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# Rating Agency Update

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February 20, 2014

# 2013 Highlights

- **Announced ~\$4.5 Billion in Monetizations in 2013**
- **Achieved ~67% Exploration/Appraisal Success Rate**
- **Generated \$240 Million in Adjusted Free Cash Flow<sup>1</sup>**
- **Increased U.S. Onshore Oil Volumes by 25% Over 2012**
- **Reached Milestones at El Merk, Lucius, Heidelberg and TEN Developments**

<sup>1</sup> Includes \$792MM of WES capital investments



# 2013 Results

- Sales Volumes (MMBOE)
- Sales Volume Growth
- Reserve Adds (MMBOE)
- YE Reserves (MMBOE)
- Reserve Replacement (\$B)<sup>1</sup>
- Capital Expenditures (\$B)<sup>2</sup>
- Operating Cash Flow (\$B)
- F&D (\$/BOE)
- Lease Operating Expense (\$/BOE)
- General & Administrative (\$/BOE)

## Initial Guidance

282

5%

-

-

150+%

\$7.2 - \$7.6

\$8.8

~\$15

\$3.90 - \$4.10

\$3.75 - \$4.05

## 2013 Actual

285

6%

551

2,792

194%

\$7.7

\$8.8

<\$14

\$3.83

\$3.82

<sup>1</sup> Before Effects of Price Revisions

<sup>2</sup> Excludes \$792MM of WES Capital



# Leverage Metrics

|                                          | YE 2012      |  | YE 2013      |            |
|------------------------------------------|--------------|--|--------------|------------|
|                                          | <u>Gross</u> |  | <u>Gross</u> | <u>Net</u> |
| ▪ Debt (\$B)                             | \$13.3       |  | \$13.6       | \$9.9      |
| ▪ Debt to EBITDA <sup>1</sup>            | 1.9x         |  | 1.7x         | 1.2x       |
| ▪ Debt to Capitalization                 | 39%          |  | 38%          | 31%        |
| ▪ E&P <sup>2</sup> Debt (\$B)            | \$11.5       |  | \$10.5       | \$6.8      |
| ▪ E&P Debt per Proved Developed BOE (\$) | \$6.10       |  | \$5.80       | \$3.75     |
| ▪ E&P Debt per Proved BOE (\$)           | \$4.50       |  | \$4.10       | \$2.70     |
| ▪ EBITDA <sup>1</sup> Interest Coverage  | 7.3x         |  | 8.5x         |            |
| ▪ Weighted Average Debt Maturity         | 13.0yrs      |  | 14.0yrs      |            |

<sup>1</sup> EBITDA Excludes Algeria Exceptional Profits Tax Settlement Proceeds and Tronox Contingent Loss

<sup>2</sup> E&P Debt = Debt - WES Debt - (4 x Anadarko-only Midstream EBITDA)



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# 2014 OUTLOOK



# Financial Summary

|                         |        |        |
|-------------------------|--------|--------|
| Natural Gas (Henry Hub) | 3.73   | 3.25   |
| Oil (WTI)               | 98.05  | 90.00  |
| Oil (Brent)             | 108.70 | 100.00 |
| NGLs                    | 39.00  | 37.00  |

|                                     | Actual        | Projected     |
|-------------------------------------|---------------|---------------|
| (\$ millions)                       | 2013          | 2014          |
| <b>Production (MMBOE)</b>           | <b>285</b>    | <b>295</b>    |
| <b>Income Statement</b>             |               |               |
| Total Revenues                      | 14,581        | 14,900        |
| EBITDAX                             | 9,403         | 11,500        |
| Net Income                          | 941           | 3,200         |
| <b>Cash Flow</b>                    |               |               |
| Cash Flow from Operating Activities | 8,033         | 7,700         |
| Asset Sales / Other                 | 730           | 3,200         |
| Capital Expenditures                | 8,523         | 8,800         |
| Free Cash Flow                      | 240           | 2,100         |
| <b>Capital Structure</b>            |               |               |
| Total Assets                        | 55,529        | 61,600        |
| Current Portion of Long-Term Debt   | 500           | 0             |
| Long Term Debt                      | 13,065        | 14,098        |
| <b>Total Debt</b>                   | <b>13,565</b> | <b>14,098</b> |
| Shareholders' Equity                | 21,857        | 24,700        |



# Income Statement

|                         |        |        |
|-------------------------|--------|--------|
| Natural Gas (Henry Hub) | 3.73   | 3.25   |
| Oil (WTI)               | 98.05  | 90.00  |
| Oil (Brent)             | 108.70 | 100.00 |
| NGLs                    | 39.00  | 37.00  |

|                            | Actual        | Projected     |
|----------------------------|---------------|---------------|
| (\$ millions)              | 2013          | 2014          |
| <b>Total Revenue</b>       | <b>14,581</b> | <b>14,900</b> |
| Operating Expense          | 2,983         | 3,100         |
| General & Administrative   | 1,090         | 1,200         |
| Exploration Expenses       | 1,329         | 900           |
| Production Taxes           | 1,077         | 1,300         |
| Depreciation & Depletion   | 3,927         | 4,200         |
| Other Expense (Income)     | 842           | (1,500)       |
| <b>Operating Profit</b>    | <b>3,333</b>  | <b>5,700</b>  |
| Interest Expense           | 686           | 700           |
| Other Expense (Income)     | 541           | (800)         |
| <b>Income Before Taxes</b> | <b>2,106</b>  | <b>5,800</b>  |
| Tax Expense                | 1,165         | 2,600         |
| <b>Net Income</b>          | <b>941</b>    | <b>3,200</b>  |



# Balance Sheet

|                                       | Actual        | Projected     |
|---------------------------------------|---------------|---------------|
| (\$ millions)                         | 2013          | 2014          |
| Cash and Cash Equivalents             | 3,698         | 5,900         |
| Current Assets - Other                | 3,158         | 4,600         |
| Net Fixed Assets (PP&E)               | 40,929        | 43,300        |
| Other Non-Current Assets              | 7,744         | 7,800         |
| <b>Total Assets</b>                   | <b>55,529</b> | <b>61,600</b> |
| Current Liabilities                   | 4,951         | 6,500         |
| Current Portion of Long-Term Debt     | 500           | 0             |
| Long-Term Debt                        | 13,065        | 14,098        |
| <b>Total Debt</b>                     | <b>13,565</b> | <b>14,098</b> |
| Other Long-Term Liabilities           | 15,156        | 16,300        |
| Shareholders' Equity                  | 21,857        | 24,700        |
| <b>Total Liabilities &amp; Equity</b> | <b>55,529</b> | <b>61,600</b> |

