RESILIENT PORTFOLIO DELIVERS CASH RETURNS

April 2019
Cautionary Language

Regarding Forward-Looking Statements and Other Matters

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Anadarko believes that its 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, including Anadarko’s ability to successfully execute upon its capital program; to efficiently identify and deploy capital resource; to meet financial and operating guidance and achieve the production growth, cash flow levels and returns identified in this presentation; to timely complete and commercially operate the projects, infrastructure and drilling prospects identified in this presentation; to successfully drill, complete, test and produce the wells identified in this presentation; to successfully complete the share-repurchase and debt-reduction programs; evaluate dividend increases; to achieve further drilling cost reductions, efficiencies and market improvements; to successfully plan, secure additional government and partner approvals, enter into long-term sales contracts, take FID and the timing thereof, finance, build, achieve expected cost savings, and operate the necessary infrastructure and LNG park in Mozambique. See “Risk Factors” in the company’s 2018 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other public filings and press releases. Anadarko undertakes no obligation to publicly update or revise any forward-looking statements.

Please see the appendix slides or our website at www.anadarko.com under “Investor Relations” for reconciliations of the differences between any non-GAAP financial measure used in this presentation and the most directly comparable GAAP financial measures.

Cautionary Note to Investors - The U.S. Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves that meet the SEC’s definitions for such terms. We may use terms in this presentation, such as “resources,” “net resources,” “net recoverable resources,” and similar terms that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. These quantities may not constitute “reserves” within the meaning of the SEC’s rules. EUR estimates and drilling locations have not been risked by our management. Actual quantities that may be ultimately recovered from our interests may differ substantially. Factors affecting ultimate recovery include the scope of our ongoing drilling program, which will be directly affected by commodity prices, the availability of capital, drilling and production costs, availability of drilling services and equipment, drilling risks, lease expirations, transportation constraints, regulatory approvals and other factors; and our actual drilling results, including geological and mechanical factors affecting recovery rates. Such estimates may change significantly as development of our oil and gas assets provide additional data.

U.S. Investors are urged to consider closely the oil and gas disclosures in our Form 10-K for the year ended December 31, 2018, File No. 001-08968, available from us at www.anadarko.com or by writing to us at: Anadarko Petroleum Corporation, 1201 Lake Robbins Drive, The Woodlands, Texas 77380 Attn: Investor Relations. You can also obtain this form from the SEC by calling 1-800-SEC-0330.
Anadarko’s Investment Philosophy

**INVEST**
Within Adjusted DCF at $50 per Bbl
Oil Price Environment

**GENERATE**
Significant Adjusted Free Cash Flow
~$1.4B at $60/$60/$3*

**DELIVER**
Attractive Cash Returns
Buybacks, Debt Reduction, & Dividends

COMPLEMENTARY AND DIVERSIFIED PORTFOLIO

- **Conventional Oil**
  Stable, High-Margin Cash Flow
- **U.S. Onshore**
  Scalable, Short-Cycle Investments
- **Midstream MLP**
  Predictable Cash Source
- **Mozambique LNG**
  Sustainable Future Cash Flow

* Expectation based on $60/80/80 WTI and $60/80/80 Brent, and $3/Mcf HH
Note: See Appendix for non-GAAP financial measures
Committed to Ongoing Capital Returns

**COMPLETED YE 2018**

- **TWO-YEAR CAPITAL RETURNS**: ~$5.0B
  - **SHARE REPURCHASES**: $3.75B
  - **DEBT REDUCTIONS**: $0.60B
  - **ANNUALIZED DIVIDEND**: ~$600MM

**REMAINING PROGRAMS**

- **AVAILABLE CASH**: ~$3.3B
  - **SHARE REPURCHASES**: $1.25B
  - **DEBT REDUCTIONS**: $1.40B
  - **ANNUALIZED DIVIDEND**: Reviewed Quarterly

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**PEER-LEADING CASH RETURNS TO SHAREHOLDERS**

**2018 CASH RETURNS VS. PEERS**

- 20% of peers have lower cash returns.
- APC has the highest cash return among peers.

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1. Includes proceeds used to repurchase shares, to reduce and retire debt, and to fund dividend payments.
2. Includes 12/31/18 consolidated cash balance and ~$2.0 billion of cash proceeds for the cash consideration portion of the midstream asset transaction with WES on 2/28/19.
3. Cash returns are defined as cash proceeds used to repurchase shares and fund dividend payments. Amounts in above graph represent cash returns as a percentage of 12/31/17 market capitalization.
4. Peer group includes: APA, CHK, COP, CVX, DYN, EOG, HES, MRD, RBL, OXY, PXD.
Discipline Drives Free Cash Flow Yield

**FIXED CAPITAL PROGRAM AT A $50 GLOBAL OIL PRICE**

**2019E**

- **S&P 500 FCF YIELD**
  - ~4% FCF YIELD
  - ~$1.4B Adj. FCF

- **APC Capital**
- **APC Adj. DCF**
- **APC Adj. FCF Yield**

- **13% FCF YIELD**
- **~$2.9B Adj. FCF**

**AVG. ANNUAL OIL PRICE**

- $0
- $2
- $4
- $6
- $8

- $50
- $60
- $70

**1** Assumes a $50/Bbl for WTI and Brent, and $3/Mcf HH

**2** S&P FCF Yield Calculated as the weighted average S&P 500 TTM FCF divided by weighted-average market capitalization as of 12/31/2018;

APC Adjusted FCF Yield Calculated as the expected APC Adjusted FCF divided by APC market capitalization of $21.7B as of 12/31/2018

Note: See Appendix for non-GAAP financial measures and Definitions
Capital Efficiency Lowers Free Cash Flow Breakeven

ALL-IN CASH FLOW BREAK-EVEN OIL PRICE\(^1\) AFTER DIVIDEND\(^2\)

- 2019E: ~$54
- 2020E: ~$49
- 2021E: ~$45

BREAKEVEN ENHANCEMENT DRIVERS

- Exercise Efficient Capital Allocation
- Harvest FCF From Conventional Oil
- Transition Delaware Basin to FCF
- Leverage Premium Oil Markets

RETURNS FOCUS

1. Share Repurchases
2. Debt Reductions
3. Dividend Increases

\(^1\) Breakeven is defined as the WTI and Brent oil price that generates APC adjusted discretionary cash flow equal to APC capital investment plus annual dividend

\(^2\) Assumes current annualized dividend of ~$800 million

Note: See Appendix for non-GAAP financial measures
Leverage to Premium Oil Markets

~70% of Oil Portfolio Benefits from Premium Pricing

1 Oil pricing basis is for APC net oil volume, except for the Delaware Basin which is for APC net operated volume, and is pro forma for the completion of the Cactus II pipeline and related infrastructure.

2 Premium Coastal pricing includes the following crudes: MEH, LLS, HLS, Brent, and Poseidon.
Balance Sheet Strength

2018 CONSOLIDATED ADJ. EBITDAX: $7.4B

ANADARKO

<table>
<thead>
<tr>
<th>2018E</th>
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<td>Adj. EBITDAX</td>
<td>$6.2B</td>
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<tr>
<td>Pro Forma Debt¹</td>
<td>$10.7B</td>
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Strong Investment-Grade Profile: E&P Sector

Targeting BBB+ & Baa1

WES

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<td>Adj. EBITDA²</td>
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<td>Pro Forma Debt³</td>
<td>$6.8B</td>
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Pro Forma Debt-to-EBITDA ~1.75x

¹ 12/31/18 debt balance pro forma for the assumed completion of announced plans to retire ~$900 million of debt maturing in 2019
² Represents mid-point of WES 2018 Adjusted EBITDA guidance
³ 12/31/18 pro forma debt balance includes an incremental adjustment of $2.0 billion for the cash consideration portion of the midstream asset transaction with WES on 2/28/19

Note: See Appendix for non-GAAP financial measures
MLP Simplification Enhances Cash Delivery to APC

THROUGH 2018

~$8.0B
Cumulative Cash Returned

2019E

~$2.0B + ~$0.6B + ~$8.0B
Cash Proceeds
Pro Forma Annualized Distributions
 Marketable Securities

Midstream Capital Relief & Enhanced Liquidity

1 Market price as of 12/31/18 and pro forma for the close of the midstream simplification transaction on 2/28/19
Portfolio Delivers Near-Term Free Cash Flow

**CONVENTIONAL OIL**
- Oil-Levered Portfolio
- Access to Premium Markets

**U.S. ONSHORE**
- Short-Cycle Investments
- Infrastructure Advantaged

**MIDSTREAM MLP**
- Stable Annual Distribution
- Operational Control
2019 Full-Year Expectations

$4,300 - $4,700 CAPITAL PROGRAM\(^1\)
($ MILLIONS)

SALES VOLUMES

TOTAL
260-270
MMBOE

OIL RATE
410-435
MBOPD

CFROI\(^C\)
at $50/$50/$3\(^*\)
~25%

ADJUSTED DCF
($Billion)
at $50/$50/$3\(^*\)
$4.3-$4.7

\(^1\) Excludes the expected WES capital investments of $1.3 - $1.4 billion and any potential 2019 post-Mozambique FID capital investments

\(^*\) Based on $50/Bbl WTI and $50/Bbl Brent, and $3/Mcf HH

Note: See Appendix for non-GAAP financial measures and Definitions
Committed to Safe & Sustainable Operations

**VISION**

- Our highest priority is the safety of all employees, contractors & communities
- Continued enhancements to design & operation of low-emission facilities
- Committed to sustainable water management practices

**IMPROVEMENTS**

- Increased Weighting of HSE Performance to **20%**
  - Employee Compensation Metric Incorporating Total Workforce & Severity
- Reduced U.S. Upstream Methane Intensity\(^1\) ~**30%**
- Reduced U.S. Fresh Water Usage\(^1\) **50+%**

Published Climate Change Risk Assessment
November 2018

Visit Our Website to View Complete HSE & Sustainability Report and Multi-Year Scorecard

\(^1\) Water and emission reductions are 2017 results compared to 2015 results
Premier U.S. Onshore Business

FOCUS AREAS

**DELAWARE BASIN**
- RIGS: ~10
- CREWS: ~5
- OPERATED WELLS TO SALES: 150+
- CAPITAL ($MM): ~$1,400

**DJ BASIN**
- RIGS: ~4
- CREWS: ~3
- OPERATED WELLS TO SALES: 250+
- CAPITAL ($MM): ~$1,300

EMERGING RESOURCE

**POWDER RIVER BASIN**
- RIGS: ~1
- CREWS: ~1
- OPERATED APPRAISAL WELLS: 10+
- CAPITAL ($MM): ~$250

**WORLD-CLASS ASSETS**
- Attractive Breakevens
- Decades of Inventory
- Midstream Advantaged

**NET RESOURCES**
- 6+ BBOE

**APPRAISING**
- ~300,000 Gross Acres in Turner Oil Fairway

*Note: All numbers are 2019 expectations. Capital includes non-operated and non-drill capital, and excludes expected WES capital investments.*
Delaware Basin: Progressing Toward Scalable Development

Top-Tier Position
Net Acres ~240,000

Decades of Inventory
Drilling Locations¹ ~9,000

Stacked Oil Potential
Net Resources² 4+ BBOE

Infrastructure-Advantaged Acreage

Continuing to Enhance Well Productivity⁴

- Operatorship Controls Development Pace and Strategy
- Foundational Infrastructure Largely Complete
- Expected to be Free Cash Flow Positive by YE 2020

¹ 8,000-foot lateral length
² ~3 BBOE within the Wofcamp-A, 1+ BBOE within additional intervals
³ Pro forma for the sale of midstream assets expected to close in 1Q19
⁴ Source: RSEG, Other operators include the top-10 companies based on cumulative well count since 2013
Delaware Basin: Maximizing Product Delivery & Price Discovery

INFRASTRUCTURE¹ IN PLACE BY YE19

190+ MBOPD Oil Treating
1.5 Bcf/d Gas Processing
900+ MBbl/d Water-Disposal

BASIN TAKEAWAY SECURED

FIRM AGREEMENTS

<table>
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<tr>
<th>Product</th>
<th>% Operated Volumes</th>
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<tbody>
<tr>
<td>Oil</td>
<td>50% Today, 100% Expected²</td>
</tr>
<tr>
<td>Gas</td>
<td>80%</td>
</tr>
<tr>
<td>NGL</td>
<td>100%</td>
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</tbody>
</table>

TANKLESS GATHERING
• Reduces Truck Traffic
• Improves Environmental Footprint
• Reduces Well Site Complexity

~90% OIL GATHERED ON PIPELINE

¹ Expected capacities at year end 2019. Pro forma for the sale of midstream assets, expected to close in 1Q19, all infrastructure will be owned by WES.
² Pro forma for the completion of the Cactus II pipeline and related infrastructure.
³ Equity interests are owned by WES.
Delaware Basin: Silvertip Demonstrates Development Potential

**SILVERTIP AREA:**
- 22 Contiguous Sections

**SILVERTIP-A SPACING**
- Avalon
- 1st Bone Spring
- 2nd Bone Spring
- 3rd Bone Spring
- Wolfcamp A
- Wolfcamp B

**REMARKABLE SILVERTIP WELL RESULTS**

- Oil ~60%
- Liquids ~80%

**Cumulative Normalized Production Dry MBOE/1,000 Feet**

- WC-A Target 1
- WC-A Target 2
- WC-A Target 3
- WC-A Target 4
- 3rd Bone Spring
- WC-A 2019 TC
Delaware Basin: Wolfcamp-A Economics

WOLFCAMP-A TYPE WELL
(52% WI, 40% NRI)

<table>
<thead>
<tr>
<th>EUR (MBOE)(^1)</th>
<th>1,700+</th>
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<tr>
<td>Well Cost (MM)(^2)</td>
<td>$8.5</td>
</tr>
<tr>
<td>BTAX ROR(^3)</td>
<td>~50% at $50/BO ~85% at $60/BO</td>
</tr>
<tr>
<td>Location Inventory(^4)</td>
<td>~4,700</td>
</tr>
<tr>
<td>Lateral Length (ft.)</td>
<td>8,000</td>
</tr>
</tbody>
</table>

~3 BBOE NET RESOURCES

2019 Plan
90+% Extended Length Laterals
60+% Pad Development

1+ BBOE Net Resources in Additional Intervals\(^5\)
- 950 - 1,400+ MBOE Well EUR\(^1\)
- 50 - 70% Liquids Composition
- ~4,200 Mid-Lateral Length Locations

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\(^1\) Assumes full ethane recovery
\(^2\) Well cost reflects full pad development estimate and is equivalent to 2018 estimate of $8.0 million adjusted for increased lateral length
\(^3\) Based on $3/Mcf HHV
\(^4\) Includes non-operated well locations
\(^5\) Does not include Wolfcamp-A
DJ Basin: Competitive Advantages Improve Cash Flow

Size of a Large-Cap Net Production (BOE/d) 250,000+

Royalty Advantage APC Mineral Sections 40% NPV10 Uplift¹

10+ Years Inventory Drilling Locations² ~3,000

DJ DEVELOPMENT AREA
400,000+ net acres

Oil Treating Online ~155 MBOPD

Gas Processing 1.5+ Bcfd³

Latham I Plant Online by Mid-Year 2019

BASIN TAKEAWAY SECURED

WESTERN MIDSTREAM OWNED INFRASTRUCTURE⁴
- APC Acreage
- APC Mineral Interest
- Oil Treating Facility
- Gas Plant
- Pipelines (Oil and Gas)

¹ Based on $50/Bbl WTI and $3/Mcf HH
² 8,000-foot lateral length
³ Expected by year-end 2019
⁴ Pro forma for the sale of midstream assets that is expected to close in 1Q19
⁵ WES owns an equity interest
### DJ Basin: Development Economics

#### DJ Basin Type Well

<table>
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<tr>
<th>Metric</th>
<th>Value</th>
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<tbody>
<tr>
<td>EUR (MBOE) (^1)</td>
<td>750</td>
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<tr>
<td>Well Cost (MM) (^2,3)</td>
<td>$3.4</td>
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<tr>
<td>BTAX ROR (^4)</td>
<td>85%+ at $50/BO 100%+ at $60/BO</td>
</tr>
<tr>
<td>Location Inventory (^5)</td>
<td>~3,000</td>
</tr>
<tr>
<td>Lateral Length (ft.)</td>
<td>8,000</td>
</tr>
</tbody>
</table>

\(^1\) Assumes full ethane recovery  
\(^2\) Full pad development estimate  
\(^3\) Well cost equivalent to 2018 estimate of $2.7 million adjusted for increased lateral length and $0.2 million of development enhancements  
\(^4\) Based on $3/Mcf HH  
\(^5\) Includes only operated well locations

\(~2\) BBOE Net Resources

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[Graph showing GrossProcessed (BOE/d) over Months]

- NGL 37%  
- Oil 32%  
- Gas 31%

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Source: www.anadarko.com | NYSE: APC
PRB: Strategically Built Position

Competitive Basin Entry  |  Consolidated Operating Position  |  Stacked Pay Opportunities

2014

- APC Discovered Southern Turner Fairway
- Validated Trend and Resource Potential
- Secured Top-Tier Leasehold
- Commenced Appraisal & Delineation Program

2019

Attractive Acquisition Metrics

~$2,500 per Acre

TURNER ACTIVITY - 24 HOUR IPs

TURNER FAIRWAY

CONVERSE COUNTY

2015 ANADARKO TURNER DISCOVERY WELLS

- 2,500-4,000 BOE/d (70-90% Oil)
- 2,100-5,100 BOE/d (~50% Oil)

5,000’+ Stacked Potential

1 Producing wells prior to July 2018 normalized to mid-lateral length of 8,000 feet
Gulf of Mexico: Stable Cash Flow Delivery

Three-Year Outlook

<table>
<thead>
<tr>
<th>Annual FCF</th>
<th>Production</th>
<th>Annual Capital</th>
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</thead>
<tbody>
<tr>
<td>~$1.2 (Billions)</td>
<td>~140,000 (BOE/d)</td>
<td>~$0.5 (Billions)</td>
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</table>

2019E OPERATED ACTIVITY

**DRILLSHIPS**

1+ Rigs
~5 Wells

WELL ACTIVITY
Lucius, North Hadrian, K2, Constellation

**PLATFORM RIGS**

2 Rigs
~5 Wells

WELL ACTIVITY
Holstein, Horn Mountain

PV10 Development Breakevens
~$20/Bbl

BTAX ROR
~90%

Margin
~$35/BOE

---

1 Based on $50/Bbl WTI and $3/Mcf HH
2 Represents asset-level free cash flow which is unburdened by corporate expenses and income tax
3 Excludes exploration capital

Note: See Appendix for non-GAAP financial measures
Mozambique LNG: Significant Long-Term Cash Delivery

Total Five-Year Net Investment\(^1\)
~$2.0B to ~$2.5B

Expected Payback Period
~3.5 Years From First LNG\(^2\)

GOLFINHO / ATUM 1\(^{ST}\) TWO TRAINS

- Net Recoverable Resource: 750 MMBOE
- Liquefaction Capacity: 12.88 MTPA
- Competitive Onshore Costs: $600/tonne

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\(^1\) Total five-year net investment is post-FID and net of expected project finance drawdowns.

\(^2\) Based on $50/Bbl Brent (real 2019 dollars) and assumes project financing.
Mozambique LNG: Anticipated Funding & Accounting

APC 26.5% WI Share
~$5.3B

APC NET CASH REQUIREMENT
~$2B to ~$2.5B

APC SHARE OF PROJECT FINANCE
~$2.8B to ~$3.3B

~$400MM to ~$500MM
Avg. Annual APC Cash Requirement

Drawn Over ~5-Year
Project Construction Period

INITIAL GOLFINHO/ATUM TWO-TRAIN DELIVERY
~$20B*
GROSS PROJECT COSTS

Integrated LNG Project Model Maximizes Project Economics
PROPORTIONATE CONSOLIDATION OF PROJECT DEBT, CAPEX, REVENUE & EXPENSE

* Includes onshore facility, offshore wells and infrastructure, project support, contingency, and financing (premium, fees, and interest) costs
Mozambique LNG: Line of Sight to FID

IN PROGRESS

LEGAL & CONTRACTUAL FRAMEWORK

DEVELOPMENT PLAN APPROVED

OFFTAKE AGREEMENTS ~9.5 MTPA

ONSHORE SITE PREPARATION

PROJECT FINANCING

FID

Anticipated 1H2019

Pre-FID 2019 Capital

$200MM

Post-FID Capital

~2/3 Project Financed

SPAs (MTPA)\(^2\)

<table>
<thead>
<tr>
<th>Company</th>
<th>MTPA</th>
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<tr>
<td>Pertamina</td>
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<tr>
<td>Bharat</td>
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<tr>
<td>Tokyo Gas &amp; Centrica</td>
<td>2.6</td>
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<tr>
<td>Shell</td>
<td>2.0</td>
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<tr>
<td>CNOOC</td>
<td>1.5</td>
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<td>EdF</td>
<td>1.2</td>
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<tr>
<td>Tohoku</td>
<td>0.3</td>
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\(^1\) Initial Golfinho/Atum two-train development

\(^2\) All numbers are approximations

Note: See Glossary for formal names of companies with executed SPAs
## Divested Sales-Volume Summary

<table>
<thead>
<tr>
<th></th>
<th>1Q17</th>
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<td>16</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>Gas (MMcfd)</td>
<td>58</td>
<td>74</td>
<td>72</td>
<td>45</td>
<td>62</td>
</tr>
<tr>
<td>NGLs (MMBbl/d)</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Oil (MBOPD)</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Alaska</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBOE’d</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Gas (MMcfd)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NGLs (MMBbl/d)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Oil (MBOPD)</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Ram Powell</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBOE’d</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Gas (MMcfd)</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>NGLs (MMBbl/d)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Oil (MBOPD)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

**Note:** The table above summarizes the divested sales-volume for various regions and commodities for the years 2017 and 2018.
Non-GAAP Financial Measures; Management Estimates & Assumptions

This list of non-GAAP financial measure definitions and related reconciliations is intended to satisfy the requirements of Regulation G of the Securities Exchange Act of 1934, as amended. The Company undertakes no obligation to publicly update or revise any non-GAAP financial measure definitions or related reconciliation.

Non-GAAP financial measures exclude certain amounts that are included in the corresponding financial measures determined in accordance with GAAP. The following slides include reconciliations of GAAP to non-GAAP financial measures and statements indicating why management believes the non-GAAP financial measures provide useful information for investors. This non-GAAP information should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. The non-GAAP financial information presented may be determined or calculated differently by other companies and may not be comparable to similarly titled measures.

Non-GAAP financial measures provided in this presentation for specific asset areas are calculated using the same methodology as the consolidated measure. Corporate general and administrative expenses are included in consolidated Adjusted EBITDAX (Margin), but excluded from EBITDAX and EBITDA by asset area as these expenses are not considered an operating expense of the asset area. Corporate expenses and income taxes are included in consolidated FCF, but excluded from FCF by asset area as these items are not allocated to specific asset areas.

Management has presented herein certain estimates about future performance, results, and financial position. Such estimates generally reflect current or explicitly assumed future commodity strip prices as well as management's assumptions about future drilling plans, performance, and production mix, among other factors. These forward-looking estimates are illustrative and are not intended to reflect the results we will achieve for the periods presented. Actual results may differ materially from the estimates presented herein. Management has also presented herein certain forward-looking non-GAAP financial measures, including Adjusted EBITDAX (Margin), EBITDAX, EBITDA, DCF, Adjusted DCF, FCF, and adjusted FCF. Due to the forward-looking nature of the aforementioned non-GAAP financial measures, management cannot reliably predict certain of the necessary components of the most directly comparable forward-looking GAAP measures, such as future impairments and future changes in working capital. Accordingly, the company is unable to present a quantitative reconciliation of such forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures. Reconciling items in future periods could be significant.
Non-GAAP Financial Measures

**Adjusted EBITDAX (Margin) / Adjusted EBITDA (EBITDA)**

The Company defines Adjusted EBITDAX (Margin) as net income (loss) attributable to common stockholders before interest expense; income taxes; depreciation, depletion, and amortization (DD&A); exploration expense; gains (losses) on divestitures; net; impairments; total (gains) losses on derivatives, net, less net cash from settlement of commodity derivatives; restructuring charges; and (gains) losses on early extinguishment of debt.

The Company’s definition of Adjusted EBITDAX (Margin) excludes gains (losses) on divestitures, net and exploration expense as they are not indicators of operating efficiency for a given reporting period. DD&A and impairments are excluded from Adjusted EBITDAX (Margin) as a measure of operating performance because capital expenditures are evaluated at the time capital costs are incurred. Adjusted EBITDAX (Margin) also excludes interest expense to allow for assessment of operating results without regard to Anadarko’s financing methods or capital structure. Finally, income tax expense (benefit) and total (gains) losses on derivatives, net, less net cash from settlement of commodity derivatives are excluded from Adjusted EBITDAX (Margin) because these items are not considered a measure of asset operating performance. For Midstream assets, the Company refers to this measure as EBITDA because exploration expense is not relevant.

Management believes that the presentation of Adjusted EBITDAX (Margin) provides information useful in assessing the Company’s operating and financial performance across periods.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss) attributable to common stockholders (GAAP)</td>
<td>$615</td>
<td>$(456)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>947</td>
<td>932</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>733</td>
<td>(1,477)</td>
</tr>
<tr>
<td>Depreciation, depletion and amortization</td>
<td>4,254</td>
<td>4,279</td>
</tr>
<tr>
<td>Exploration expense</td>
<td>459</td>
<td>2,535</td>
</tr>
<tr>
<td>(Gains) losses on divestitures, net</td>
<td>(20)</td>
<td>(674)</td>
</tr>
<tr>
<td>Impairments</td>
<td>800</td>
<td>408</td>
</tr>
<tr>
<td>Total (gains) losses on derivatives, net, less net cash from settlement of commodity derivatives</td>
<td>(407)</td>
<td>156</td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>53</td>
<td>21</td>
</tr>
<tr>
<td>(Gains) Losses on early extinguishment of debt</td>
<td>(2)</td>
<td>2</td>
</tr>
<tr>
<td><strong>Consolidated Adjusted EBITDAX (Margin) (Non-GAAP)</strong></td>
<td><strong>$7,432</strong></td>
<td><strong>$5,726</strong></td>
</tr>
<tr>
<td>Total Barrels of Oil Equivalent (BOE)</td>
<td>243</td>
<td>245</td>
</tr>
<tr>
<td><strong>Consolidated Adjusted EBITDAX (Margin) per BOE (Non-GAAP)</strong></td>
<td><strong>$30.58</strong></td>
<td><strong>$23.37</strong></td>
</tr>
</tbody>
</table>
Non-GAAP Financial Measures

**Discretionary Cash Flow from Operations (DCF) and Free Cash Flow (FCF)**

The Company defines DCF as net cash provided by (used in) operating activities before changes in accounts receivable; changes in accounts payable and other current liabilities; other items, net; and certain nonoperating and other excluded items.

The Company defines FCF as DCF, less capital expenditures.

Management believes that these measures are useful to management and investors as a measure of a company’s ability to internally fund its capital expenditures and to service or incur additional debt. These measures eliminate the impact of certain items that management does not consider to be indicative of the Company’s performance from period to period. To assist in measuring the Company’s performance, management will also evaluate Anadarko on a deconsolidated basis, which excludes WES.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash provided by (used in) operating activities (GAAP)</strong></td>
<td>$5,929</td>
<td>$4,009</td>
</tr>
<tr>
<td><strong>Add back</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in accounts receivable</td>
<td>211</td>
<td>147</td>
</tr>
<tr>
<td>(Increase) decrease in accounts payable and other current liabilities</td>
<td>(348)</td>
<td>32</td>
</tr>
<tr>
<td>Other items, net</td>
<td>264</td>
<td>127</td>
</tr>
<tr>
<td>Certain nonoperating and other excluded items</td>
<td>—</td>
<td>21</td>
</tr>
<tr>
<td><strong>Discretionary cash flow from operations (Non-GAAP)</strong></td>
<td><strong>$6,056</strong></td>
<td><strong>$4,336</strong></td>
</tr>
<tr>
<td><strong>Less</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>APC capital expenditures</td>
<td>5,007</td>
<td>4,344</td>
</tr>
<tr>
<td>WES capital expenditures</td>
<td>1,178</td>
<td>956</td>
</tr>
<tr>
<td><strong>Free cash flow (Non-GAAP)</strong></td>
<td>$(129)</td>
<td>$(964)</td>
</tr>
</tbody>
</table>

*Includes $147 million current tax expense for the year ended December 31, 2017, related to asset monetizations.
**Non-GAAP Financial Measures**

**Adjusted Discretionary Cash Flow from Operations (Adjusted DCF) and Adjusted Free Cash Flow (Adjusted FCF)**

The Company defines adjusted discretionary cash flow from operations as net cash provided by (used in) operating activities adjusted by changes in accounts receivable; changes in accounts payable and other current liabilities; other items; certain nonoperating and other excluded items; and Western Gas Partners, LP (WES)/Western Gas Equity Partners, LP (WGP) distributions to third parties.

The Company defines Adjusted FCF as Adjusted DCF, less APC capital expenditures, which excludes WES.

Management believes that these measures are useful to management and investors as a measure of a company’s ability to internally fund its capital expenditures and to service or incur additional debt. These measures eliminate the impact of certain items that management does not consider to be indicative of the Company’s performance from period to period. To assist in measuring the Company’s performance, management will also evaluate Anadarko on a deconsolidated basis, which excludes WES.

<table>
<thead>
<tr>
<th></th>
<th>Years Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities (GAAP)</td>
<td>$5,929</td>
</tr>
<tr>
<td>Adjusted by:</td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in accounts receivable</td>
<td>211</td>
</tr>
<tr>
<td>(Increase) decrease in accounts payable and other current liabilities</td>
<td>(348)</td>
</tr>
<tr>
<td>Other items, net</td>
<td>264</td>
</tr>
<tr>
<td>Certain nonoperating and other excluded items</td>
<td>—</td>
</tr>
<tr>
<td>WES/WGP distributions to third parties</td>
<td>(495)</td>
</tr>
<tr>
<td><strong>Adjusted discretionary cash flow from operations (Non-GAAP)</strong>*</td>
<td>$5,561</td>
</tr>
<tr>
<td>Less APC capital expenditures* (excludes WES)</td>
<td>5,007</td>
</tr>
<tr>
<td><strong>Adjusted free cash flow (Non-GAAP)</strong></td>
<td>$554</td>
</tr>
</tbody>
</table>

*Includes $181 million of Powder River Basin acquisitions in 2018, of which $176 million was unbudgeted.
Glossary of Abbreviations and Definitions

- ADJ: Adjusted
- APC: Anadarko Petroleum Corporation
- AVG: Average
- B: Billion
- Bbl: Barrel
- BBOE: Billion Barrels of Oil Equivalent
- BCF/d: Billion Cubic Feet per Day
- Bharat: Bharat Petroleum Corporation Ltd.
- Bd: Barrel of Oil
- BOE: Barrel of Oil Equivalent
- BOE/d: Barrel of Oil Equivalent per Day
- BTAX: Before Tax
- Centrica: Centrica LNG Company Ltd., a subsidiary of Centrica plc
- CFROI*: Cash Flow Return on Invested Capital
- Corp: Corporate
- CPF: Centralized Production Facility
- CUM: Cumulative
- DCF: Discretionary Cash Flow
- DJ: Denver Julesburg
- E: Expected
- EdF: Electricité de France, S.A.
- E&P: Exploration and Production
- EBITDA: Earnings Before Interest, Tax, Depreciation, and Amortization
- EBITDAX: Earnings Before Interest, Tax, Depreciation, Amortization, and Exploration Expense
- EUR: Estimated Ultimate Recovery
- Expl: Exploration
- FCF: Free Cash Flow
- FID: Final Investment Decision
- Ft: Feet
- GAAP: Generally Accepted Accounting Principles
- GOM: Gulf of Mexico
- H: Half
- HBNS: Hassi Berkine Sud (South)
- HH: Henry Hub
- HLS: Heavy Louisiana Sweet
- HSE: Health, Safety, and Environment
- Int'l: International
- IP: Initial Production
- KM: Kilometers
- LLS: Louisiana Light Sweet
- LNG: Liquefied Natural Gas
- MBbl/d: Thousand Barrels per Day
- MBO: Thousand Barrels of Oil
- MBOE: Thousand Barrels of Oil Equivalent
- MBOPD: Thousand Barrels of Oil per Day
- MCF: Thousand Cubic Feet of Natural Gas
- MEH: Magellan East Houston
- MLP: Master Limited Partnership
- MM: Millions
- MMBOE: Million Barrels of Oil Equivalent
- MOF: Material Offloading Facility
- NGL: Natural Gas Liquids
- NPV10: Net Present Value (Discounted at 10%)
- NRI: Net Revenue Interest
- NYSE: New York Stock Exchange
- OPPL: Overland Pass Pipeline
- PI: Participation Interest
- PRB: Powder River Basin
- PV10: Present Value (Discounted at 10%)
- Q: Quarter
- ROR: Rate of Return
- RSEG: RS Energy Group
- S&P: Standard & Poor's
- Shell: Shell International Trading Middle East Ltd.
- SPA: Sale and Purchase Agreement
- TC: Type Curve
- TEN: Tviraboa, Eryunra, Ntorma
- Tohoku: Tohoku Electric Power Company, Inc.
- Tokyo Gas: Tokyo Gas Co., Ltd.
- TTM: Trailing Twelve Months
- U.S.: United States of America
- VS: Versus
- WC-A: Wolfcamp-A
- WES: Western Gas Partners, LP
- WI: Working Interest
- WTI: West Texas Intermediate
- YE: Year End

*CFROI = \frac{(APC Consolidated CFFO - WGP CFFO + WGP distributions to APC)}{(Stockholders' Equity + Anadarko Debt)}