

Western Gas
Partners, LP

Western Gas
Equity Partners, LP



Third Quarter 2016 Review

November 2, 2016

NYSE: WES, WGP

Cautionary Language Re: Forward-Looking Statements

This presentation contains forward-looking statements. Western Gas Partners, LP and Western Gas Equity Partners, LP 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. 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" section 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, LP and Western Gas Equity Partners, LP undertake no obligation to publicly update or revise any forward-looking statements. Please also see our earnings release, posted on our website at www.westerngas.com, and the information provided at the end of this presentation for reconciliations of the differences between any non-GAAP financial measures used in this presentation and the most directly comparable GAAP financial measures.



Recent Highlights

- Ramsey IV Operating at Capacity
- Ramsey V Currently In Service
- Began Work on Delaware Basin Water Disposal Systems
- Issued \$200 Million of 2044 Senior Notes at a Yield of 5.256%



WES Financial Summary – 3Q16 vs. 2Q16

<i>(\$ in millions)</i>	3Q16	2Q16
Adjusted EBITDA ⁽¹⁾	\$278.2	\$250.6
Total Capex ⁽²⁾	\$93.0	\$118.9
Maintenance Capex ⁽²⁾	\$15.3	\$21.1
Maint. Capex as % of Adjusted EBITDA	6%	8%
Distributable Cash Flow ⁽¹⁾	\$237.3	\$199.3
Coverage Ratio ⁽¹⁾	1.42x ⁽⁴⁾	1.22x ⁽³⁾

(1) See appendices at the end of this presentation for a reconciliation of GAAP to non-GAAP measures and the calculation of the Coverage ratio

(2) Attributable to WES; includes equity investments

(3) Would be 1.29x if adjusted for estimated recoverable amounts under the business interruption insurance policy that were attributable to the quarter

(4) Includes \$13.7 million of business interruption insurance proceeds received during the quarter



WES Operating Summary – 3Q16 vs. 2Q16

	3Q16	2Q16	Key Drivers
Natural Gas Throughput (Bcf/d)	4.07	3.87	Growth in Delaware and Marcellus
Crude / NGL Throughput (MBbls/d)	185	187	-
Adjusted Gross Margin / Mcf for Natural Gas Assets	\$0.82	\$0.84	Changes in Throughput Mix
Adjusted Gross Margin / Bbl for Crude & NGL Assets	\$2.20	\$2.03	Additional Distribution from Mont Belvieu Fractionators in September

Delaware Basin Footprint

Ramsey Processing Capacity

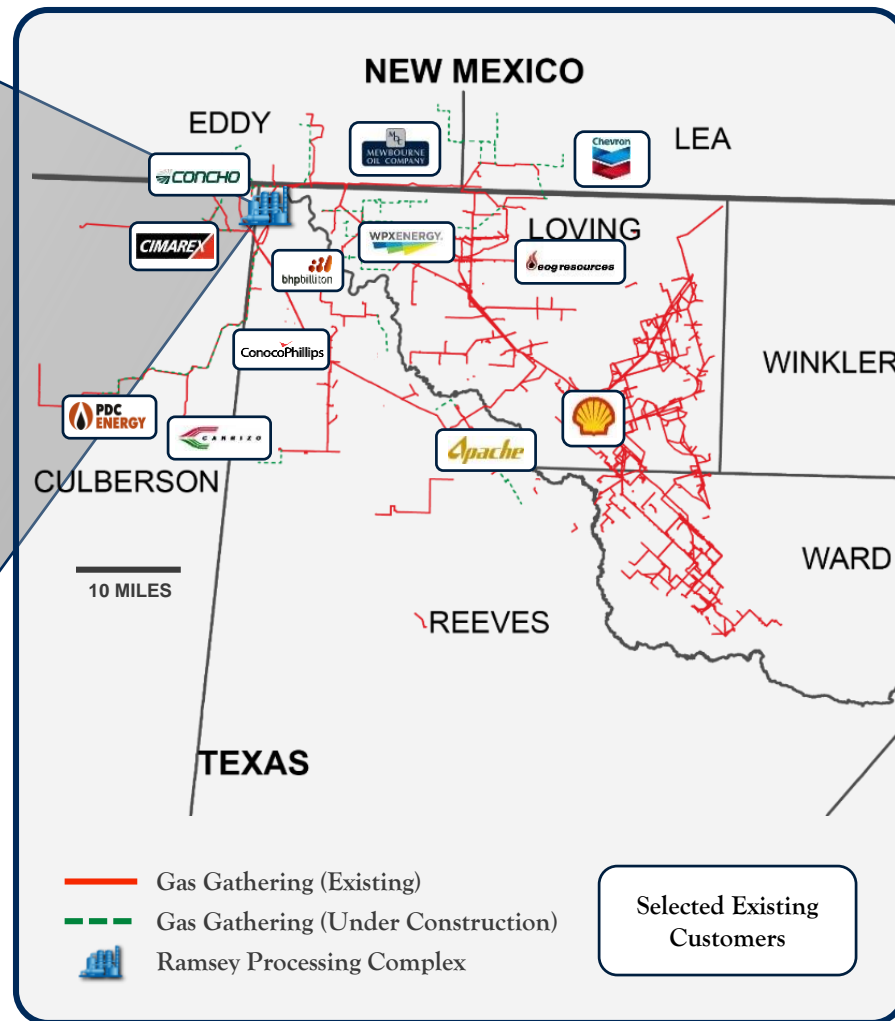
Processing Train	Capacity (MMcf/d)	Online Date
Ramsey III ¹	200	2Q16 ✓
Ramsey IV	200	2Q16 ✓
Ramsey V	200	4Q16 ✓
Ramsey II ¹	100	4Q16
Ramsey VI	200	4Q17
Total	900	

400+ MMcf/d

3rd Party Volumetric Commitments

150,000+ Acres

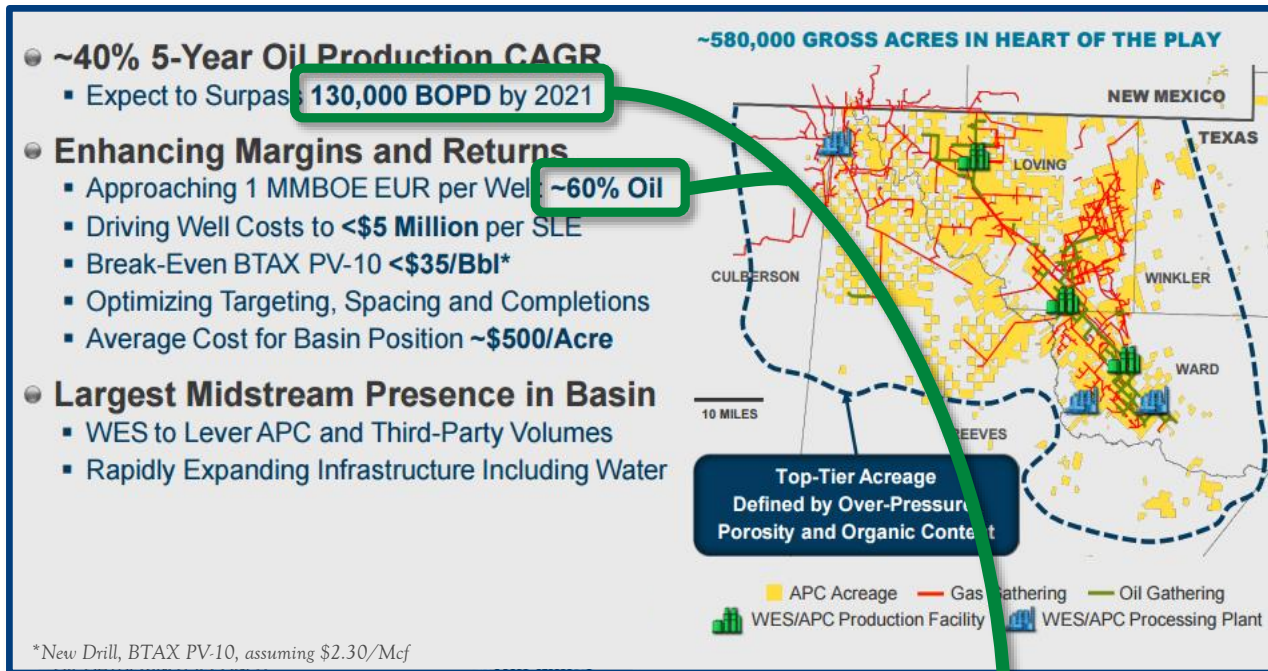
3rd Party Core Acreage Dedications



(1) The Online Date for Ramsey III represents the date on which it was returned to service, and the Online Date for Ramsey II represents the date on which it is forecasted to return to service.

W The Anadarko Opportunity

Anadarko Investor Slide¹



Estimated 2021 Gas Volumes²:
~520 MMcf/d

Estimated 2021 Water Volumes³:
~ 520 MBbl/d

(1) Source: Anadarko Petroleum Corp. Investor Book September 2016

(2) Approx. 2021 APC net gas volumes based off of APC oil guidance. Assumes production split of 60% oil & 40% gas and a 6 Mcf to 1 Bbl conversion ratio

(3) Approx. 2021 APC net produced water volumes based off of APC oil guidance and assumes a 4 Bbl of water to 1 Bbl of oil production ratio



2016 Outlook

(\$ in millions)	Full-Year 2016 Guidance		
	Previously Announced	Current	Midpoint Change
WES Adjusted EBITDA ⁽¹⁾	\$930 – 970	\$980 – 1,000	\$40
WES Total Capex ⁽¹⁾	\$490 – 530	\$490 – 530	–
WES Maint. Capex as % of Adj. EBITDA	7 – 10%	6 – 8%	(1.5)%
WES Distribution Growth	10%	10%	–
WGP Distribution Growth	19 – 21%	19%	(1.0)%

(1) Includes the full year effect of the Springfield acquisition



Appendices



Business Interruption Summary

(\$ in Millions)

	Estimated Claim Attributable to Period		Actual Proceeds Received in Period
	Minimum	Maximum	
1Q 2016	\$11	\$15	-
2Q 2016	\$10	\$15	\$2.6
3Q 2016	-	\$5	\$13.7
Total	\$21	\$35	\$16.3



WES Non-GAAP Reconciliation

“Adjusted EBITDA”

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>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
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	\$ 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	30,768	31,773	75,687	82,337
Income tax expense	472	12,644	7,431	37,160
Depreciation and amortization ⁽²⁾	66,589	66,714	197,678	202,945
Impairments	2,392	2,335	11,313	276,579
Other expense ⁽²⁾	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
Interest income – affiliates	4,225	4,225	12,675	12,675
Other income ⁽²⁾	150	82	272	219
Adjusted EBITDA attributable to Western Gas Partners, LP	\$ 278,170	\$ 220,696	\$ 759,834	\$ 686,206

- (1) 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.
- (2) Includes WES’s 75% share of depreciation and amortization; 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 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>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
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	\$ 263,872	\$ 224,572	\$ 657,738	\$ 596,893
Interest (income) expense, net	26,543	27,548	63,012	69,662
Uncontributed cash-based compensation awards	290	21	448	166
Accretion and amortization of long-term obligations, net	121	(5,226)	9,176	(12,296)
Current income tax (benefit) expense	131	9,030	5,110	27,164
Other (income) expense, net	(153)	(85)	(224)	(227)
Distributions from equity investments in excess of cumulative earnings – affiliates	5,981	3,871	16,592	12,409
Changes in operating working capital:				
Accounts receivable, net	7,866	(22,741)	41,108	18,617
Accounts and imbalance payables and accrued liabilities, net	(26,330)	(13,288)	(24,103)	(17,695)
Other	3,184	(168)	1,445	1,686
Adjusted EBITDA attributable to noncontrolling interest	(3,335)	(2,838)	(10,468)	(10,173)
Adjusted EBITDA attributable to Western Gas Partners, LP	\$ 278,170	\$ 220,696	\$ 759,834	\$ 686,206
Cash flow information of Western Gas Partners, LP				
Net cash provided by (used in) operating activities			\$ 657,738	\$ 596,893
Net cash provided by (used in) investing activities			(1,040,692)	(368,651)
Net cash provided by (used in) financing activities			429,368	(222,096)

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



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 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 ⁽¹⁾	2016	2015 ⁽¹⁾
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	\$ 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) ⁽²⁾	(1,173)	4,310	(12,097)	9,920
Income tax (benefit) expense	472	12,644	7,431	37,160
Depreciation and amortization ⁽³⁾	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 ⁽³⁾	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 ⁽³⁾	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 ⁽³⁾	150	82	272	219
Distributable cash flow	\$ 237,315	\$ 189,631	\$ 628,602	\$ 586,883
Distributions declared ⁽⁴⁾				
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	

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

(2) Includes accretion revisions related to the Deferred purchase price obligation – Anadarko associated with the acquisition of DBJV.

(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.



WES Non-GAAP Reconciliation

“Adjusted gross margin”

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

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



WES Non-GAAP Reconciliation

“Adjusted EBITDA”

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<i>thousands</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
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	\$ 164,521	\$ 132,343	\$ 280,581	\$ (24,150)
Add:				
Distributions from equity investees	24,491	25,902	49,130	47,572
Non-cash equity-based compensation expense	1,246	1,163	2,549	2,275
Interest expense	12,883	27,604	44,919	50,564
Income tax expense	326	12,246	6,959	24,516
Depreciation and amortization ⁽²⁾	66,650	67,904	131,089	136,231
Impairments	2,403	1,620	8,921	274,244
Other expense ⁽²⁾	56	—	56	—
Less:				
Gain (loss) on divestiture and other, net	(1,907)	—	(2,539)	(6)
Equity income, net – affiliates	19,693	18,941	36,507	37,161
Interest income – affiliates	4,225	4,225	8,450	8,450
Other income ⁽²⁾	—	68	122	137
Adjusted EBITDA attributable to Western Gas Partners, LP	\$ 250,565	\$ 245,548	\$ 481,664	\$ 465,510

(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.



WES Non-GAAP Reconciliation

“Adjusted EBITDA”

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>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
Reconciliation of Adjusted EBITDA attributable to Western Gas Partners, LP to Net cash provided by operating activities				
Adjusted EBITDA attributable to Western Gas Partners, LP	\$ 250,565	\$ 245,548	\$ 481,664	\$ 465,510
Adjusted EBITDA attributable to noncontrolling interest	3,456	3,463	7,133	7,335
Interest income (expense), net	(8,658)	(23,379)	(36,469)	(42,114)
Uncontributed cash-based compensation awards	(86)	(68)	(158)	(145)
Accretion and amortization of long-term obligations, net	(14,522)	4,958	(9,055)	7,070
Current income tax benefit (expense)	(198)	(11,673)	(4,979)	(18,134)
Other income (expense), net	(53)	71	71	142
Distributions from equity investments in excess of cumulative earnings – affiliates	(5,827)	(5,574)	(10,611)	(8,538)
Changes in operating working capital:				
Accounts receivable, net	(45,800)	(26,725)	(33,242)	(41,358)
Accounts and imbalance payables and accrued liabilities, net	(20,205)	(8,389)	(2,227)	4,407
Other	(1,309)	(744)	1,739	(1,854)
Net cash provided by (used in) operating activities	\$ 157,363	\$ 177,488	\$ 393,866	\$ 372,321
Cash flow information of Western Gas Partners, LP				
Net cash provided by (used in) operating activities			\$ 393,866	\$ 372,321
Net cash provided by (used in) investing activities			(952,824)	(371,878)
Net cash provided by (used in) financing activities			618,692	20,271

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



WES Non-GAAP Reconciliation

“Distributable Cash Flow”

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
<i>thousands except Coverage ratio</i>				
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	\$ 164,521	\$ 132,343	\$ 280,581	\$ (24,150)
Add:				
Distributions from equity investees	24,491	25,902	49,130	47,572
Non-cash equity-based compensation expense	1,246	1,163	2,549	2,275
Interest expense, net (non-cash settled) ⁽²⁾	(15,461)	4,190	(10,924)	5,610
Income tax (benefit) expense	326	12,246	6,959	24,516
Depreciation and amortization ⁽³⁾	66,650	67,904	131,089	136,231
Impairments	2,403	1,620	8,921	274,244
Above-market component of swap extensions with Anadarko	9,552	—	16,365	—
Other expense ⁽³⁾	56	—	56	—
Less:				
Gain (loss) on divestiture and other, net	(1,907)	—	(2,539)	(6)
Equity income, net – affiliates	19,693	18,941	36,507	37,161
Cash paid for maintenance capital expenditures ⁽³⁾	21,085	11,992	39,982	26,105
Capitalized interest	1,482	2,693	3,331	5,787
Cash paid for (reimbursement of) income taxes	—	—	67	(138)
Series A Preferred unit distributions	14,082	—	15,969	—
Other income ⁽³⁾	—	68	122	137
Distributable cash flow	\$ 199,349	\$ 211,674	\$ 391,287	\$ 397,252
Distributions declared ⁽⁴⁾				
Limited partners – common units	\$ 108,458		\$ 214,951	
General partner	54,369		106,781	
Total	\$ 162,827		\$ 321,732	
Coverage ratio	1.22	x	1.22	x

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

(2) Includes accretion revisions related to the Deferred purchase price obligation – Anadarko associated with the acquisition of DBJV.

(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 \$0.830 and \$1.645 per unit declared for the three and six months ended June 30, 2016, respectively.



WES Non-GAAP Reconciliation

“Adjusted gross margin”

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>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015 ⁽¹⁾	2016	2015 ⁽¹⁾
Reconciliation of Adjusted gross margin attributable to Western Gas Partners, LP to Operating income (loss)				
Adjusted gross margin attributable to Western Gas Partners, LP for natural gas assets	\$ 294,661	\$ 293,560	\$ 571,190	\$ 564,806
Adjusted gross margin for crude/NGL assets	34,593	33,237	69,288	64,641
Adjusted gross margin attributable to Western Gas Partners, LP	329,254	326,797	640,478	629,447
Adjusted gross margin attributable to noncontrolling interest	4,183	4,661	8,604	9,469
Gain (loss) on divestiture and other, net	(1,907)	—	(2,539)	(6)
Proceeds from business interruption insurance claims	2,603	—	2,603	—
Equity income, net – affiliates	19,693	18,941	36,507	37,161
Reimbursed electricity-related charges recorded as revenues	14,869	13,221	30,537	25,031
Less:				
Distributions from equity investees	24,491	25,902	49,130	47,572
Operation and maintenance	75,173	77,837	151,386	154,022
General and administrative	10,883	9,408	22,160	20,489
Property and other taxes	12,078	9,586	22,428	18,866
Depreciation and amortization	67,305	68,554	132,400	137,529
Impairments	2,403	1,620	8,921	274,244
Operating income (loss)	\$ 176,362	\$ 170,713	\$ 329,765	\$ 48,380

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

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Partners, LP

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www.westerngas.com

NYSE: WES, WGP