

Rating Agency Update

May 29, 2014

2013 Highlights

- **Generated \$240 Million in Cash Flow¹**
- **Increased U.S. Onshore Oil Volumes by 25% Over 2012**
- **Reached Milestones at El Merk, Lucius, Heidelberg and TEN Developments**
- **Announced ~\$4.5 Billion in Monetizations**
- **Achieved ~67% Exploration/Appraisal Success Rate**

¹ Includes \$792MM of WES capital investments



2013 Results

	<u>Initial Guidance</u>	<u>2013 Actual</u>
Sales Volumes (MMBOE)	279 - 285	285
Production Growth (%)	4% - 6%	6%
Reserve Adds (MMBOE)	-	551
YE Reserves (MMBOE)	-	2,792
Reserve Replacement (%) ¹	150+%	194%
Capital Expenditures (\$B) ²	\$7.2 - \$7.6	\$7.7
Cash Flow from Operating Activities (\$B)	\$8.8	\$8.9
F&D (\$/BOE) ¹	~\$15	\$13.30
Lease Operating Expense (\$/BOE)	\$3.90 - \$4.10	\$3.83
General & Administrative (\$/BOE)	\$3.75 - \$4.05	\$3.82

¹ Before effects of price revisions
² Excludes \$792MM of WES capital

2013 Leverage Metrics

	YE 2012		YE 2013	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Debt (\$B)	\$13.3	\$10.8	\$13.6	\$9.9
Debt to EBITDAX	1.5x	1.2x	1.4x	1.0x
Debt to Capitalization	39%	34%	38%	31%
E&P Debt (\$B) ¹	\$11.5	\$9.0	\$11.0	\$7.3
E&P Debt per Proved Developed BOE (\$)	\$6.10	\$4.80	\$5.65	\$3.75
E&P Debt per Proved BOE (\$)	\$4.50	\$3.50	\$3.95	\$2.60
EBITDAX Interest Coverage ²	10.5x		10.3x	
Weighted Average Debt Maturity ³	14.9 yrs		13.9 yrs	

¹E&P Debt = Debt - WES Debt - (4 x APC Midstream EBITDA)

²EBITDAX excludes Algeria exceptional profits tax settlement proceeds

³Assumes zero coupon bond put not exercised prior to maturity in 2036



2014 Operating and Financial Projections

	<u>1Q14 Guidance</u>
Sales Volumes (MMBOE)	293 - 298
Production Growth (%) ¹	7 - 9%
Reserve Replacement (%)	150+%
Capital Expenditures (\$B) ²	\$8.4 - \$8.8
Discretionary Cash Flow from Operations (\$B)	\$8.8
F&D (\$/BOE)	~\$15
Lease Operating Expense (\$/BOE)	\$3.90 - \$4.10
General & Administrative (\$/BOE)	\$3.90 - \$4.25
Net Debt / Adjusted Capitalization (%)	~38%
Net E&P Debt per Proved Developed BOE (\$) ³	~\$5.00

1 Excludes ~11 MMBOE of China and Pinedale/Jonah from 2013 volumes

2 Excludes WES

3 E&P Debt = Debt - WES Debt - (4 x APC Midstream EBITDA)



Tronox Settlement Payment

- **\$5.15 billion settlement expected to be funded near end of 3Q**
 - Plus accrued interest to payment date (<\$50 million)
- **Cash of \$3.6 billion**
 - \$3.1 billion domestic cash available
 - › \$5.9 billion cash at March 31
 - › Less \$1.8 billion of WES and offshore balances
 - › Less \$1 billion reserved for working capital needs
 - \$500 million of net proceeds from planned debt offering
 - › \$1 billion debt issuance
 - › Less \$275 million of June bond maturities
 - › Less ~\$220 million of June swap maturity
- **\$1.6 billion of bridge financing**
 - Initially funded by current RCA
 - To be replaced by new 364-day credit facility
 - To be repaid in 2015 from repatriated funds (avoiding adverse tax impact)



COMPANY OVERVIEW

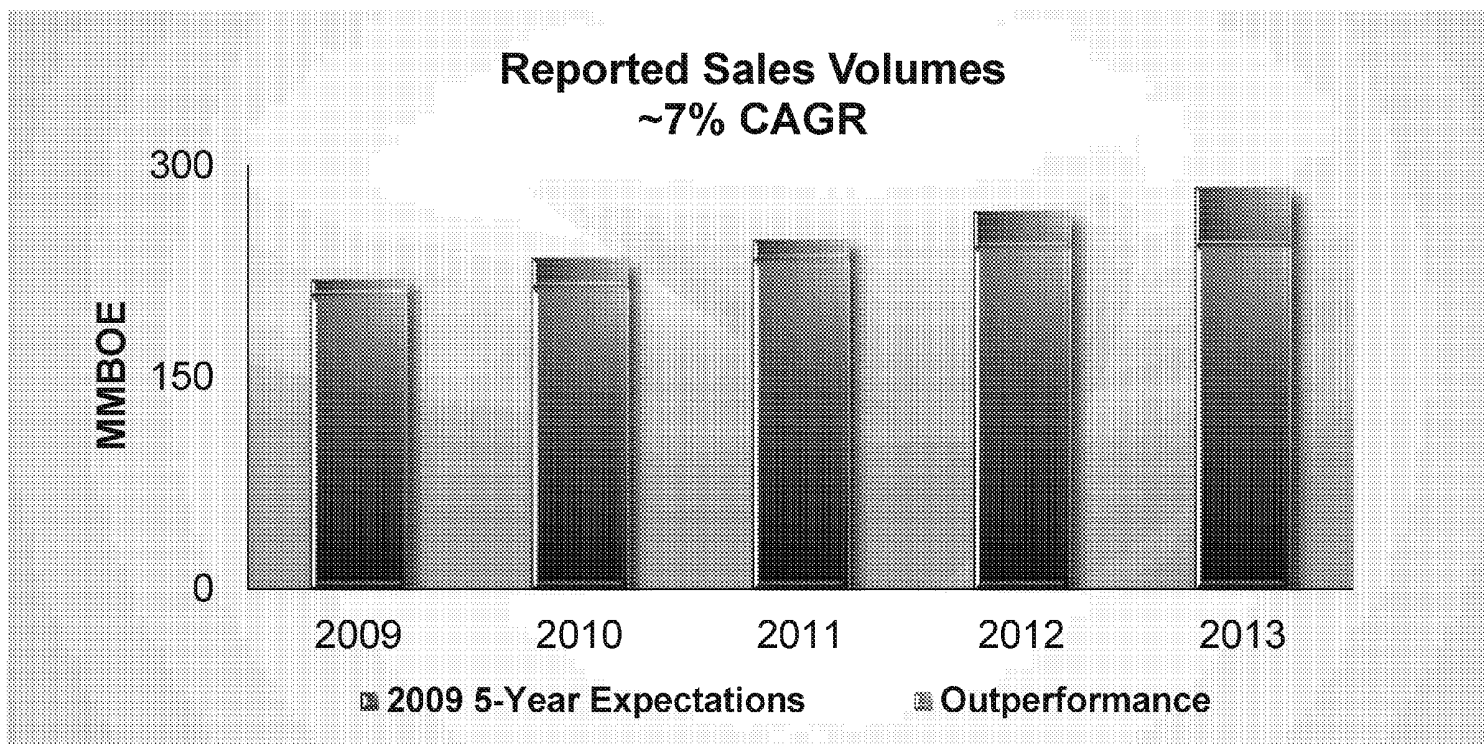
Sustained Growth With Unmatched Optionality

- Deep Portfolio Supports Future Growth
- Flexible Capital Allocation Enhances Returns
- Accelerating Resource Conversion from U.S. Onshore
- Continued Exploration Success Provides Optionality
- Active Portfolio Management Creates Differentiating Value

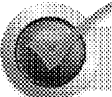
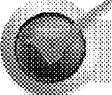



215,000+ BOE/d Growth

- 115+ MMBOE Cumulative Production Outperformance vs. 2009 Expectations



Superior 5-Year Track Record

	Long-Term Objectives	5-Year Results (2009 - 2013)
 Production Growth (CAGR)	5 - 7%	~7%
 Reserve Replacement*	150+%	160%
 F&D* (\$/BOE)	~\$15	\$14.45

 ~70% Deepwater Exploration/Appraisal Success

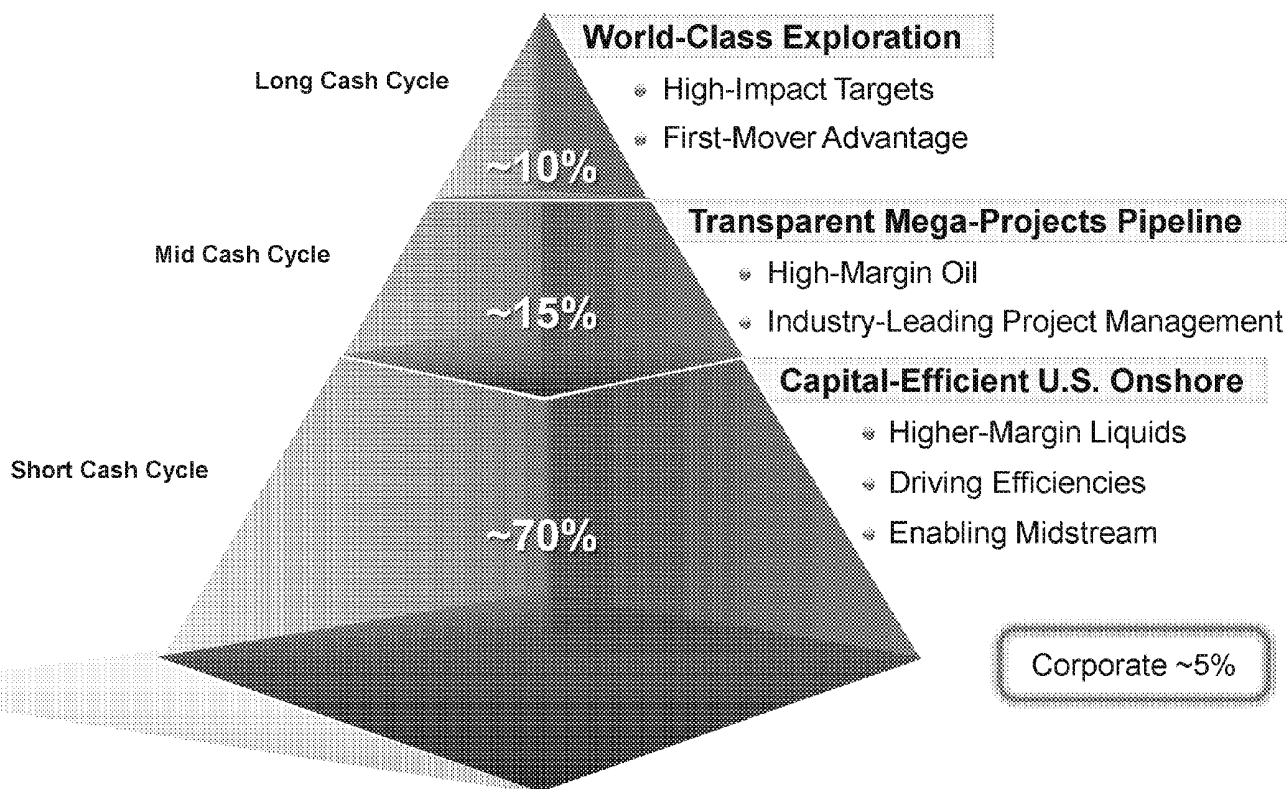
 ~\$10 Billion Asset Monetizations

 \$3+ Billion Adjusted Free Cash Flow

* Before effects of price revisions

Note: See appendix slides for non-GAAP financial measures.

Capital Allocation for Sustained Growth & Value



2014 Capital Expectations*: \$8.4 - \$8.8 Billion

* Excludes WES capital investments

Active Portfolio Management

- ~\$10 Billion Asset Monetizations 2009 - 2013

- ~\$5 Billion Carried-Interest Agreements
- \$4+ Billion Asset Divestitures
- \$1+ Billion Exploration Farm-Outs

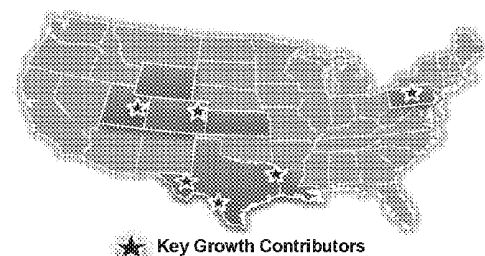
Not Including WES and WGP

- Enhances Returns While Deleveraging the Balance Sheet
- Increases Cash-Cycle Velocity
- Reduces Execution Risk
- Optimizes Capital Allocation and Leverages Expertise

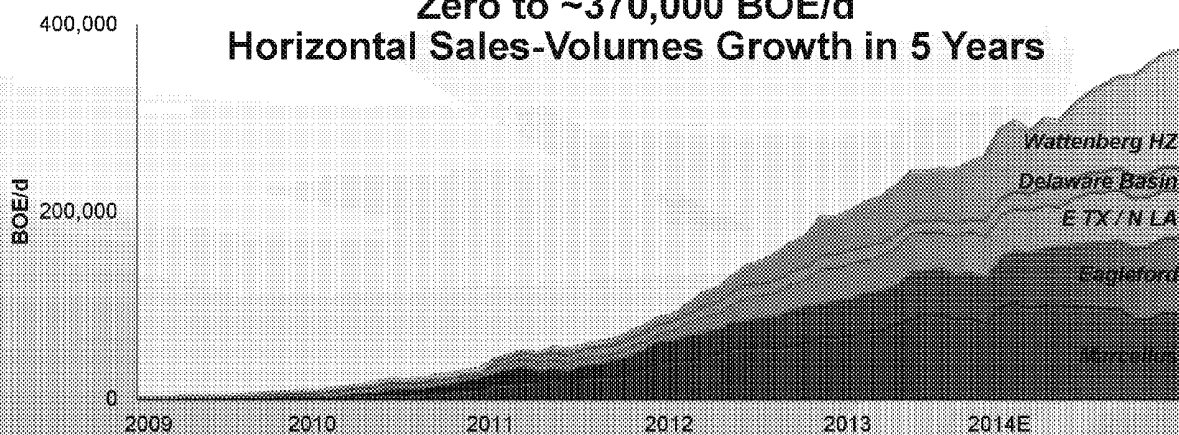


U.S. Onshore

- Deliver Short-Cycle, Capital-Efficient Liquids Growth
- Build Enabling Infrastructure
- Increase Efficiencies and EURs
- Explore for and Accelerate the Next Resource Play
- Maintain Natural Gas Option Value



Zero to ~370,000 BOE/d
Horizontal Sales-Volumes Growth in 5 Years

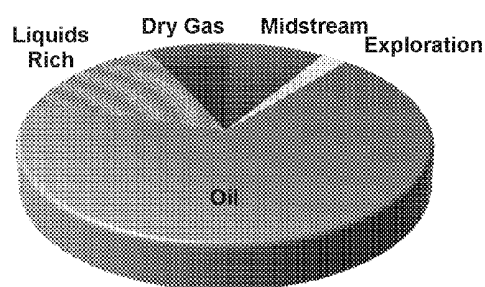


U.S. Onshore: Liquids Growth and Margin Expansion

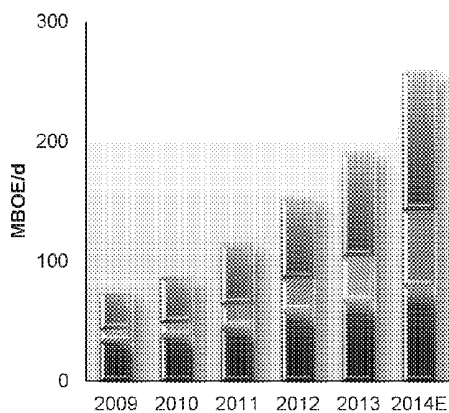
2014 Expectations

- 80+% Capital Directed to Liquids Opportunities
- ~50,000 Bbl/d YOY Liquids Growth
- 15+% EBITDAX YOY Growth to ~\$5.5 Billion

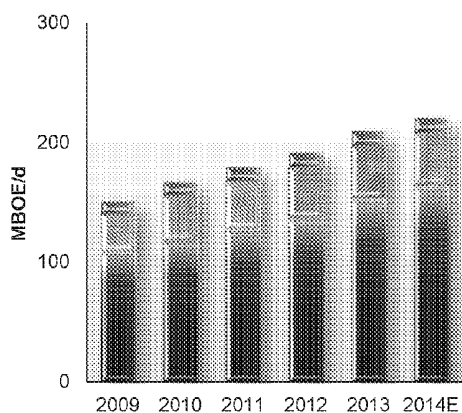
2014 Capital Budget
~\$5.5 Billion



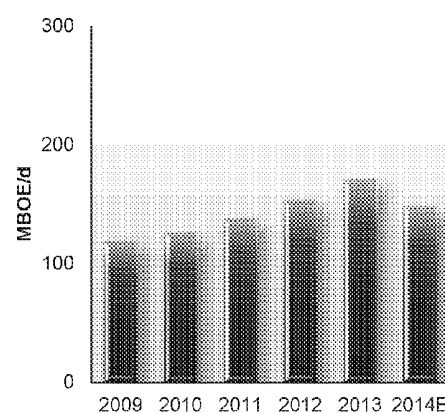
Oilier Plays



Liquids-Rich Plays



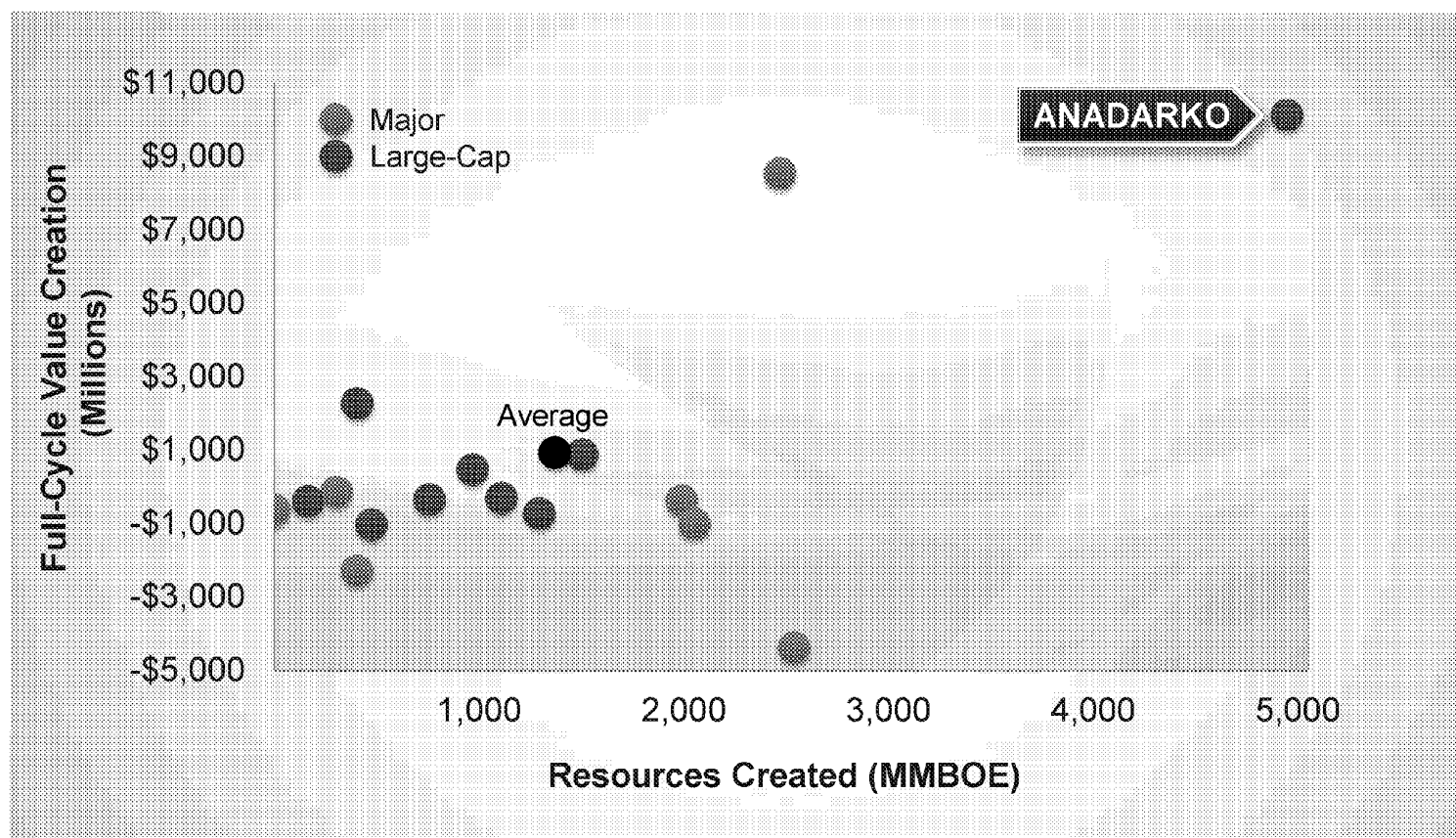
Dry-Gas Plays



Oil NGL Gas

Note: See appendix slides for non-GAAP financial measures.

Recognized Best-in-Class U.S. Onshore Value Creator*

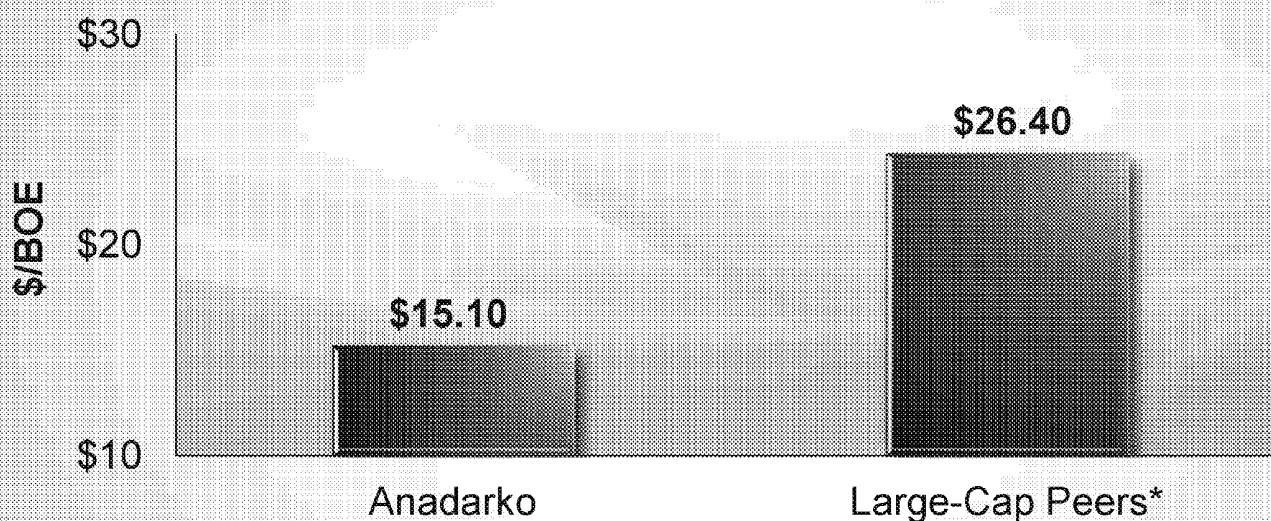


* Wood Mackenzie Upstream Insight, October 2013

Top-Tier Replacement Costs

- 35% Cost Advantage Driven by Capital-Efficient, Lower-Risk Conversions

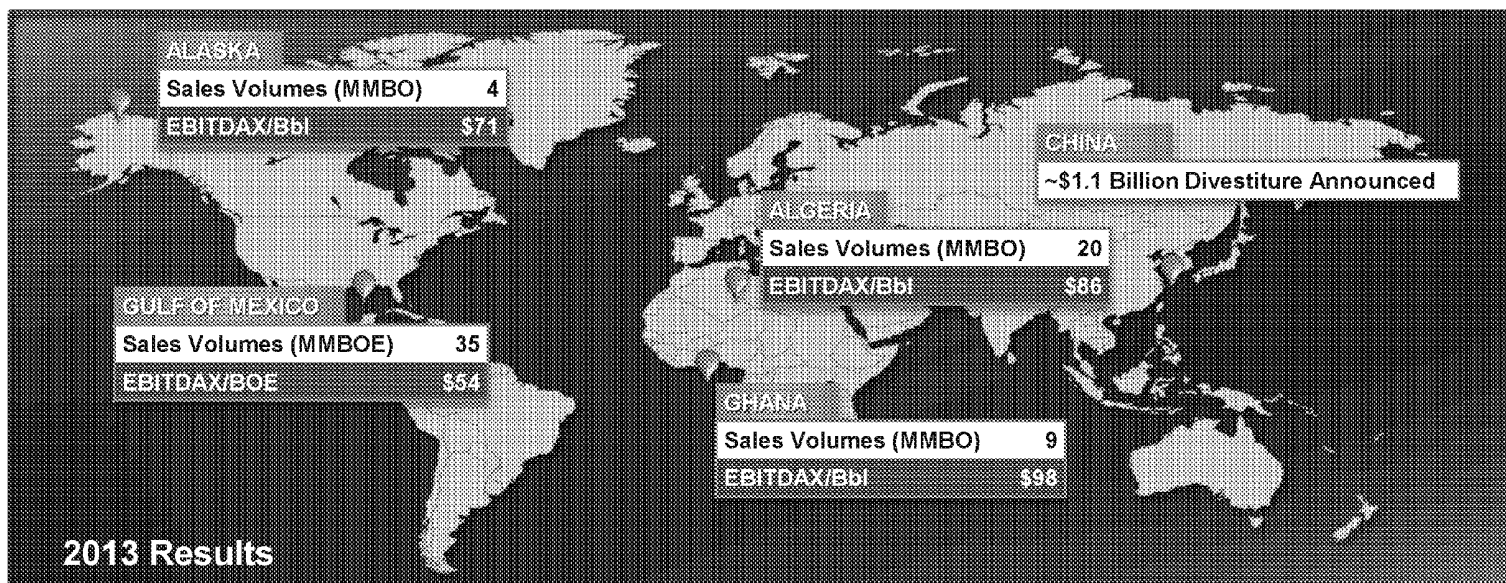
2011 - 2013 All-In FD&A Costs/BOE



* Large Cap Peers: APA, COP, EOG, DVN, HES, MRO, NBL, OXY

International and Deepwater Operations

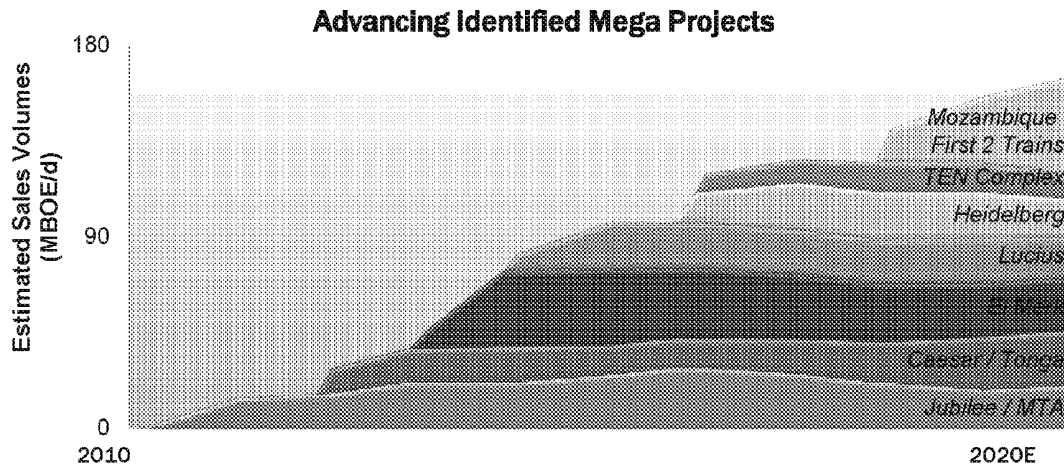
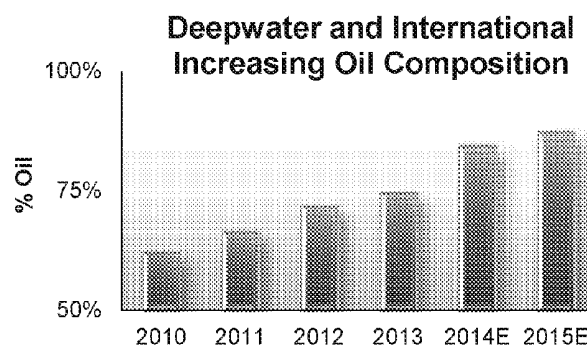
- Achieved First Oil at El Merk
- Sanctioned Heidelberg and Completed \$860 Million Development Carry
- Sanctioned TEN Complex
- \$2.64 Billion Mozambique Sale



Note: See appendix slides for non-GAAP financial measures.

Continuous Project Pipeline Drives Cash Flow

- High-Margin Oil Projects
- Commercial Focus Accelerates Value
- Significant Production/Expanding Margins
- Advancing Multiple Development Projects
- Appraising Next-Generation Projects



Industry-Leading Exploration Success Continues

- 67% Deepwater Exploration/Appraisal Success
- 900+ MMBOE Net Discovered Resources
- ~1.5 BBOE Net Resources to Development

Top-10
Deepwater
Discoveries*

- #5 Orca
- #7 Coronado

Deepwater Discoveries

- Coronado
- Yucatan
- Phobos
- Mozambique

Appraising

- Coronado
- Shenandoah
- Paon
- Mozambique

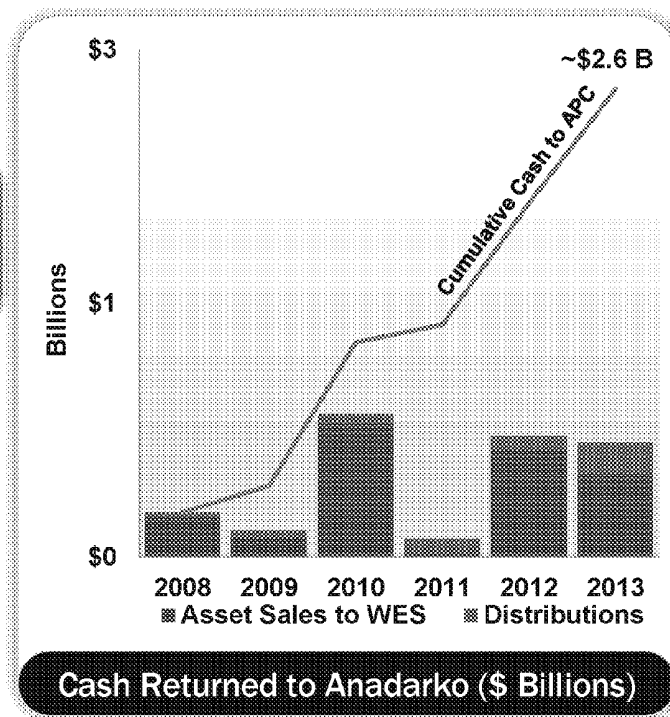
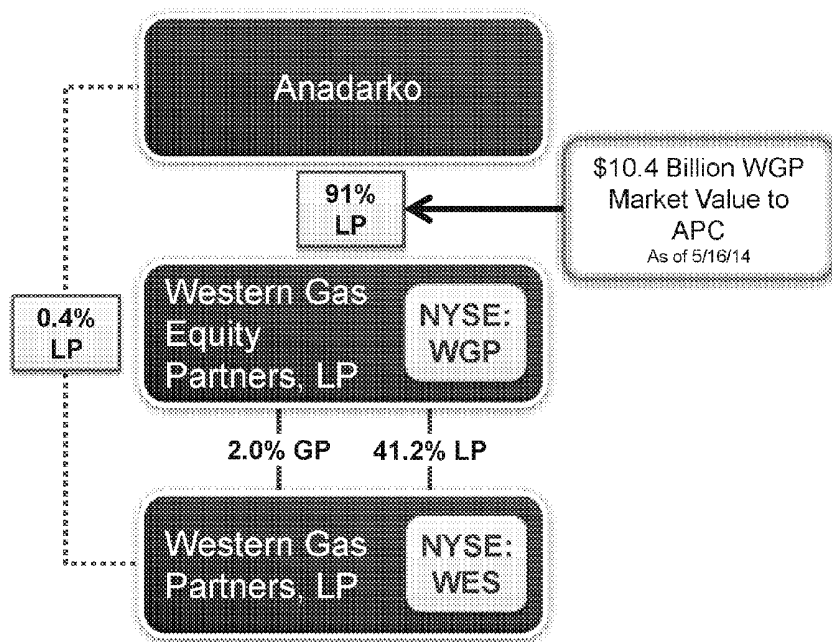
Developing

- Heidelberg
- Lucius
- TEN
- Mozambique

* IHS Energy, January 2014

WES & WGP: \$13 Billion Value for Anadarko

- Anticipate Periodic Transactions
- WES Independently Funds Significant Midstream Expansions
- Provides Visible Cash Source



Strong Financial Position

- **\$5.9 Billion Cash on Hand at 1Q14**
- **Capital Investments Within Anticipated Cash Flow in 2014 and forward**
- **Continue with Planned and Opportunistic Monetizations**
- **Anticipate Periodic Sales of Midstream Assets to WES**
- **Anticipate Periodic Sales of WGP Units to Public**

* Assumes average NYMEX prices of \$94/Bbl and \$4.25/Mcf and \$5.15B Tronox settlement payment

Note: See appendix slides for non-GAAP financial measures.

2014 OUTLOOK MODEL

Financial Summary

Natural Gas (Henry Hub)	3.73	4.25	4.25	4.25
Oil (WTI)	98.05	94.00	90.00	90.00
Oil (Brent)	108.70	104.00	100.00	100.00
NGLs	39.00	37.60	36.00	36.00

	Actual	Forecast	Projected	Projected
(\$ millions)	2013	2014	2015	2016
Production (MMBOE)	285	298		
Income Statement				
Total Revenues	14,581	18,500		
EBITDAX	9,403	12,800		
Net Income	941	(300)		
Cash Flow				
Discretionary Cash Flow from Operations	8,033	8,800		
Asset Sales / Other	730	3,700		
APC Capital Expenditures	(7,731)	(8,800)		
WES Capital Expenditures	(792)	(700)		
Cash Flow (before dividends)	240	3,000		
Dividends	(274)	(500)		
Cash Flow	(34)	2,500		
Capital Structure				
Total Assets	55,781	57,500		
Current Portion of Long-Term Debt	500	1,500		
Long-Term Debt	13,065	14,300		
Total Debt	13,565	15,800		
Shareholders' Equity	21,857	20,900		

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Key Metrics

Consolidated

	Actual	Forecast	Projected	Projected
	2013	2014	2015	2016
Debt to Capitalization	38%	43%		
Net Debt to Capitalization	31%	38%		
Debt/EBITDAX	1.4x	1.2x		
EBITDAX / Interest	10.3x	13.4x		
FFO / Interest	8.8x	8.5x		
FFO / Debt	0.59x	0.51x		
Unlevered Cash Margin per BOE	\$34.09	\$35.80		
Leveraged Full-Cycle Ratio	2.2x	2.2x		

APC Only

	Actual	Forecast	Projected	Projected
	2013	2014	2015	2016
Debt to Capitalization	36%	40%		
Net Debt to Capitalization	28%	34%		
Debt/EBITDAX	1.3x	1.1x		
EBITDAX / Interest	10.9x	14.7x		
E&P Debt	\$11,016	\$12,600		
E&P Debt / PD Reserves	\$5.65	\$6.30		
E&P Debt / Production	\$14.11	\$15.40		

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Income Statements

Natural Gas (Henry Hub)	3.73	4.25	4.25	4.25
Oil (WTI)	98.05	94.00	90.00	90.00
Oil (Brent)	108.70	104.00	100.00	100.00
NGLs	39.00	37.60	36.00	36.00

	Actual	Forecast	Projected	Projected
(\$ millions)	2013	2014	2015	2016
Oil/Gas Sales	14,867	16,400		
Gain (loss) on sale	(286)	2,100		
Total Revenues	14,581	18,500		
Operating Expense	2,983	3,300		
General & Administrative	1,090	1,200		
Exploration Expenses	1,329	1,000		
Production Taxes	1,077	1,300		
Depreciation & Depletion	3,927	4,400		
Other Expense (Income)	842	(100)		
Operating Profit	3,333	7,400		
Interest Expense	686	800		
Other Expense (Income)	541	4,400		
Income Before Taxes	2,106	2,200		
Tax Expense	1,165	2,500		
Net Income	941	(300)		
Income from Noncontrolling Interests	140	200		
Net Income to Common Shareholders	801	(500)		

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ANADARKO PETROLEUM CORPORATION

26

Balance Sheets

	Actual	Forecast	Projected	Projected
(\$ millions)	2013	2014	2015	2016
Cash and Cash Equivalents	3,698	2,900		
Current Assets - Other	3,410	3,800		
Net Fixed Assets (PP&E)	40,929	42,600		
Other Non-Current Assets	7,744	8,200		
Total Assets	55,781	57,500		
Current Liabilities	5,203	5,600		
Current Portion of Long-Term Debt	500	1,500		
APC Long-Term Debt	11,645	12,400		
WES Long-Term Debt	1,420	1,900		
Total Debt	13,565	15,800		
Other Long-Term Liabilities	13,363	13,400		
Shareholders' Equity	21,857	20,900		
Noncontrolling Interests	1,793	1,800		
Total Liabilities & Equity	55,781	57,500		

2014 Debt Reconciliation	
Beginning Total Debt (12/31/13)	13,565
March WES Debt Issuance	500
March APC Maturity	(500)
June APC Maturity	(275)
Anticipated New APC Bond(s)	1,000
Anticipated Draw on 364-day facility	1,500
Ending Total Debt	15,790
Less: WES Total Debt	1,920
APC Total Debt	13,870

note: reconciliation numbers are not rounded

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ANADARKO PETROLEUM CORPORATION

27

Discretionary Cash Flow from Operations

	Actual	Forecast	Projected	Projected
(\$ millions)	2013	2014	2015	2016
Net Income	941	(300)		
DD&A	3,927	4,400		
Dry Hole Expense	864	600		
Impairments	794	0		
(Gain) Loss on Dispositions	470	(2,000)		
Unrealized (Gain) Loss on Derivatives	(307)	100		
Other Non-Cash Adjustments	336	0		
Change in Working Capital	1,863	(100)		
Cash Provided by Operating Activities	8,888	2,700		
Tronox Settlement	0	5,200		
Algeria Exceptional Profits Tax Settlement	(730)	0		
Current Taxes Related to Asset Sales	0	700		
Change in Other Items	(125)	200		
Discretionary Cash Flow from Operations	8,033	8,800		

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ANADARKO PETROLEUM CORPORATION

28

BANK TRANSACTION OVERVIEW

Summary of Terms & Conditions: 5-Year Facility

Borrower:	Anadarko Petroleum Corporation															
Lead Arrangers & Bookrunners:	J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBS Securities Inc., and The Bank of Tokyo-Mitsubishi UFJ, Ltd.															
Administrative Agent:	JPMorgan Chase Bank, N.A.															
Facility:	\$3.0 billion senior revolving credit facility															
Maturity:	5 years from close															
Collateral:	Unsecured															
Multi-Currency Sublimit:	Availability in Euro, Sterling, and Yen with amounts to be determined															
Accordion:	\$1.0 billion															
L/C Sublimit:	\$750 million (\$600 million committed by Lead Arrangers)															
Swingline:	\$200 million															
Use of Proceeds:	General corporate purposes															
Pricing:	<table> <thead> <tr> <th>Ratings</th> <th>Facility Fee/ Ticking Fee</th> <th>Fully Drawn</th> </tr> </thead> <tbody> <tr> <td>≥ BBB+/Baa1</td> <td>15.0 bps</td> <td>L + 112.5 bps</td> </tr> <tr> <td>BBB/Baa2</td> <td>17.5 bps</td> <td>L + 125.0 bps</td> </tr> <tr> <td>BB+/Ba1</td> <td>30.0 bps</td> <td>L + 175.0 bps</td> </tr> <tr> <td>< BB+/Ba1</td> <td>35.0 bps</td> <td>L + 200.0 bps</td> </tr> </tbody> </table> <p>Note: Ticking fee to begin accruing 120 days after the Signing Date (as defined in the full legal term sheet) if the Closing Date has not occurred</p>	Ratings	Facility Fee/ Ticking Fee	Fully Drawn	≥ BBB+/Baa1	15.0 bps	L + 112.5 bps	BBB/Baa2	17.5 bps	L + 125.0 bps	BB+/Ba1	30.0 bps	L + 175.0 bps	< BB+/Ba1	35.0 bps	L + 200.0 bps
Ratings	Facility Fee/ Ticking Fee	Fully Drawn														
≥ BBB+/Baa1	15.0 bps	L + 112.5 bps														
BBB/Baa2	17.5 bps	L + 125.0 bps														
BB+/Ba1	30.0 bps	L + 175.0 bps														
< BB+/Ba1	35.0 bps	L + 200.0 bps														
Financial Covenant:	Total Debt / Total Capitalization ≤ 65.0%															
Other Terms & Conditions:	Similar to 2008 credit agreement with changes as agreed (please see full term sheet for additional detail)															
Upfront Fees:	20.0 bps															



Summary of Terms & Conditions: 364-Day Facility

Borrower:	Anadarko Petroleum Corporation															
Lead Arrangers & Bookrunners:	J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBS Securities Inc., and The Bank of Tokyo-Mitsubishi UFJ, Ltd.															
Administrative Agent:	JPMorgan Chase Bank, N.A.															
Facility:	\$2.0 billion senior revolving credit facility															
Maturity:	364 days from close															
Collateral:	Unsecured															
Accordion:	None															
L/C Sublimit:	None															
Swingline:	None															
Use of Proceeds:	General corporate purposes															
Pricing:	<table> <thead> <tr> <th><u>Ratings</u></th> <th><u>Facility Fee/ Ticking Fee</u></th> <th><u>Fully Drawn</u></th> </tr> </thead> <tbody> <tr> <td>≥ BBB+/Baa1</td> <td>12.5 bps</td> <td>L + 112.5 bps</td> </tr> <tr> <td>BBB/Baa2</td> <td>15.0 bps</td> <td>L + 125.0 bps</td> </tr> <tr> <td>BB+/Ba1</td> <td>27.5 bps</td> <td>L + 175.0 bps</td> </tr> <tr> <td>< BB+/Ba1</td> <td>32.5 bps</td> <td>L + 200.0 bps</td> </tr> </tbody> </table> <p>Note: Ticking fee to begin accruing 120 days after the Signing Date (as defined in the full legal term sheet) if the Closing Date has not occurred</p>	<u>Ratings</u>	<u>Facility Fee/ Ticking Fee</u>	<u>Fully Drawn</u>	≥ BBB+/Baa1	12.5 bps	L + 112.5 bps	BBB/Baa2	15.0 bps	L + 125.0 bps	BB+/Ba1	27.5 bps	L + 175.0 bps	< BB+/Ba1	32.5 bps	L + 200.0 bps
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BBB/Baa2	15.0 bps	L + 125.0 bps														
BB+/Ba1	27.5 bps	L + 175.0 bps														
< BB+/Ba1	32.5 bps	L + 200.0 bps														
Financial Covenant:	Total Debt / Total Capitalization ≤ 65.0%															
Other Terms & Conditions:	Similar to 2008 credit agreement with changes as agreed (please see full term sheet for additional detail)															
Upfront Fees:	5.0 bps															



Transaction Timetable

May 2014							June 2014						
Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat
				1	2	3	1	2	3	4	5	6	7
4	5	6	7	8	9	10	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	16	17	18	19	20	21
18	19	20	21	22	23	24	22	23	24	25	26	27	28
25	26	27	28	29	30	31	29	30					

 Bank Holiday
 Key Transaction Date

- May 21, 2014** **Lender Conference Call**
- June 5, 2014** **Commitments and Comments on Documentation Due**
- June 11, 2014** **Signature Pages Due**