



ANADARKO PETROLEUM CORPORATION >>

INVESTOR
RELATIONS

ROBIN FIELDER
Vice President
832 636 1462

KATE SLOAN
Director
832 636 2562

ANDY TAYLOR
Director
832 636 3089

FIRST-QUARTER REVIEW 2018

May 2, 2018



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 targets and cash flow levels 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 program and to enter into additional programs; to increase dividends; and to reduce debt. See "Risk Factors" in the company's 2017 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 measure used in this presentation and the most directly comparable GAAP financial measures.

First-Quarter 2018 At-A-Glance

SHARE-REPURCHASE PROGRAM¹

\$3.0
BILLION

NET CASH FROM OPERATIONS

\$1.4+
BILLION

TOTAL COMPANY LIQUIDS COMPOSITION



OIL SALES VOLUME INCREASE²

~9%
VS 1Q17

MARGIN IMPROVEMENT/BOE

~27%
VS 1Q17

¹To be completed in the second-quarter 2018.

²On a divestiture-adjusted basis. See page 15 in the earnings release for a reconciliation of divestiture-adjusted sales.

Note: See appendix for non-GAAP definitions and reconciliations.

Enhancing Shareholder Value in 2018

- ▶ **\$3.0 Billion Share-Repurchase Program**
- ▶ **400% Dividend Increase**
- ▶ **Retire ~\$1.0 Billion Near-Term Maturities**
- ▶ **Utilize Incremental Free Cash Flow to Expand Repurchases of Securities**
- ▶ **Generate 19% Cash Flow Returned on Invested Capital**
- ▶ **Deliver 13% YOY Oil Growth**

2018E SALES VOLUME¹ (MMBOE)

February Guidance 238 - 248

1Q Outperformance &
Timing of Liftings 2

New Guidance 240 – 250

2018E CAPITAL² (\$MM)

February Guidance \$4,100 - \$4,500

WTX Non-Op / Other \$100

New Guidance \$4,200 - \$4,600

¹On a divestiture-adjusted basis. See page 15 in the earnings release for a reconciliation of divestiture-adjusted sales.

²Excludes capital investments associated with WES.



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APPENDIX



Non-GAAP Financial Measure

Adjusted EBITDAX (Margin)

This non-GAAP financial measure definition and related reconciliation 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 definition and related reconciliation. Non-GAAP financial measures exclude certain amounts that are included in the corresponding financial measures determined in accordance with GAAP. This slide includes a reconciliation of a GAAP to a non-GAAP financial measure 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.

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.

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

millions	<u>Quarter Ended March 31,</u>	
	2018	2017
Net income (loss) attributable to common stockholders (GAAP)	\$ 121	\$ (318)
Interest expense	228	223
Income tax expense (benefit)	126	97
DD&A	990	1,115
Exploration expense	168	1,084
(Gains) losses on divestitures, net	24	(804)
Impairments	19	373
Total (gains) losses on derivatives, net, less net cash from settlement of commodity derivatives	(27)	(155)
Restructuring charges	—	(1)
Consolidated Adjusted EBITDAX (Margin) (Non-GAAP)	\$ 1,649	\$ 1,614
Total Barrels of Oil Equivalent (BOE)	58	72
Consolidated Adjusted EBITDAX (Margin) per BOE (Non-GAAP)	\$ 28.43	\$ 22.42