

ANADARKO PETROLEUM CORPORATION

Rating Agency Update

December 2011

Ex 12397
Worldwide
Court Reporters, Inc.



Overview

- **Deepwater Horizon Update**
- **Brazil & Indonesia Sales Process**
- **Operating Highlights**
 - Wattenberg Update
 - Mozambique Update
- **Financial Overview**
 - 2011 Projections & 2012 Outlook
 - Financial Plan



Deepwater Horizon Update

BP Settlement

- **\$4.0 Billion Paid to BP**
 - \$2.6 Billion After-Tax
 - Funded with \$1.5 Billion Cash and \$2.5 Billion Draw on Facility

- **APC Released from BP Claims Related to Deepwater Horizon**

- **BP Indemnifies APC Against Third-Party Claims**
 - Government Claims for Fines and Penalties Excluded
 - Other Minor Exclusions Include Shareholder Claims and Punitive Damages

- **BP Corporation North America to Guarantee Indemnity**
 - BP plc to Provide Guarantee if BPCNA Not Creditworthy



Deepwater Horizon Update

Terms of BP Settlement

- **APC Agrees Not to Allege Gross Negligence of BP**
- **APC Entitled to Partial Refund if BP Achieves Recovery from Other Parties**
 - 12.5% of BP recoveries >\$1.5 Billion, up to \$1.0 Billion Total
- **APC Must Continue Defense of MDL**
 - Duty to Cooperate with BP in Proceedings Related to Indemnities
 - Continue Independent Defense of Government Claims for Penalties



Deepwater Horizon Update

Claims Status

- **Court Has Recently Dismissed Claims Against APC**
 - Admiralty and Negligence Claims
 - State Penalty Claims
 - Co-Defendant Cross-Claims

- **Oil Pollution Act (OPA) Claims Remain in MDL**
 - APC Fully Indemnified by BP

- **Natural Resource Damage (NRD) Claims Remain Outstanding**
 - APC Fully Indemnified by BP

- **U.S. Government's Clean Water Act (CWA) Claims**
 - Penalties are Fault-Based, and APC Not at Fault
 - CWA Penalties Likely Not Significant



Brazil & Indonesia Sales Process

● Brazil

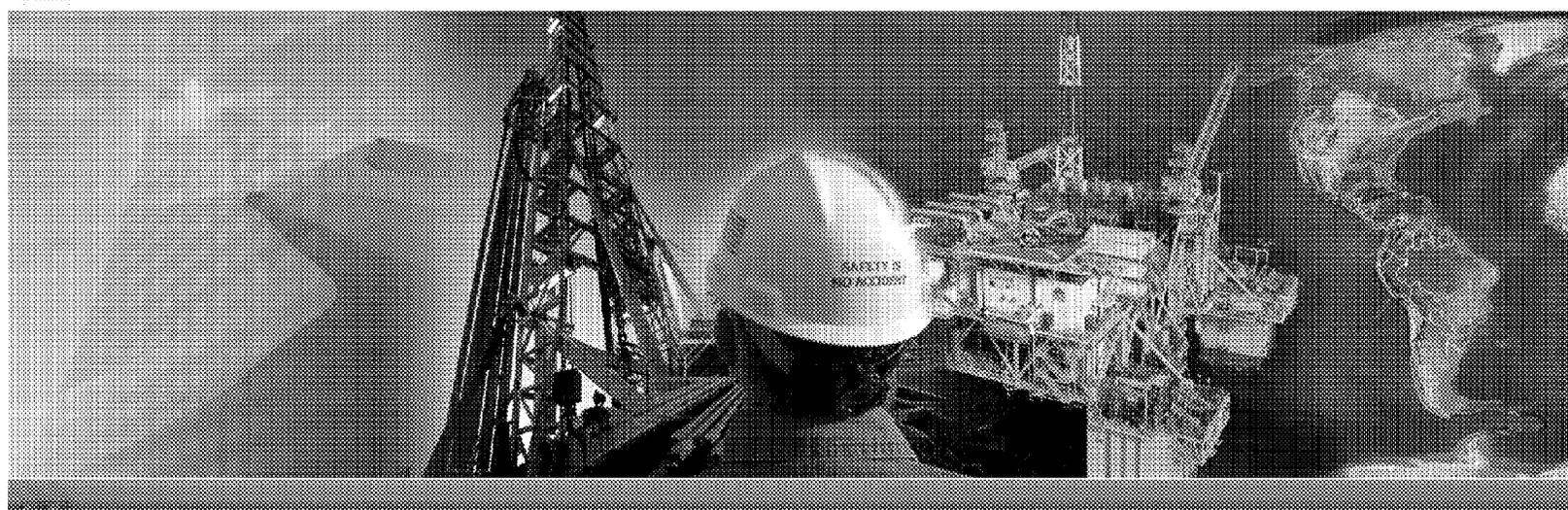
- Estimated Proceeds: \$3.5 – 4.5 Billion
- Timing: Bids Jan '12; Announce Q1 '12; Close TBD

● Indonesia

- Estimated Proceeds: \$100 – 250 Million
- Timing: Q2 – Q4 '12

● Aggregate After-Tax Proceeds: ~\$3.5 – 4.0B

- Plus 2012 Avoided Capital Spend: ~\$240MM



ANADARKO PETROLEUM CORPORATION

Operating Highlights



Operational Success Since April 2010

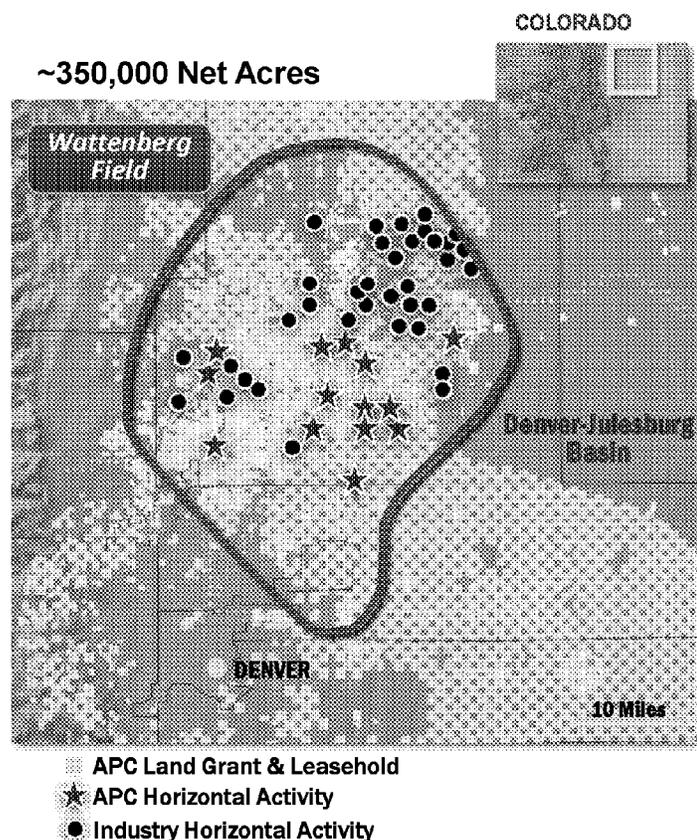
- **12 New Deepwater Discoveries in Ghana, Mozambique, Sierra Leone, Brazil, Indonesia and the Gulf of Mexico**
- **13 Successful Deepwater Appraisal Wells in the Gulf of Mexico, Ghana, Mozambique and Brazil**
- **First Oil Achieved at Ghana Jubilee**
- **359 MMBOE of Organic Proved Reserve Additions in 2010**
- **Shale Increased from <1% to ~10% of Production Volumes**
- **Numerous Operating Efficiency Gains**
- **\$1.55 Billion JV in Eagleford Shale**
- **\$580 Million Acquisition of Wattenberg Plant**



Wattenberg Update

Horizontal Niobrara / Codell Program – A Superior Growth Opportunity

- **500 Million to 1.5 Billion BOE Net Resources**
 - 1,200 – 2,700 Horizontal Drillsites
 - 300 – 600 MBOE EUR per Well
- **Enhanced Returns**
 - Mineral Interest Ownership
 - Midstream Value Uplift
- **Strong Cash Generation**
 - Wattenberg Field Already Producing 70+ MBOE/d
- **Positioned to Deliver Today**



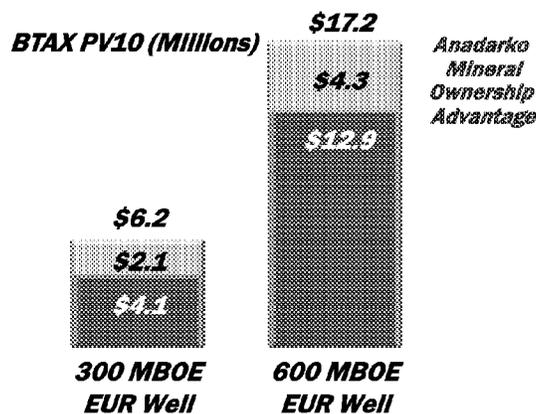


Wattenberg Update

● Accelerate Rig Activity in 2012

- Ramp to 7+ Horizontal Rigs
- Drill 160+ Horizontal Wells
- Construct 300 MMcf/d Cryo Plant
- Participate in Texas Express NGL Pipeline
- Evaluate Additional Zones

Anadarko Economics Enhanced by Land Grant Position

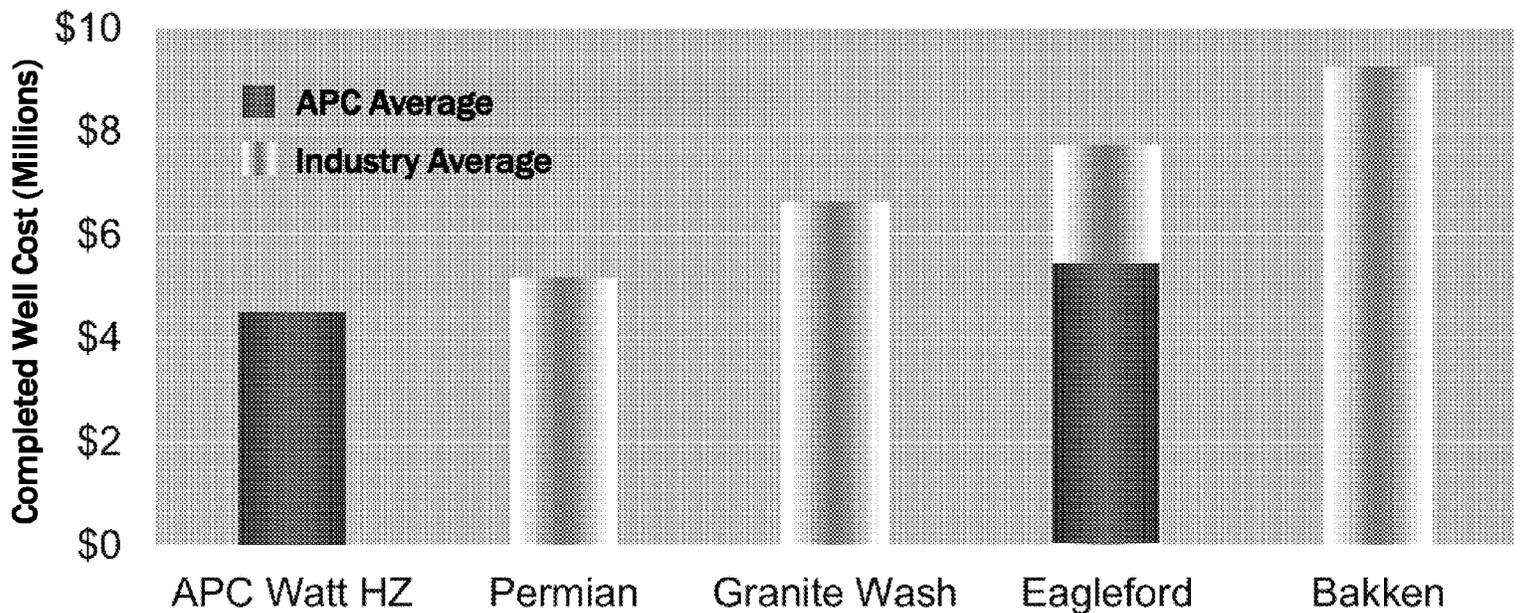


Based on \$4.5 million well cost and NYMEX prices of \$90/bbl and \$4.50/Mcf

Wattenberg Update

Low-Cost, Liquids-Rich Horizontal Program

- Best APC Niobrara Well Cost to Date \$3.8 Million
- Continuing to Drive Efficiencies
- Optimizing Lateral Lengths, Well Density and Frac Stages



Source: BofAML/APC



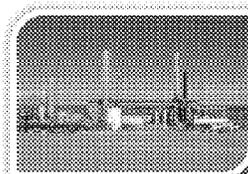
Wattenberg Update

Significant Free Cash Flow

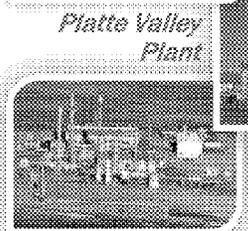


Wattenberg Update

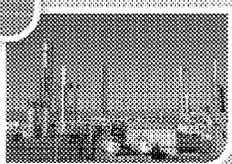
Value-Adding Infrastructure



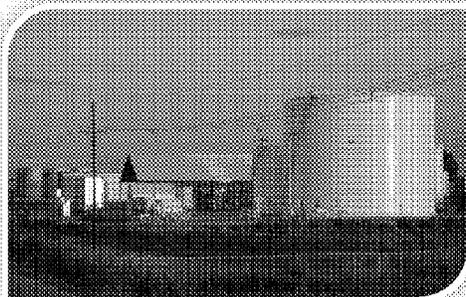
*Ft. Lupton
Plant*



*Platte Valley
Plant*



*Wattenberg
Plant*



White Cliffs® Terminal



Mont Belvieu Plant

Gas Gathering & Processing

- 400 MMcf/d of Operated* Processing Capacity
- \$2.60/Mcf Current Uplift
- Planned 300 MMcf/d Cryo Expansion
 - ~95% Ethane Recovery
- 3,000 Miles of Operated Gathering Lines
- Third-Party Revenue

Oil Export Pipeline

- Provided \$12/Bbl Uplift Over Local Market
- Expansion Capacity Available

Gas Export Pipeline

- Access and Capacity on Local and Interstate Pipelines

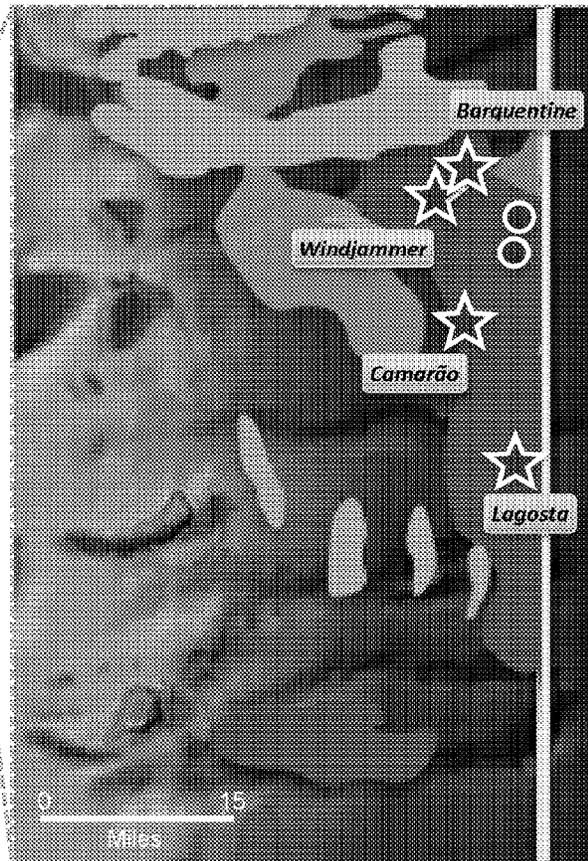
Value-Add Expansion

- Texas Express Enables Movement of NGLs to Mont Belvieu
- Continue to Increase Fractionation Capacity at Mont Belvieu

*APC/WES

Mozambique Update

Expanding Resources in Discovery Area

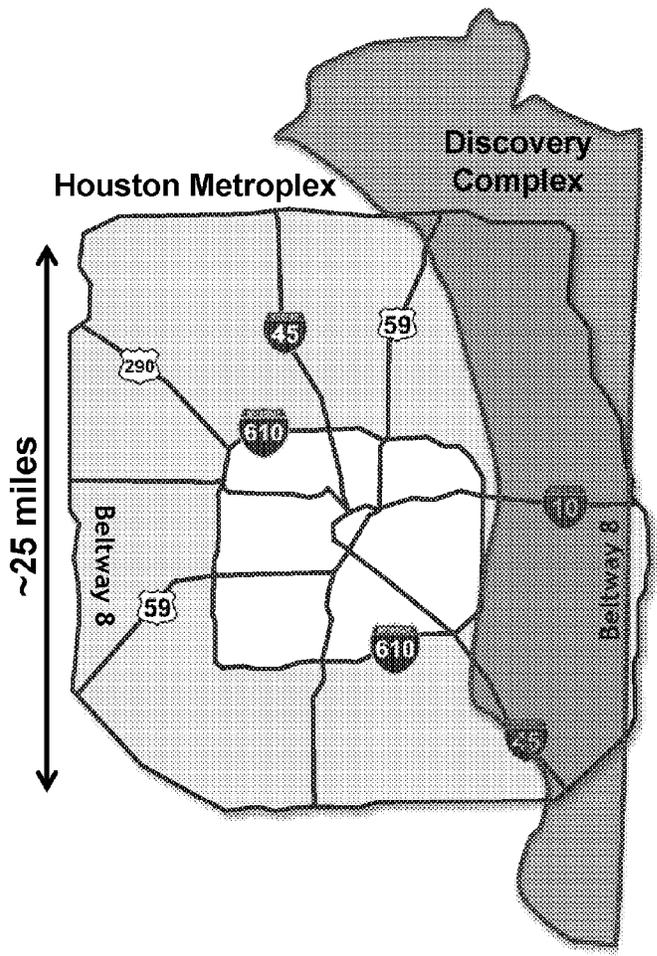


- ANADARKO WI BLOCK
- NATURAL GAS DISCOVERY
- SUCCESSFUL APPRAISAL WELL
- PROSPECTS AND LEADS

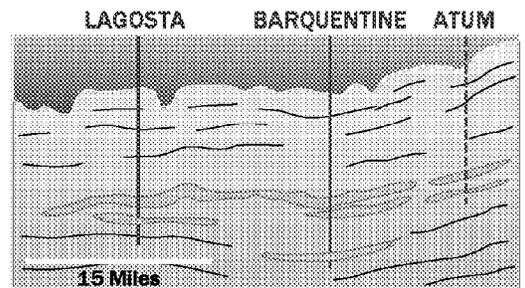
- **More Than Doubled Estimated Recoverable Resources**
 - 15 – 30+ Tcf Gross Recoverable
 - 6 Successful Wells to Date
- **2-Rig, Accelerated Drilling Program**
- **Advancing 2-Train LNG Facility**
 - Expandable to 6 Trains
- **On Track for Final Investment Decision (FID) in 2013**



Mozambique Update

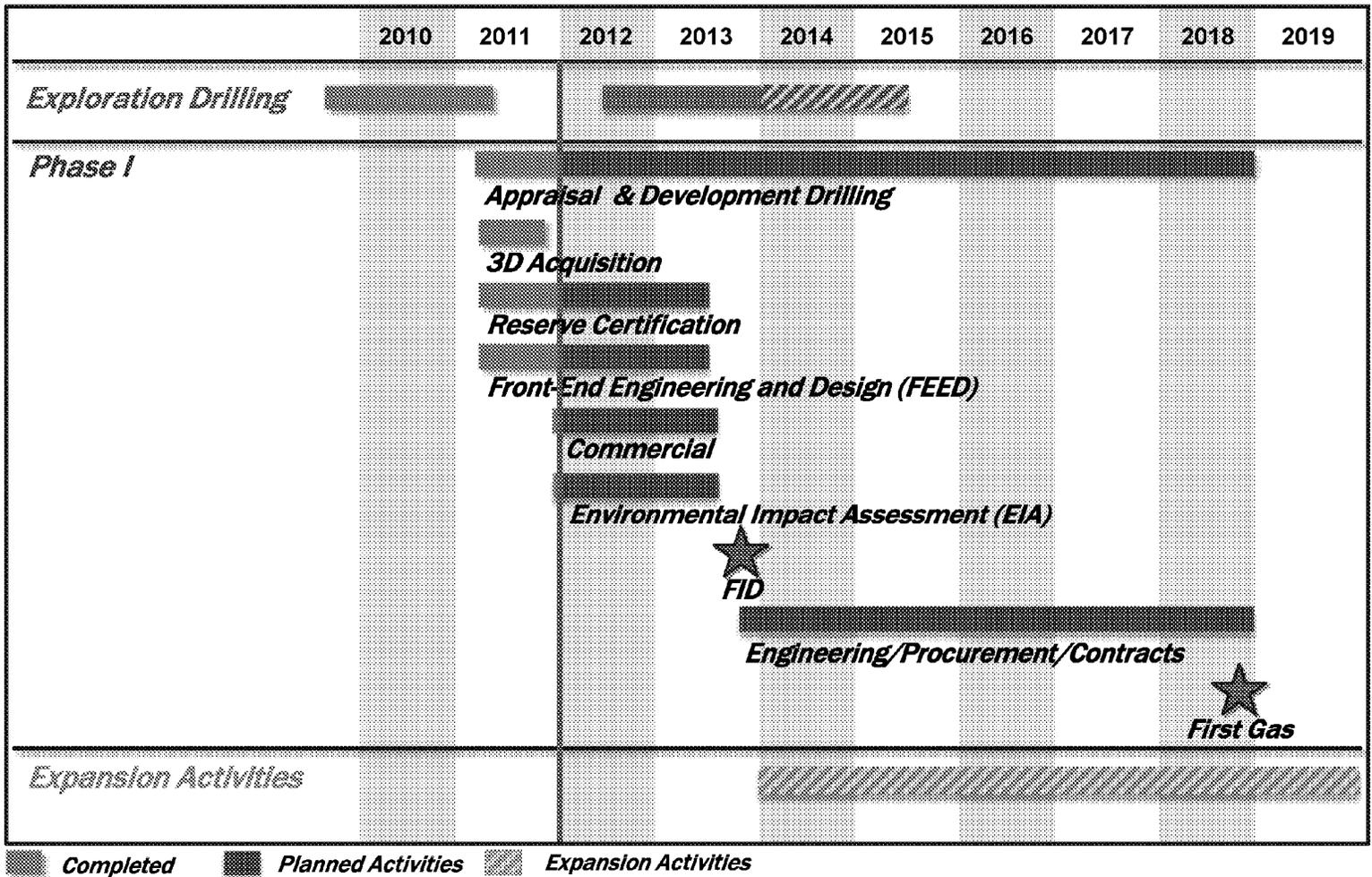


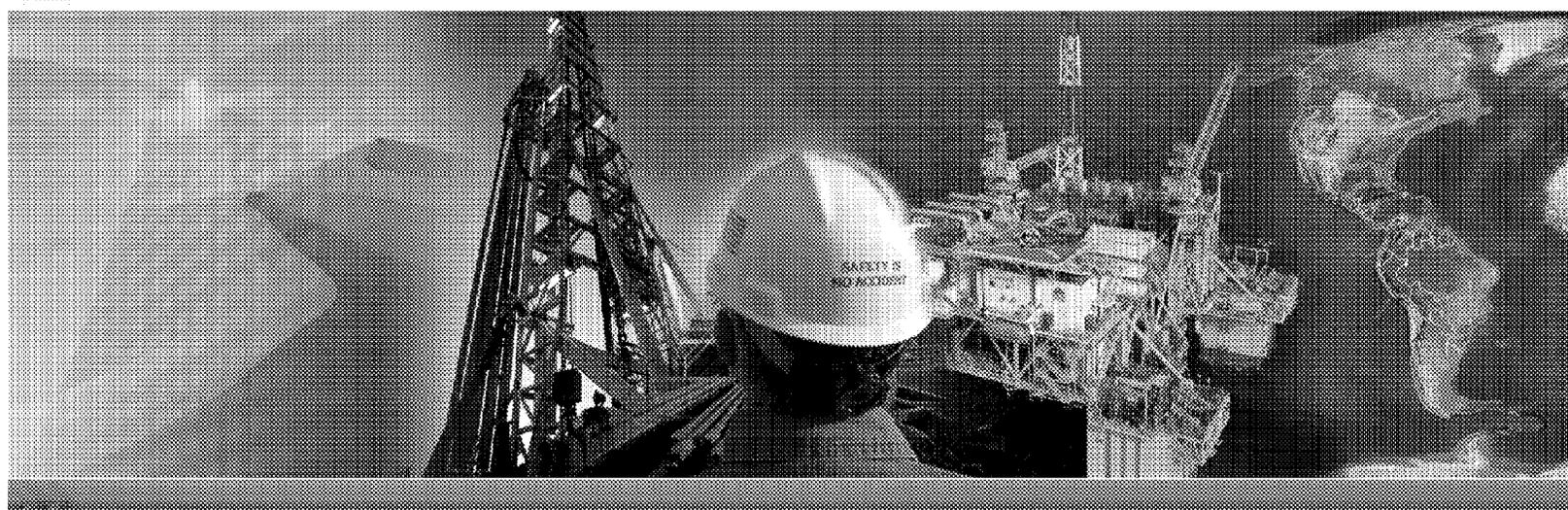
- **Vast Areal Extent and Huge Structures**
 - High-Quality, Thick, Continuous Sands
 - Very Low Dip Rates
 - Structurally Advantageous Position
- **2012 Drillstem Test (DST) Program to Confirm Pressure Communication**
- **Ideally Suited for LNG Development**





Mozambique Update





ANADARKO PETROLEUM CORPORATION

Financial Overview



Long-Term Strategic Objectives

- **Production Growth***
- **Production Growth per Debt Adj. Share***
- **Reserve Growth***
- **Reserve Replacement**
- **F&D (\$/BOE)**
- **Net G&A (\$/BOE)**
- **Net Debt / Capitalization**

7% – 9%

>10%

6% – 7%

>150%

<\$15

<\$4

25% – 35%

* *Five-year CAGR*



Full-Year 2011 Projections

● Operating Targets

- Production (MMBOE)
- Production Growth (%)
- Reserve Growth (%)
- Reserve Replacement (%)
- Capital Program Efficiency (F&D \$/BOE)
- Lease Operating Expense (\$/BOE)
- General & Administrative (\$/BOE)

Current Forecast	Feb '11 Guidance
~246	240 – 250
~6.0%	4 – 6%
~4.0%	4 – 6%
~152%	150%+
\$15.00	<\$16
~\$4.45	\$3.80 – 4.30
~\$4.50	\$3.80 – 4.30

● Financial Targets

- Capital Expenditures (\$B)
- Discretionary Cash Flow (\$B)
- Leverage: Net Debt / Capitalization (%)
- Net E&P Debt⁴ per Proved Developed BOE (\$)

~\$6.4 ¹	\$6.2 – 6.6 ^{1,2}
~\$6.7 ¹	\$6.0 – 6.4 ^{1,3}
~42% ⁵	28 – 30%
~\$6.90 ⁵	~\$4.30

¹ Excludes WES ² Adjusted for Wattenberg Acquisition

³ Based on Strip Pricing (\$93.62/Bbl and \$4.57/Mcf) ⁴ Midstream debt estimated at 4x Multiple of Midstream EBITDAX (\$400 x 4 = \$1.6B)

⁵ Includes BP Settlement of \$4B – funded with \$1.5B cash & \$2.5B facility draw



Preliminary 2012 Outlook

● Operating Metrics

- Production (MMBOE)
- Reserve Replacement (%)
- Capital Program Efficiency (F&D \$/BOE)

260+
~155%
<\$17

● Financial Metrics

- Capital Expenditures (\$B)
- Discretionary Cash Flow (\$B)
- Year-End Net Debt (\$B)
- Leverage: Year-End Net Debt / Capitalization (%)
- Net E&P Debt³ per Proved Developed BOE (\$)

\$7.0 ¹
\$7.5 – 8.0 ^{1,2}
~\$9.4
~27% ⁴
~\$4.15 ⁴

¹ Excludes WES

² Based on \$97.75/Bbl and \$3.74/Mcf Pricing

³ Midstream debt estimated at 4x Multiple of Midstream EBITDAX (\$425 x 4 = \$1.7B)

⁴ Includes \$3.5B ATAX of Brazil & Indonesia divestitures and repayment of \$2.5B of borrowing for BP settlement



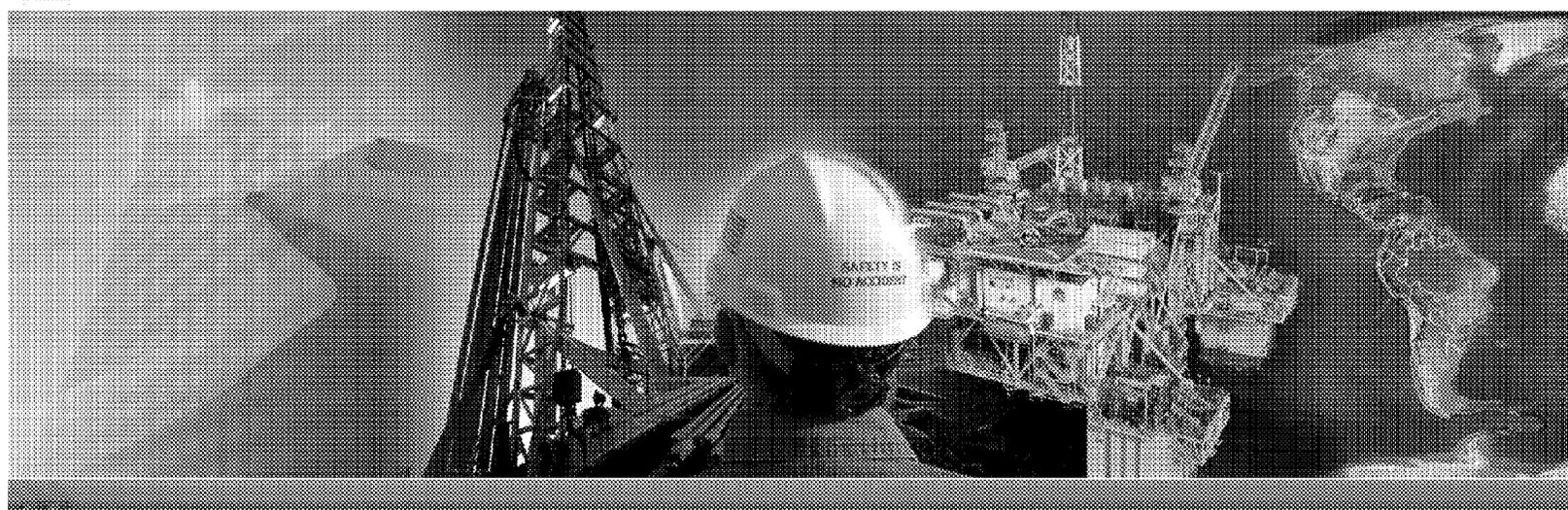
Disciplined Financial Plan

- **Liquidity**
 - Maintain ~\$1 Billion of Cash Working Capital
 - Maintain ~\$2 Billion of Additional Liquidity through Credit Facility
- **Revolving Credit Facility**
 - Restructuring Alternatives
 - Move to Unsecured Facility as soon as Practicable
- **Debt Reductions**
 - \$170 Million in 2012
- **Potential Settlement or Recovery of Algeria Claims**



Disciplined Financial Plan (continued)

- **Continue Periodic Asset Sales to WES**
- **Other Periodic Asset Monetizations**
- **Flexibility of Deep Balanced Portfolio**
 - **Efficiently Reallocate Capital under Alternative Scenarios**
 - **Substantial Short-Cycle Liquids-Rich Investment Opportunities**
 - **Line-of-Sight Organic Reserve Growth**
 - **Significant Production Growth**
- **Opportunistic Tenders & Re-Financings**
 - **Focus on 2014, 2016 and 2017 Maturities**
 - **Zero-Coupon Put Bond**
- **Maintain Fiscal Discipline**



ANADARKO PETROLEUM CORPORATION

Appendix A – Summary Financials

Summary Financial Forecast

Consolidated Results Including WES

NYMEX Natural Gas (\$ per MMBtu)*	\$4.39	\$4.10	\$3.74	\$4.33	\$4.65
NYMEX Crude Oil (\$ per Bbl)*	\$79.53	\$90.00	\$97.75	\$94.08	\$91.10
	Actual	Projected	Projected	Projected	Projected
	2010	2011	2012	2013	2014
<i>(\$ millions)</i>					
Income Statement					
Total Revenues	\$ 10,984	\$ 13,150	\$ 19,900	\$ 18,550	\$ 19,200
EBITDAX	7,226	7,600	14,200	12,100	12,400
Net Income	761	(2,350)	6,000	3,850	3,400
Cash Flow					
Net Cash from Operations	5,380	6,700	8,000	8,850	8,900
Total CAPEX + G&G Expense	5,169	6,900	7,500	7,700	8,200
Free Cash Flow	211	(200)	500	1,150	700
Capital Structure					
Cash and Cash Equivalents	\$ 3,680	\$ 1,600	\$ 3,300	\$ 4,200	\$ 4,050
Total Assets	51,559	51,100	56,400	60,000	62,750
Current Portion of Long-Term Debt	291	2,650	200	800	-
Total Long-Term Debt	12,722	12,850	12,550	11,800	11,800
Shareholders' Equity	20,684	18,750	24,850	28,500	31,700

*Nov 28, 2011 strip pricing



Income Statement Forecast

Consolidated Results Including WES

NYMEX Natural Gas (\$ per MMBtu)*	\$4.39	\$4.10	\$3.74	\$4.33	\$4.65
NYMEX Crude Oil (\$ per Bbl)*	\$79.53	\$90.00	\$97.75	\$94.08	\$91.10

(\$ millions)	Actual 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014
Total Revenue	\$ 10,984	\$ 13,150	\$ 19,900	\$ 18,550	\$ 19,200
Operating Expenses	2,260	2,650	2,900	3,700	3,950
General & Administrative	982	1,100	1,200	1,150	1,250
Exploration Expenses	974	1,100	1,250	1,150	1,350
Production Taxes	1,068	1,450	1,550	1,550	1,550
Depreciation & Depletion	3,714	3,850	4,000	4,350	4,500
Impairments	216	300	50	50	-
Deepwater Horizon Settlement		4,050			
Operating Profit	\$ 1,769	\$ (1,350)	\$ 9,000	\$ 6,650	\$ 6,600
Interest Expense	855	850	850	750	750
Other Expense (Income)	(727)	700	(300)	(100)	-
Income Before Taxes	\$ 1,642	\$ (2,900)	\$ 8,450	\$ 6,000	\$ 5,850
Total Taxes	821	(650)	2,350	2,050	2,350
Minority Interest	60	100	100	100	100
Net Income	\$ 761	\$ (2,350)	\$ 6,000	\$ 3,850	\$ 3,400

*Nov 28, 2011 strip pricing



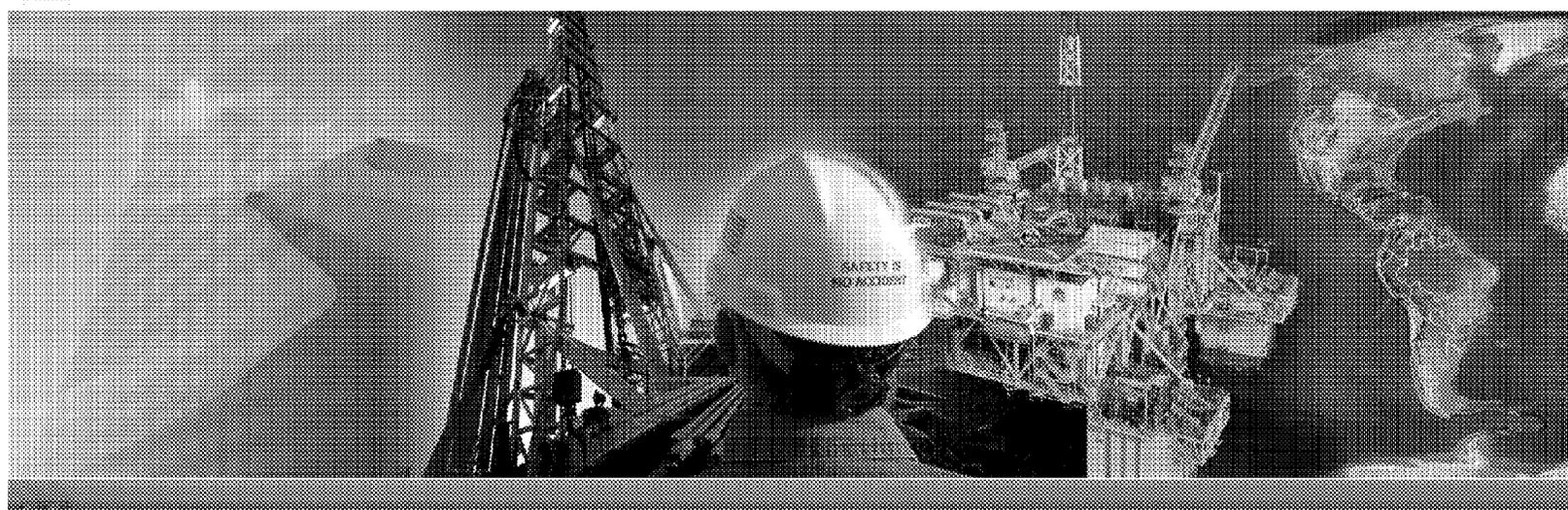
Balance Sheet Forecast

Consolidated Results Including WES

NYMEX Natural Gas (\$ per MMBtu)*	\$4.39	\$4.10	\$3.74	\$4.33	\$4.65
NYMEX Crude Oil (\$ per Bbl)*	\$79.53	\$90.00	\$97.75	\$94.08	\$91.10

(\$ millions)	Actual 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014
Cash and Cash Equivalents	\$ 3,680	\$ 1,600	\$ 3,300	\$ 4,200	\$ 4,050
Accounts Receivable	2,423	3,400	3,400	3,400	3,400
Current Assets - Other	572	550	550	550	550
Net Fixed Assets (PP&E)	37,957	39,000	41,650	44,250	47,200
Other Non-Current Assets	6,927	6,550	7,500	7,600	7,550
Total Assets	\$ 51,559	\$ 51,100	\$ 56,400	\$ 60,000	\$ 62,750
Total Current Liabilities	\$ 3,823	\$ 3,900	\$ 4,850	\$ 4,900	\$ 4,900
Current Portion of Long-Term Debt	291	2,650	200	800	-
Total Long-Term Debt	12,722	12,850	12,550	11,800	11,800
Other Long-Term Liabilities	3,423	4,600	4,750	4,750	4,750
Deferred Income Taxes	9,861	8,350	9,200	9,250	9,600
Noncontrolling Interests	755				
Total Equity	20,684	18,750	24,850	28,500	31,700
Total Liabilities & Equity	\$ 51,559	\$ 51,100	\$ 56,400	\$ 60,000	\$ 62,750

*Nov 28, 2011 strip pricing



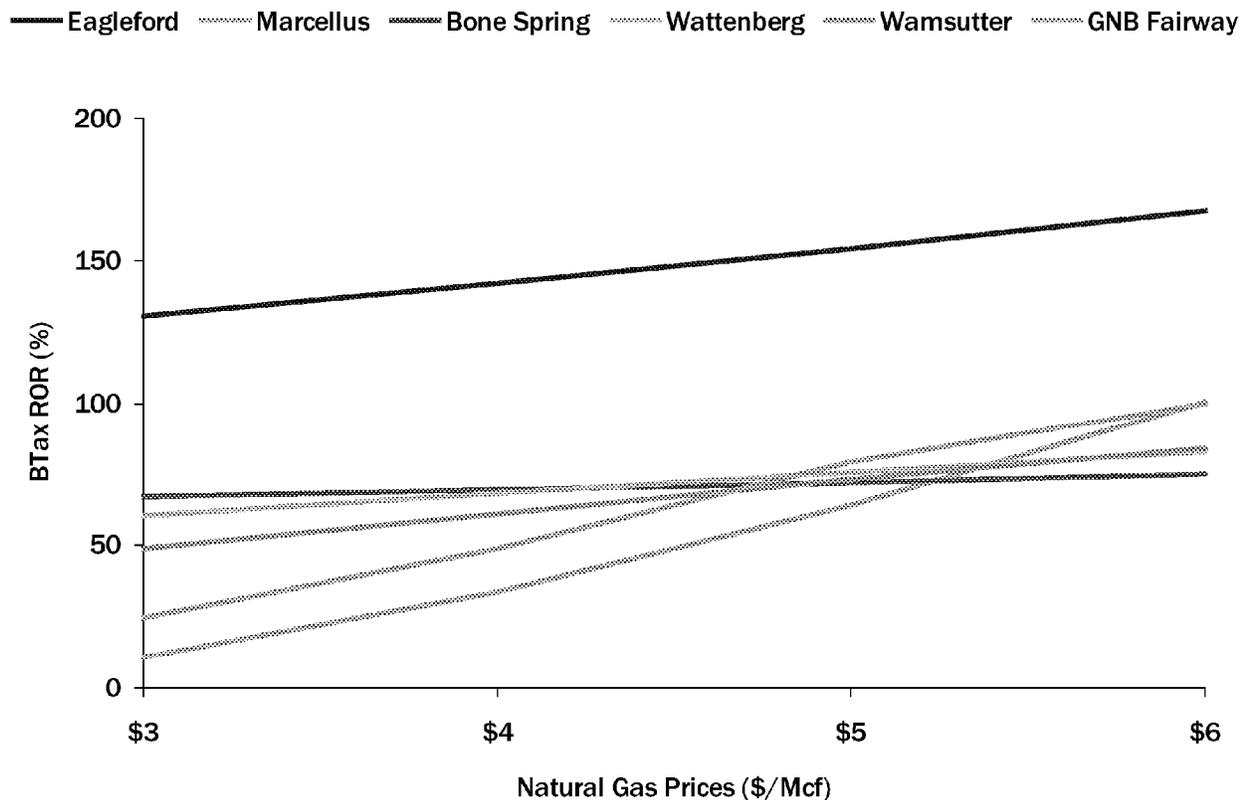
ANADARKO PETROLEUM CORPORATION

Appendix B – Additional Information



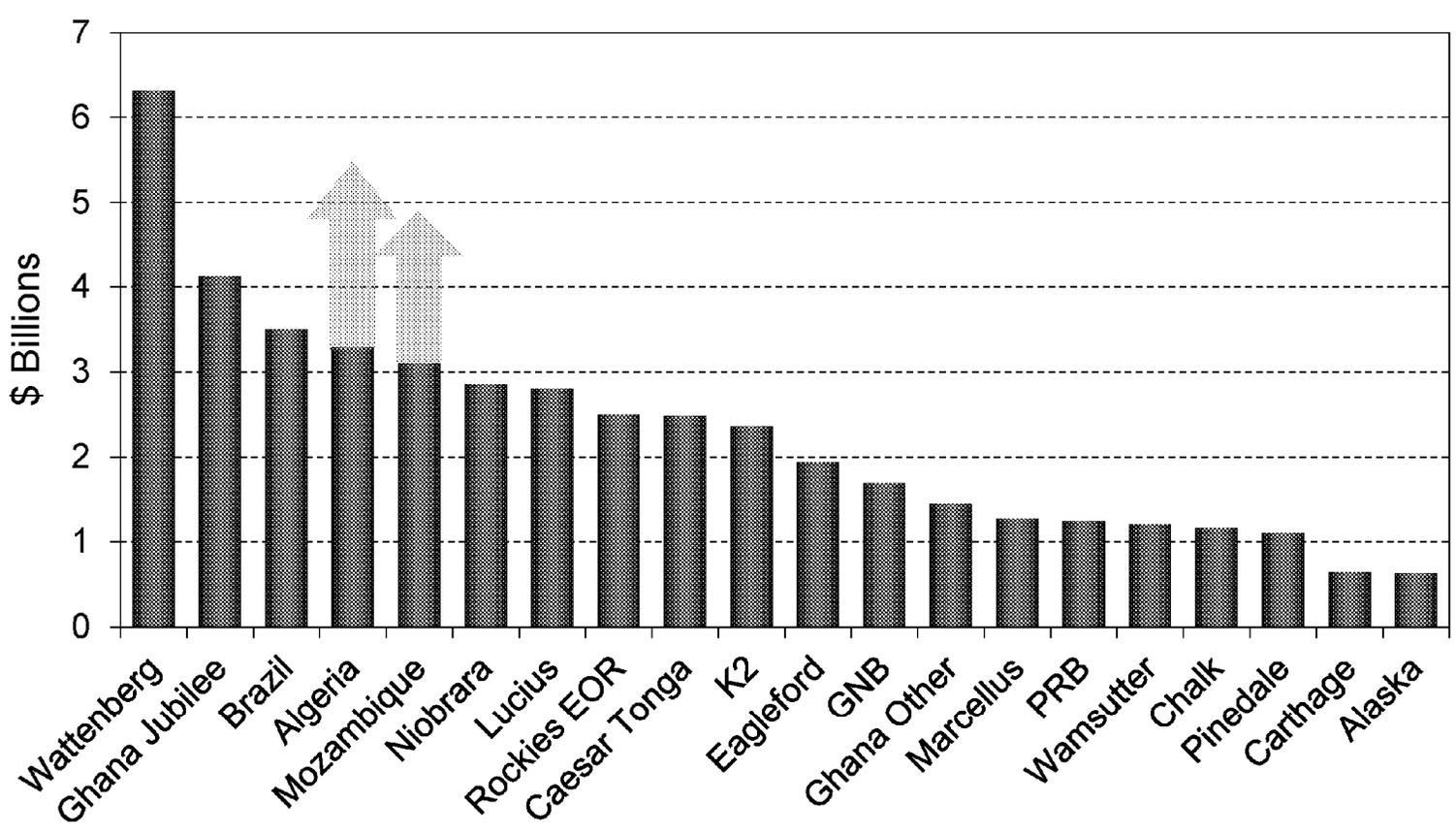
Robust Economics for U.S. Onshore Plays

Holding Oil Flat at \$90/Bbl





Option Value – Various Assets & Discoveries *ATAX Value – September 2011*



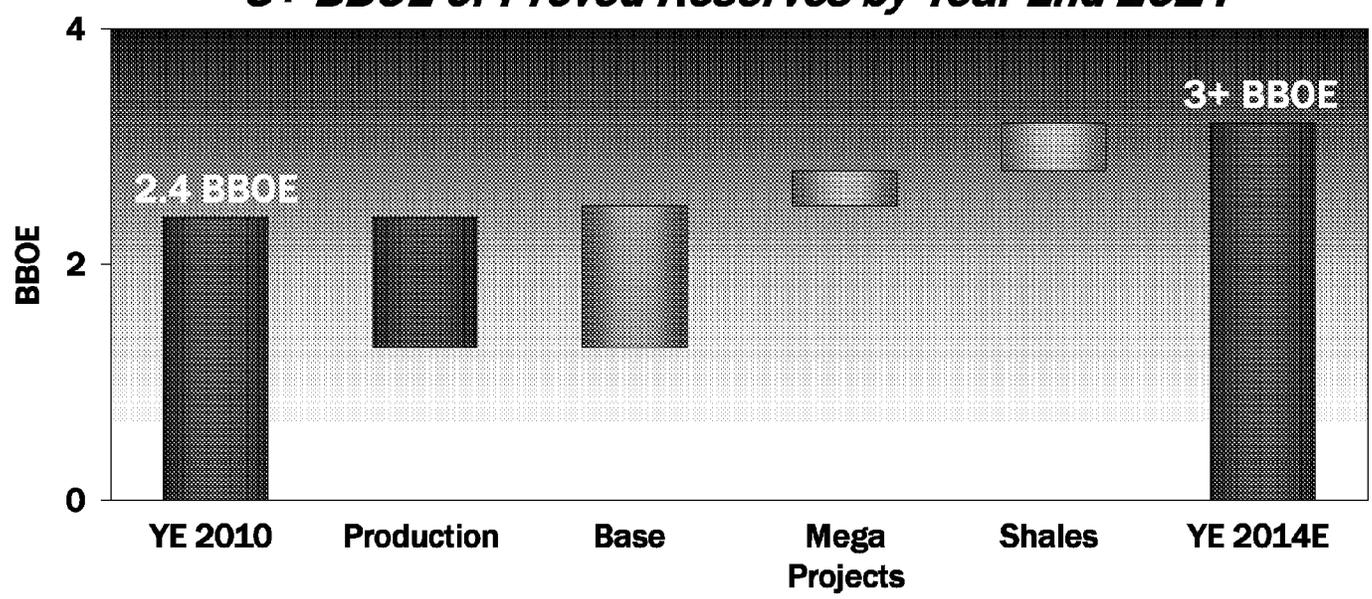
Based on 5-year strip pricing as of 8/31/11: Brent \$97.44, WTI \$93.43, Henry Hub \$5.648



Predictable Reserves Generator

- Capital-Efficient Base More Than Replaces Production
- Mega Projects and Shales Accelerate Reserves Growth

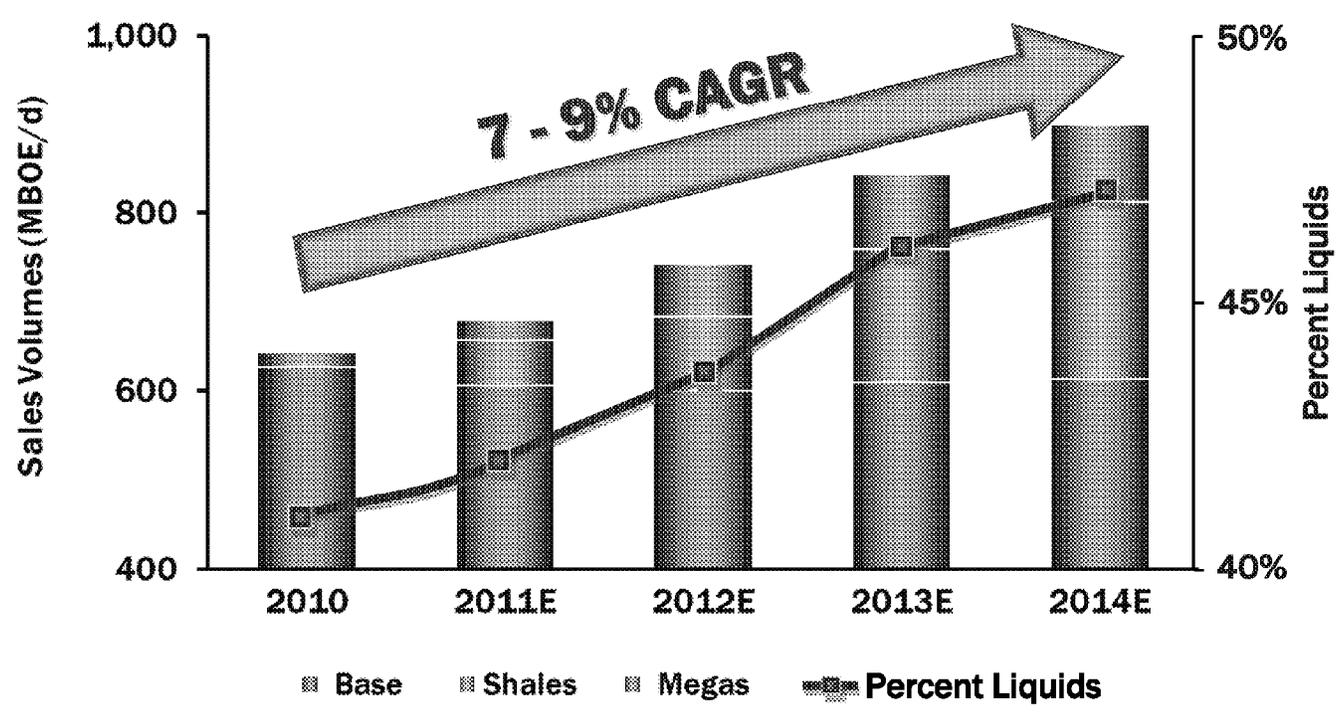
3+ BBOE of Proved Reserves by Year-End 2014





Line-of-Sight Production Growth

- 7 – 9% Five-Year Production CAGR
- Moving Toward Equalized Product Mix





Tremendous Shales Growth

- 10%+ of Total Company Sales Volumes at Year-End 2011
- Significant Reserves Growth Engine
- Robust Economics

