

**UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE**

ERIC SABATINI, Individually and On Behalf
of All Others Similarly Situated,

Plaintiff,

v.

WESTERN GAS PARTNERS, LP,
BENJAMIN M. FINK, ROBIN H. FIELDER,
ROBERT G. GWIN, STEVEN D. ARNOLD,
DANIEL E. BROWN, MILTON CARROLL,
JAMES R. CRANE, DAVID J. TUDOR, and
MITCHELL W. INGRAM,

Defendants.

Case No. _____

CLASS ACTION

JURY TRIAL DEMANDED

COMPLAINT FOR VIOLATION OF THE SECURITIES EXCHANGE ACT OF 1934

Plaintiff, by his undersigned attorneys, for this complaint against defendants, alleges upon personal knowledge with respect to himself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. This action stems from a proposed transaction announced on November 8, 2018 (the “Proposed Transaction”), pursuant to which Western Gas Partners, LP (“WES” or the “Partnership”) will be acquired by Western Gas Equity Partners, LP and its affiliates (“WGP”)

2. On November 7, 2018, the Board of Directors (the “Board” or “Individual Defendants”) of the Partnership’s general partner, which manages the Partnership, caused the Partnership to enter into an agreement and plan of merger (the “Merger Agreement”) with Anadarko Petroleum Corporation, Anadarko E&P Onshore LLC, Western Gas Equity Partners, LP, Western Gas Equity Holdings, LLC, Western Gas Holdings, LLC, Clarity Merger Sub, LLC, WGR Asset Holding Company LLC, WGR Operating, LP, Kerr-McGee Gathering LLC, Kerr-

McGee Worldwide Corporation, APC Midstream Holdings, LLC, and Delaware Basin Midstream, LLC. Pursuant to the terms of the Merger Agreement, the Partnership's unitholders will receive 1.525 shares of WGP for each unit of WES they own.

3. On January 28, 2019, defendants filed a proxy statement (the "Proxy Statement") with the United States Securities and Exchange Commission ("SEC") in connection with the Proposed Transaction.

4. The Proxy Statement, which scheduled a unitholder vote on the Proposed Transaction for February 27, 2019, omits material information with respect to the Proposed Transaction, which renders the Proxy Statement false and misleading. Accordingly, plaintiff alleges herein that defendants violated Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the "1934 Act") in connection with the Proxy Statement.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the claims asserted herein pursuant to Section 27 of the 1934 Act because the claims asserted herein arise under Sections 14(a) and 20(a) of the 1934 Act and Rule 14a-9.

6. This Court has jurisdiction over defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper under 28 U.S.C. § 1391(b) because a substantial portion of the transactions and wrongs complained of herein occurred in this District.

PARTIES

8. Plaintiff is, and has been continuously throughout all times relevant hereto, a

unitholder of WES.

9. Defendant WES is a Delaware limited partnership and maintains its principal executive offices at 1201 Lake Robbins Drive, The Woodlands, Texas 77380-1046. WES's units are traded on the NYSE under the ticker symbol "WES."

10. Defendant Benjamin M. Fink is Chairman of the Board.

11. Defendant Robin H. Fielder is President, Chief Executive Officer, and a member of the Board.

12. Defendant Robert G. Gwin is a member of the Board.

13. Defendant Steven D. Arnold is a member of the Board.

14. Defendant Daniel E. Brown is a member of the Board.

15. Defendant Milton Carroll is a member of the Board.

16. Defendant James R. Crane is a member of the Board.

17. Defendant David J. Tudor is a member of the Board.

18. Defendant Mitchell W. Ingram is a member of the Board.

19. The defendants identified in paragraphs 10 through 18 are collectively referred to herein as the "Individual Defendants."

CLASS ACTION ALLEGATIONS

20. Plaintiff brings this action as a class action on behalf of himself and the other public unitholders of the Partnership (the "Class"). Excluded from the Class are defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any defendant.

21. This action is properly maintainable as a class action.

22. The Class is so numerous that joinder of all members is impracticable. As of November 7, 2018, the Partnership had approximately 152,609,285 common units outstanding,

held by hundreds, if not thousands, of individuals and entities scattered throughout the country.

23. Questions of law and fact are common to the Class, including, among others: (i) whether defendants violated the 1934 Act; and (ii) whether defendants will irreparably harm plaintiff and the other members of the Class if defendants' conduct complained of herein continues.

24. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and plaintiff has the same interests as the other members of the Class. Accordingly, plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

25. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications that would establish incompatible standards of conduct for defendants, or adjudications that would, as a practical matter, be dispositive of the interests of individual members of the Class who are not parties to the adjudications or would substantially impair or impede those non-party Class members' ability to protect their interests.

26. Defendants have acted, or refused to act, on grounds generally applicable to the Class as a whole, and are causing injury to the entire Class. Therefore, final injunctive relief on behalf of the Class is appropriate.

SUBSTANTIVE ALLEGATIONS

Background of WES, WGP, and the Proposed Transaction

27. WES is a growth-oriented Delaware master limited partnership formed by Anadarko Petroleum Corporation to acquire, own, develop, and operate midstream assets.

28. With midstream assets located in the Rocky Mountains, North-central Pennsylvania, Texas, and New Mexico, 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 third-party producers and customers.

29. In addition, in its capacity as a processor of natural gas, WES also buys and sells natural gas, NGLs, and condensate on behalf of itself and as agent for its customers under certain of its contracts.

30. WGP is a Delaware master limited partnership formed by Anadarko Petroleum Corporation 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.

31. On November 7, 2018, the Board caused the Partnership to enter into the Merger Agreement.

32. Pursuant to the terms of the Merger Agreement, the Partnership's unitholders will receive 1.525 shares of WGP for each unit of WES they own.

33. According to the press release announcing the Proposed Transaction:

Western Gas Partners, LP (NYSE:WES) ("WES") and Western Gas Equity Partners, LP (NYSE:WGP) ("WGP" or the "Partnership") today announced they have entered into a merger agreement (the "Agreement") whereby WGP will acquire all the publicly held common units of WES and substantially all of the units owned by Anadarko Petroleum Corporation (NYSE: APC) ("APC") in a unit-for-unit, tax-free exchange (the "Simplification Transaction"). WES will survive as a partnership with no publicly traded equity and remain the borrower for all existing and future debt issuances, as well as the owner of all operating assets and equity investments. WGP will own 98% of WES, and APC will own the remaining 2%. In conjunction with the Simplification Transaction, WES has agreed to acquire substantially all of APC's remaining midstream assets for a price of \$4.015 billion (the "Acquisition," and together with the Simplification Transaction, the "Transactions"). The Transactions were negotiated and unanimously approved by the Special Committees of the Boards of Directors of the general partners of WGP and WES, and were also unanimously approved by the Boards of Directors of the general partners of WGP and WES, and the APC Board of Directors.

Transaction Highlights

- The WES incentive distribution rights (“IDRs”) and general partner units will be eliminated.
- The Transactions are expected to be approximately 10% to 20% accretive to both WES’s and WGP’s estimated distributable cash flow per unit each year from 2019 to 2021.
- Public WES unitholders will receive 1.525 WGP common units for each WES common unit in a tax-free exchange, which represents a 7.6% premium to WES’s closing price on November 7, 2018.
- WES and WGP will become a single publicly-traded partnership, with a significantly larger public float and increased expected trading liquidity.
- The Acquisition is an immediately accretive transaction of high-growth, complementary assets in the Delaware and DJ Basins at ~9.5x 2019 forecasted Adjusted EBITDA1 of approximately \$420 million, which includes \$40 million of incremental general and administrative expenses to be assumed post-closing.
- The Acquisition will be financed 50% with cash and 50% with equity issued to APC.
- In 2019, WGP unitholders are expected to experience 6% - 8% distribution growth, while current WES unitholders are expected to experience 1% - 2% distribution growth.
- WGP expects to generate no less than 1.2x full-year distribution coverage in 2019 and distribution growth of 6% - 8% in 2020 and 2021 with coverage of over 1.3x.
- WES believes it will retain its current ratings and outlooks with all three major ratings agencies.
- Subject to WES unitholder approval, the Transactions are expected to close in the first quarter of 2019. . . .

Simplification Transaction Details

Under the terms of the Agreement, the public unitholders of WES will receive 1.525 units of WGP per WES unit owned. This represents a 7.6% premium to WES’s closing price on November 7, 2018. The WES common units currently owned by Anadarko, including the Class C units, will be converted into WGP common units at closing at the same exchange ratio. In addition, the WES IDRs and general partner units will be exchanged for newly issued WES common units.

The Simplification Transaction will not be taxable to either WES or WGP unitholders and is expected to close in the first quarter of 2019, subject to the approval of holders of a majority of the WES common units, regulatory approvals, and other customary closing conditions.

The WGP Special Committee, consisting of directors not associated with management or APC, evaluated the Transactions on behalf of the public unitholders and the WGP Board of Directors. The WGP Special Committee unanimously recommended approval of the Transactions to the Board of Directors of WGP. The WES Special Committee, consisting of directors not associated with management or APC, evaluated the Transactions on behalf of the WES Board of Directors and the public unitholders and also unanimously recommended approval of the Transactions to the WES Board of Directors. The Transactions were unanimously approved by the Board of Directors of each of WGP, WES and APC.

Acquired Asset Overview

- ~95% of forecasted 2019 Adjusted EBITDA of the acquired assets is expected to be generated from the Delaware and DJ Basins
- ~530 miles of crude oil gathering and ~190 MBbls/d of stabilization in the Delaware Basin
- ~620 miles of produced water gathering and 505 MBbls/d of disposal in the Delaware Basin
- 50% non-operated equity interest in each of two Delaware Basin gas processing plants with 325 MMcf/d of gross capacity
- ~280 miles of crude oil gathering and ~155 MBbls/d of stabilization in the DJ Basin
- 290 MMcf/d of natural gas processing capacity in the DJ Basin
- 20% non-operated equity interest in Saddlehorn Pipeline
- 15% non-operated equity interest in Panola Pipeline

On a pro forma basis, WGP's portfolio will be highly focused on the Delaware and DJ Basins, which WGP forecasts will generate 40% and 37%, respectively, of its expected 2019 Adjusted EBITDA¹, with an additional 10% generated from investments in long haul transportation and fractionation assets. Additionally, on a run-rate basis, WGP forecasts that 97% of the pro forma portfolio's Adjusted gross margin¹ will be generated by long-term, fixed-fee contracts, with approximately 66% of natural gas throughput and approximately 80% of liquids throughput supported by either minimum volumetric commitments with associated deficiency

payments or cost of service commitments. . . .

Financing, Balance Sheet, and Pro Forma Equity Capitalization

To fund the cash consideration of the Acquisition, WES has received an underwritten commitment for a \$2.0 billion senior unsecured term loan facility (the “Term Loan”), which will close concurrently with the closing of the Transactions. The \$2.008 billion of WES units issued to APC as part of the Acquisition consideration will be issued at a price of \$43.87 per unit, which is based on the 30 day VWAP as of November 6, 2018. A portion of such common units will not convert into WGP common units in order for APC to maintain a 2% interest in WES. The remainder will convert into WGP common units at a ratio of 1.4056 to 1 (which represents no premium to the 30 day VWAPs for WES and WGP as of November 6, 2018). After giving effect to the Transactions, WGP estimates that there will be approximately 453 million common units outstanding, and APC will own approximately 55.5% of WGP. The public float of WGP will be more than 4x greater than its current public float of approximately 49 million units.

WES believes that it will maintain its current ratings and outlooks with all three major ratings agencies. The pro-forma leverage ratio at the end of 2019 is expected to be between 4.0x to 4.25x and return to a range of 3.5x to 4.0x in 2020 without the need for future equity issuance. . . .

Advisors

Barclays Capital Inc. acted as financial and structuring advisor to the APC and WES management teams. Citi and Richards, Layton & Finger, P.A. acted as financial and legal advisors, respectively, to the Special Committee of WGP. Lazard Freres & Co. LLC and Bracewell LLP acted as financial and legal advisors, respectively, to the Special Committee of WES. Goldman Sachs & Co. LLC acted as financial advisor to the APC Board of Directors. Vinson & Elkins L.L.P. served as transaction counsel to Anadarko, WES and WGP.

The Proxy Statement Omits Material Information

34. Defendants filed the Proxy Statement with the SEC in connection with the Proposed Transaction, which scheduled a unitholder vote on the Proposed Transaction for February 27, 2019.

35. As set forth below, the Proxy Statement omits material information with respect to the Proposed Transaction, which renders the Proxy Statement false and misleading.

36. The Proxy Statement omits material information regarding the Partnership's and WGP's financial projections and the analyses performed by the Partnership's financial advisor in connection with the Proposed Transaction, Lazard Freres & Co. LLC ("Lazard").

37. With respect to the Partnership's financial projections, the Proxy Statement fails to disclose: (i) all line items used to calculate Adjusted EBITDA; (ii) all line items used to calculate Distributable Cash Flow; (iii) the "Project Clarity Forecast Model"; and (iv) the updated Project Clarity Forecast Model.

38. With respect to WGP's financial projections, the Proxy Statement fails to disclose: (i) all line items used to calculate Adjusted EBITDA; and (ii) all line items used to calculate cash available for distribution.

39. With respect to the financial projections for the "Assets Subject to the Contribution and Sale," the Proxy Statement fails to disclose all line items used to calculate Adjusted EBITDA.

40. With respect to the financial projections for "Pro Forma WGP," the Proxy Statement fails to disclose: (i) all line items used to calculate Adjusted EBITDA; and (ii) all line items used to calculate Distributable Cash Flow.

41. With respect to the above-referenced financial projections, the Proxy Statement fails to provide a reconciliation of all non-GAAP to GAAP metrics.

42. With respect to Lazard's Dividend Discount Model Analysis for WES, the Proxy Statement fails to disclose: (i) the individual inputs and assumptions underlying the range of discount rates and the range of terminal multiples used by Lazard in the analysis; and (ii) the estimated terminal values for the Partnership.

43. With respect to Lazard's Selected Comparable Company Multiples Analyses, the Proxy Statement fails to disclose the individual multiples and financial metrics for the companies

observed by Lazard in the analyses.

44. With respect to Lazard's Selected Precedent Transactions Analyses, the Proxy Statement fails to disclose the individual multiples and financial metrics for the transactions observed by Lazard in the analyses.

45. With respect to Lazard's Dividend Discount Model Analysis for WGP, the Proxy Statement fails to disclose: (i) the individual inputs and assumptions underlying the range of discount rates and the range of terminal multiples used by Lazard in the analysis; and (ii) the estimated terminal values for WGP.

46. With respect to Lazard's Discounted Cash Flow Analysis for the "Dropdown Assets," the Proxy Statement fails to disclose: (i) the individual inputs and assumptions underlying the range of discount rates and the range of terminal multiples used by Lazard in the analysis; and (ii) the estimated terminal values for the Dropdown Assets.

47. The disclosure of projected financial information is material because it provides stockholders with a basis to project the future financial performance of a company, and allows stockholders to better understand the financial analyses performed by a company's financial advisor in support of its fairness opinion. Moreover, when a banker's endorsement of the fairness of a transaction is touted to shareholders, the valuation methods used to arrive at that opinion as well as the key inputs and range of ultimate values generated by those analyses must also be fairly disclosed.

48. The Proxy Statement also fails to disclose the terms of the engagement of the Partnership's additional financial advisor, Barclays Capital Inc. ("Barclays"). Among other things, the Proxy Statement fails to disclose the amount of compensation Barclays will receive in connection with its engagement, as well as the amount of Barclays' compensation that is

contingent upon consummation of the Proposed Transaction. The Proxy Statement also fails to disclose whether Barclays has performed past services for any parties to the Merger Agreement or their affiliates, as well as the timing and nature of such services and the amount of compensation received by Barclays for such services.

49. Full disclosure of investment banker compensation and all potential conflicts is required due to the central role played by investment banks in the evaluation, exploration, selection, and implementation of strategic alternatives.

50. The omission of the above-referenced material information renders the Proxy Statement false and misleading, including, *inter alia*, the following sections of the Proxy Statement: (i) Background of the Merger; (ii) Recommendation of the WES GP Board; Reasons for the Merger; (iii) Opinion of the Financial Advisor to the WES Special Committee; and (iv) Unaudited Financial Projections.

51. The above-referenced omitted information, if disclosed, would significantly alter the total mix of information available to the Partnership's unitholders.

COUNT I

Claim for Violation of Section 14(a) of the 1934 Act and Rule 14a-9 Promulgated Thereunder Against the Individual Defendants and the Partnership

52. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

53. The Individual Defendants disseminated the false and misleading Proxy Statement, which contained statements that, in violation of Section 14(a) of the 1934 Act and Rule 14a-9, in light of the circumstances under which they were made, omitted to state material facts necessary to make the statements therein not materially false or misleading. The Partnership is liable as the issuer of these statements.

54. The Proxy Statement was prepared, reviewed, and/or disseminated by the Individual Defendants. By virtue of their positions, the Individual Defendants were aware of this information and their duty to disclose this information in the Proxy Statement.

55. The Individual Defendants were at least negligent in filing the Proxy Statement with these materially false and misleading statements.

56. The omissions and false and misleading statements in the Proxy Statement are material in that a reasonable unitholder will consider them important in deciding how to vote on the Proposed Transaction. In addition, a reasonable investor will view a full and accurate disclosure as significantly altering the total mix of information made available in the Proxy Statement and in other information reasonably available to unitholders.

57. The Proxy Statement is an essential link in causing plaintiff and the Partnership's unitholders to approve the Proposed Transaction.

58. By reason of the foregoing, defendants violated Section 14(a) of the 1934 Act and Rule 14a-9 promulgated thereunder.

59. Because of the false and misleading statements in the Proxy Statement, plaintiff and the Class are threatened with irreparable harm.

COUNT II

Claim for Violation of Section 20(a) of the 1934 Act Against the Individual Defendants

60. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

61. The Individual Defendants acted as controlling persons of the Partnership within the meaning of Section 20(a) of the 1934 Act as alleged herein. By virtue of their positions and participation in and/or awareness of the Partnership's operations and/or intimate knowledge of the false statements contained in the Proxy Statement, they had the power to influence and control and

did influence and control, directly or indirectly, the decision making of the Partnership, including the content and dissemination of the various statements that plaintiff contends are false and misleading.

62. Each of the Individual Defendants was provided with or had unlimited access to copies of the Proxy Statement alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause them to be corrected.

63. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Partnership, and, therefore, is presumed to have had the power to control and influence the particular transactions giving rise to the violations as alleged herein, and exercised the same. The Proxy Statement contains the unanimous recommendation of the Individual Defendants to approve the Proposed Transaction. They were thus directly involved in the making of the Proxy Statement.

64. By virtue of the foregoing, the Individual Defendants violated Section 20(a) of the 1934 Act.

65. As set forth above, the Individual Defendants had the ability to exercise control over and did control a person or persons who have each violated Section 14(a) of the 1934 Act and Rule 14a-9, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these defendants are liable pursuant to Section 20(a) of the 1934 Act. As a direct and proximate result of defendants' conduct, plaintiff and the Class are threatened with irreparable harm.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment and relief as follows:

- A. Preliminarily and permanently enjoining defendants and all persons acting in concert with them from proceeding with, consummating, or closing the Proposed Transaction;
- B. In the event defendants consummate the Proposed Transaction, rescinding it and setting it aside or awarding rescissory damages;
- C. Directing the Individual Defendants to disseminate a Proxy Statement that does not contain any untrue statements of material fact and that states all material facts required in it or necessary to make the statements contained therein not misleading;
- D. Declaring that defendants violated Sections 14(a) and/or 20(a) of the 1934 Act, as well as Rule 14a-9 promulgated thereunder;
- E. Awarding plaintiff the costs of this action, including reasonable allowance for plaintiff's attorneys' and experts' fees; and
- F. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff respectfully requests a trial by jury on all issues so triable.

Dated: February 7, 2019

RIGRODSKY & LONG, P.A.

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