crude & Water Opportunity Set



Scalable Infrastructure



Leverage Opportunistic Third Party Deals



Note: Assumes close of midstream asset acquisition, expected 1Q19

Unchanged 2019 Outlook

(\$ in millions, includes full-year effect of assets to be acquired)

	2019 Guidance
Adjusted EBITDA ¹	\$1,800 - \$1,900
Total Capital Expenditures ^{2,3}	\$1,300 - \$1,400
Maintenance Capital Expenditures	\$110 - \$120
WES Distribution Growth	1% - 2%
WGP Distribution Growth	6% - 8%
Annual Distribution Coverage	Minimum 1.2x

1) 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.

2) Includes equity investments.

3) Includes exercise of a 30% interest in Red Bluff Express Pipeline for an estimated total cost of \$110 million.

Appendices

WES Non-GAAP Reconciliation

“Adjusted EBITDA”

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

<i>thousands</i>	Three Months Ended	
	December 31, 2018	September 30, 2018
Reconciliation of Net income (loss) attributable to Western Gas Partners, LP to Adjusted EBITDA attributable to Western Gas Partners, LP		
Net income (loss) attributable to Western Gas Partners, LP	\$ 109,058	\$ 154,646
Add:		
Distributions from equity investments	57,982	51,023
Non-cash equity-based compensation expense	1,480	1,548
Interest expense	52,345	47,991
Income tax expense	—	1,517
Depreciation and amortization ⁽¹⁾	98,637	81,826
Impairments ⁽¹⁾	75,629	23,930
Other expense ⁽¹⁾	8,143	33
Less:		
Gain (loss) on divestiture and other, net	961	65
Equity income, net – affiliates	50,272	43,110
Interest income – affiliates	4,225	4,225
Other income ⁽¹⁾	—	592
Income tax benefit	355	—
Adjusted EBITDA attributable to Western Gas Partners, LP	\$ 347,461	\$ 314,522

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

WES Non-GAAP Reconciliation

“Adjusted EBITDA”

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.

	Year Ended
	December 31, 2018
<i>thousands</i>	
Reconciliation of Net income (loss) attributable to Western Gas Partners, LP to Adjusted EBITDA attributable to Western Gas Partners, LP	
Net income (loss) attributable to Western Gas Partners, LP	\$ 445,775
Add:	
Distributions from equity investments	169,906
Non-cash equity-based compensation expense	7,032
Interest expense	184,008
Income tax expense	3,301
Depreciation and amortization ⁽¹⁾	334,645
Impairments ⁽¹⁾	226,950
Other expense ⁽¹⁾	8,327
Less:	
Gain (loss) on divestiture and other, net	1,312
Equity income, net – affiliates	153,024
Interest income – affiliates	16,900
Other income ⁽¹⁾	2,592
Income tax benefit	355
Adjusted EBITDA attributable to Western Gas Partners, LP	\$ 1,205,761

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

WES Non-GAAP Reconciliation

“Adjusted EBITDA”

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

<i>thousands</i>	Three Months Ended	
	December 31, 2018	September 30, 2018
Reconciliation of Net cash provided by operating activities to Adjusted EBITDA attributable to Western Gas Partners, LP		
Net cash provided by operating activities	\$ 268,912	\$ 236,811
Interest (income) expense, net	48,120	43,766
Uncontributed cash-based compensation awards	(53)	(55)
Accretion and amortization of long-term obligations, net	(1,259)	(1,257)
Current income tax (benefit) expense	233	(14)
Other (income) expense, net ⁽¹⁾	(408)	(598)
Distributions from equity investments in excess of cumulative earnings – affiliates	7,510	5,592
Changes in assets and liabilities:		
Accounts receivable, net	(7,877)	57,535
Accounts and imbalance payables and accrued liabilities, net	24,632	(14,781)
Other items, net	10,176	(9,379)
Adjusted EBITDA attributable to noncontrolling interest	(2,525)	(3,098)
Adjusted EBITDA attributable to Western Gas Partners, LP	\$ 347,461	\$ 314,522

1) Excludes the non-cash loss on the interest-rate swaps of \$8.0 million for the three months ended December 31, 2018..

WES Non-GAAP Reconciliation

“Adjusted EBITDA”

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.

	Year Ended
	December 31, 2018
<i>thousands</i>	
Reconciliation of Net cash provided by operating activities to Adjusted EBITDA attributable to Western Gas Partners, LP	
Net cash provided by operating activities	\$ 1,020,634
Interest (income) expense, net	167,108
Uncontributed cash-based compensation awards	879
Accretion and amortization of long-term obligations, net	(5,142)
Current income tax (benefit) expense	480
Other (income) expense, net ⁽¹⁾	(3,017)
Distributions from equity investments in excess of cumulative earnings – affiliates	25,607
Changes in assets and liabilities:	
Accounts receivable, net	56,667
Accounts and imbalance payables and accrued liabilities, net	(30,722)
Other items, net	(13,873)
Adjusted EBITDA attributable to noncontrolling interest	(12,860)
Adjusted EBITDA attributable to Western Gas Partners, LP	\$ 1,205,761
Cash flow information of Western Gas Partners, LP	
Net cash provided by operating activities	\$ 1,020,634
Net cash used in investing activities	(1,459,798)
Net cash provided by (used in) financing activities	450,798

1) Excludes the non-cash loss on the interest-rate swaps of \$8.0 million for the three months ended December 31, 2018..

WES Non-GAAP Reconciliation

“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 Service revenues – fee based recognized in Adjusted EBITDA (less than) in excess of customer billings, 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.

thousands except Coverage ratio	Three Months Ended	
	December 31, 2018	September 30, 2018
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	\$ 109,058	\$ 154,646
Add:		
Distributions from equity investments	57,982	51,023
Non-cash equity-based compensation expense	1,480	1,548
Income tax (benefit) expense	(355)	1,517
Depreciation and amortization ⁽¹⁾	98,637	81,826
Impairments ⁽¹⁾	75,629	23,930
Above-market component of swap agreements with Anadarko	10,896	12,601
Other expense ⁽¹⁾	8,143	33
Less:		
Recognized Service revenues – fee based (less than) in excess of customer billings	14,045	4,397
Gain (loss) on divestiture and other, net	961	65
Equity income, net – affiliates	50,272	43,110
Cash paid for maintenance capital expenditures ⁽¹⁾	29,892	23,837
Capitalized interest	6,489	6,967
Cash paid for (reimbursement of) income taxes	2,495	—
Other income ⁽²⁾	—	592
Distributable cash flow	\$ 257,316	\$ 248,156
Distributions declared ⁽²⁾		
Limited partners – common units	\$ 149,557	\$ 147,268
General partner	85,230	82,971
Total	\$ 234,787	\$ 230,239
Coverage ratio	1.10 x	1.08 x

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

2) Reflects cash distributions of \$0.980 per unit and \$0.965 per unit declared for the three months ended December 31, 2018, and September 30, 2018, respectively.

WES Non-GAAP Reconciliation

“Adjusted Gross Margin”

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

<i>thousands</i>	Three Months Ended	
	December 31, 2018	September 30, 2018
Reconciliation of Operating income (loss) to Adjusted gross margin attributable to Western Gas Partners, LP		
Operating income (loss)	\$ 166,210	\$ 200,321
Add:		
Distributions from equity investments	57,982	51,023
Operation and maintenance	114,518	111,359
General and administrative	17,072	14,467
Property and other taxes	7,844	10,954
Depreciation and amortization	99,349	82,553
Impairments	75,630	25,317
Less:		
Gain (loss) on divestiture and other, net	961	65
Equity income, net – affiliates	50,272	43,110
Reimbursed electricity-related charges recorded as revenues	16,441	17,455
Adjusted gross margin attributable to noncontrolling interest	3,525	3,803
Adjusted gross margin attributable to Western Gas Partners, LP	\$ 467,406	\$ 431,561
Adjusted gross margin attributable to Western Gas Partners, LP for natural gas assets	\$ 379,892	\$ 363,536
Adjusted gross margin for crude oil, NGLs and produced water assets	87,514	68,025