INVESTOR RELATIONS

ROBIN FIELDER
Vice President
832 636 1462

KATE SLOAN
Director
832 636 2562

ANDY TAYLOR
Director
832 636 3089

NYSE: APC
WWW.ANADARKO.COM

SECOND-QUARTER 2018

OPERATIONS REPORT

JULY 31, 2018

2018 SECOND-QUARTER HIGHLIGHTS

Executing the Strategy

Anadarko remains committed to its durable strategy of delivering attractive, capital-efficient growth and applying free cash flow in a balanced manner to fund the repurchase of stock and the retirement of debt.

In the 2nd quarter, Anadarko exceeded the high end of guidance for U.S. oil sales volumes and delivered 283,000 BOPD on a divestiture-adjusted basis, driven by strong delivery in the U.S. Onshore.

In the Delaware Basin, Anadarko achieved record oil sales volumes of 62,000 BOPD as the company remains on track to deliver significant volume growth in the 2nd half of 2018 as it advances its infrastructure expansion.

Anadarko continued its horizontal drilling campaign in the royalty-and infrastructure-advantaged DJ Basin with four operated drilling rigs, which all feature natural gas engines and three completion crews utilizing quiet technology. Both enhancements are consistent with the company's efforts to improve environmental performance and minimize impacts.

In the Gulf of Mexico, the company continued to leverage its unmatched infrastructure position to generate competitive rates of return, including the third successful tieback to the 100%-owned Horn Mountain facility and the twelfth successful K2 well, a tieback to the Marco Polo facility.

Anadarko strives to meet the highest standards for health, safety and the environment, and subsequent to quarter end released its 2017 HSE and Sustainability report containing a scorecard of selected ESG metrics for the past three years.

Delaware Basin Oil Infrastructure On Line

In the Delaware Basin, Anadarko placed the Reeves ROTF into service safely and on time. This is the first of three critical infrastructure projects expected this year that will move oil, gas, and produced water in a tankless system to improve the environmental footprint, significantly reduce truck traffic and increase operational reliability.

Subsequent to quarter end, the company completed commissioning the north Loving ROTF. New wells are expected to flow into this additional oil treating facility in the 3rd quarter of 2018 as planned. Progress continues on the Mentone I and II gas processing plant, and startup remains on schedule for the 2nd half of 2018.

Advancing Mozambique LNG to FID

During the 2nd quarter, Anadarko and the Area 1 co-venturers announced an additional HOA with Tokyo Gas and Centrica as co-purchasers. Additionally, Anadarko announced it expects to take FID of the Golfinho/Atum project in the 1st half of 2019. Progress continues on converting the FID target off-take volume from non-binding commitments to long-term SPAs.

The company and the Area 1 co-venturers also announced expected onshore LNG development cost of less than $600/tonne, a highly competitive cost for the initial two-train development.

Delivering Returns to Shareholders

Anadarko completed its $3 billion share-repurchase program during the 2nd quarter and retired approximately $114 million of debt maturities as planned. Subsequent to quarter end, the company announced a $1 billion expansion to the share-repurchase program and a $500 million increase in the debt-reduction program, bringing the total planned aggregate equity and debt-buyback programs to $5.5 billion.

Anadarko's strong asset base delivers attractive, capital-efficient growth that, combined with the deployment of free cash flow to buy back equity and debt and increase the dividend over time, creates meaningful shareholder value.

OVERVIEW

Sales Volumes

Sales volumes for the quarter were at the high end of guidance at 58 MMBOE, or 636,000 BOE/d on a divestiture-adjusted basis. Oil sales volumes were 363,000 BOPD, a 15% increase from 2nd quarter of 2017 on a divestiture-adjusted basis. On a per day basis, total liquid volumes mix has increased to 73% and oil mix has increased to 57%, compared to 67% and 52% respectively, from the 2nd quarter of 2017.

Second-quarter oil sales volumes exceeded the high end of guidance due to strong performance from the company's U.S. Onshore and Gulf of Mexico assets, which delivered 25% growth from the 2nd quarter of 2017 on a divestiture-adjusted basis.

Capital Investments

Second-quarter capital investments were within guidance at $1,497 million, excluding $301 million of capital investments made by WES.

2018 CAPITAL PROGRAM ($MM)[1]

Previous Guidance		**$4,200 – $4,600**
DJ and Delaware Basins	+ 450	• Non-op activity/non-consents • Longer laterals/WI adjustments • Service-cost inflation
Midstream	+ 100	• On-time infrastructure delivery
Rest of Portfolio	- 300	• Cost and efficiency gains • Schedule changes
New Guidance	**+ 250**	**$4,500 – $4,800**

[1]Does not include WES capital investments; excludes $100 million Powder River Basin lease acquisition

SALES VOLUMES

	2Q18 Oil MBOPD	2Q18 NGLs MBbl/d	2Q18 Gas MMcf/d	2Q18 MMBOE	2Q17 Oil MBOPD	2Q17 NGLs MBbl/d	2Q17 Gas MMcf/d	2Q17 MMBOE
U.S. Onshore	169	86	969	38	115	76	968	32
Gulf of Mexico	114	9	66	12	112	9	102	13
Total U.S.	283	95	1,035	50	227	85	1,070	45
International (1)	80	5	0	8	88	5	0	8
Divestiture-Adjusted Sales	**363**	**100**	**1,035**	**58**	**315**	**90**	**1,070**	**53**
Divestitures (2)	1	0	2	0	16	4	168	4
Total Company	364	100	1,037	58	331	94	1,238	57

(1) *Quarterly sales volumes are influenced by size, timing and scheduling of tanker liftings.*

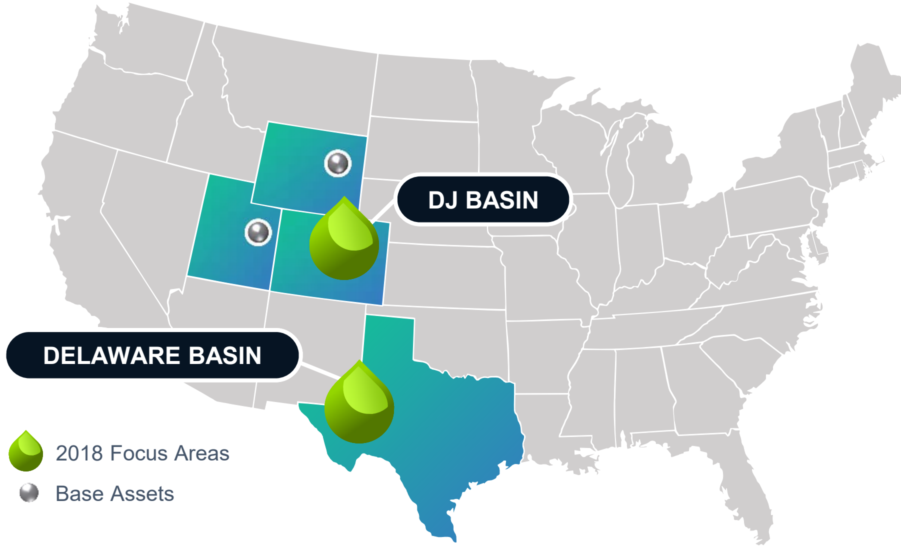
(2) *Eaglebine and Utah CBM divestitures closed in 2Q17; Moxa divestiture closed in 4Q17; Alaska divestiture closed in 1Q18; Ram Powell divestiture closed in 2Q18.*

CAPITAL INVESTMENTS

	2Q18 $MM
U.S. Onshore	927
Gulf of Mexico	229
Total U.S.	1,156
International	60
Midstream *	532
Capitalized Items/Other *	50
Total Company	1,798

** Includes WES midstream capital investments of $301 MM, which includes $6 MM of capitalized items.*

U.S. ONSHORE



Anadarko's U.S. Onshore assets delivered sales volumes of 417,000 BOE/d on a divestiture-adjusted basis, an increase of 4% from the prior quarter and 18% from the 2nd quarter of 2017. Oil sales volumes were 169,000 BOPD, representing an increase of 8% from the prior quarter and 47% from the 2nd quarter of 2017, on a divestiture-adjusted basis, driven by strong performance in the Delaware Basin.

Record sales volumes were delivered this quarter in both the DJ and Delaware basins for a combined 360,000 MBOE/d comprised of 67% liquids.

During the quarter, the company averaged 12 drilling rigs and 8 completion crews in the U.S. Onshore, including seven rigs in the Delaware Basin, four rigs in the DJ Basin and one rig in Wyoming.

Anadarko invested approximately $100 million on lease acquisition in the Powder River Basin during the quarter.

SALES VOLUMES

	2Q18	2Q18	2Q18	2Q18	2Q17	2Q17	2Q17	2Q17
	Oil MBOPD	NGLs MBbl/d	Gas MMcf/d	MBOE/d	Oil MBOPD	NGLs MBbl/d	Gas MMcf/d	MBOE/d
DJ Basin	99	62	600	261	76	58	553	226
Delaware Basin	62	17	121	99	33	10	87	57
Greater Natural Buttes	1	6	219	44	2	7	252	51
Wyoming/Other	7	1	29	13	4	1	76	18
Divestiture-Adjusted Sales	**169**	**86**	**969**	**417**	**115**	**76**	**968**	**352**
*Divestitures**	0	0	0	0	4	4	161	35
Total	169	86	969	417	119	80	1,129	387

** Eaglebine and Utah CBM divestitures closed in 2Q17; Moxa divestiture closed in 4Q17.*

APC CAPITAL INVESTMENTS‡

	UPSTREAM	MIDSTREAM
	2Q18	
	$MM	
DJ Basin	319	14
Delaware Basin	433	221
Wyoming/Other	175	2
Total	927	237

‡ *Excludes WES midstream capital investments.*

DELAWARE BASIN

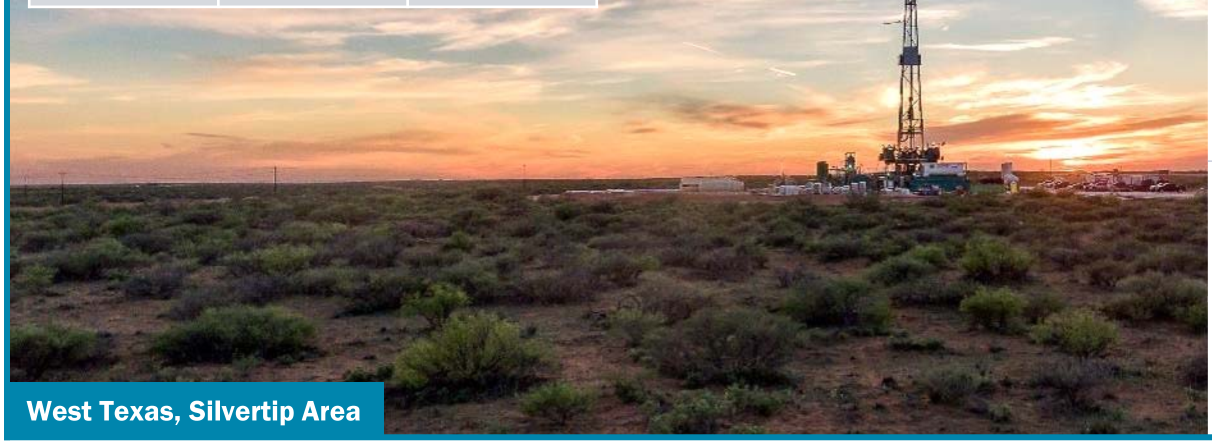
Continued Record Volumes

- Anadarko exceeded expectations this quarter and delivered record production in the Delaware Basin, with sales volumes of 99,000 BOE/d, 80% liquids, primarily driven by excellent runtime in the field. Oil sales volumes averaged 62,000 BOPD, representing a 19% increase from the previous quarter and an 88% increase from the 2nd quarter of 2017.
- Anadarko turned a record 51 wells to sales during the quarter, a 76% increase from the previous quarter. The wells were aligned with the scheduled startup of the Reeves ROTF, which was placed in service safely and on time during the quarter.
- The company averaged seven operated drilling rigs and five completion crews during the quarter.

Leveraging Gulf Coast Markets for Improved Netbacks

- Anadarko has secured access to substantial long-term crude oil transportation capacity to both the Gulf Coast refining and U.S. export markets. The company is one of the anchor shippers on Enterprise's Midland pipeline to Houston, which is in service today, and Plains' Cactus II pipeline to Corpus Christi, which is expected to come on line in the 2nd half of 2019.
- Approximately 50% of Anadarko's operated Delaware Basin oil volumes currently are being sold at Gulf Coast markets. This is scheduled to increase to approximately 100% of operated oil volumes when the Cactus II pipeline comes on line as currently forecasted by the operator.
- Anadarko successfully exported three Delaware Basin crude oil cargos during the quarter and was able to leverage the company's global crude marketing expertise to capture Brent related pricing.

2Q18 ACTIVITY		
Average Operated Rigs	Wells Spud	Wells Turned to Sales
7	25	51



West Texas, Silvertip Area

DELAWARE BASIN REALIZED OIL PRICING 2Q18	
MARKET	VAR. TO NYMEX OIL
Export/Gulf Coast Sales	~$4+/bbl
Sales in Basin	(~$8/bbl)
Weighted Average Delaware Basin Price	**(~$2/bbl)**

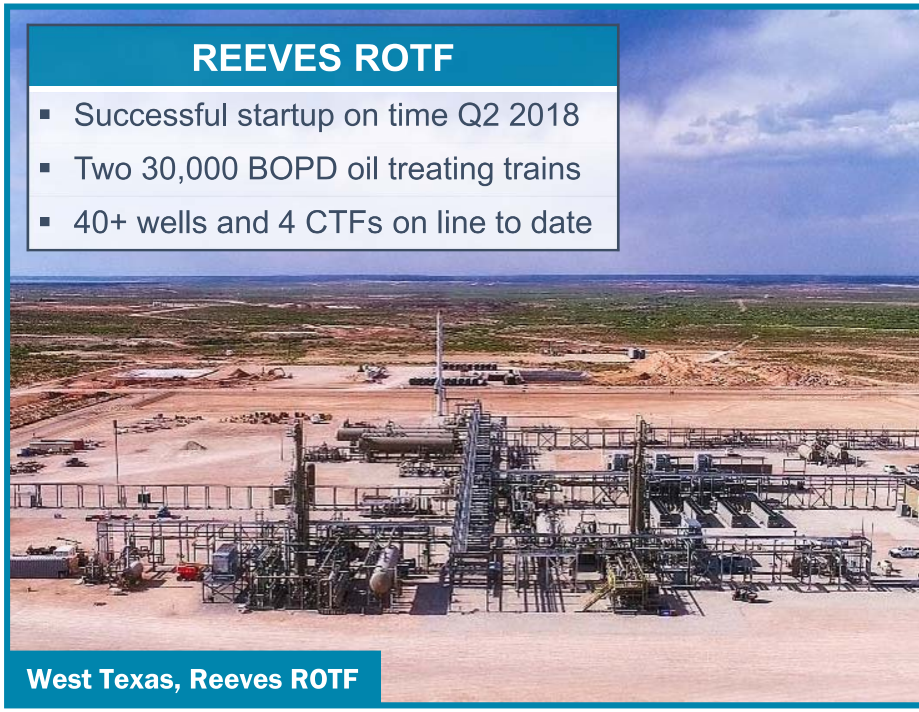
DELAWARE BASIN

Reeves ROTF Safely On Line and On Schedule – Full Infrastructure Buildout Progresses

- In the 2nd quarter, Anadarko successfully brought the Reeves ROTF on line safely and on time, including 31 wells, three CTFs and two 30,000 BOPD capacity oil treating trains. Subsequent to quarter end, an additional 12 wells and one CTF were brought on line, and new wells will continue to flow into the tankless system as the year progresses.
- The startup of the Reeves ROTF demonstrated integrated project team success with approximately 6 million man hours contributed thus far to West Texas projects. At the peak of construction, more than 5,000 contractors were on site.
- Subsequent to quarter end, commissioning was finalized on the north Loving ROTF with the introduction of hydrocarbons to the first of two 30,000 BOPD capacity oil-treating trains. New wells in the area are expected to be turned over to sales and flow into the system as planned in the 3rd quarter.
- Construction activities on the Mentone I and II gas processing plant are on schedule, and startup remains on track for the 2nd half of 2018.

Pathway to Full Development

- Anadarko continues to transition to full development in the Delaware Basin. This year approximately half of the company's rig fleet is drilling multi-well development pads in the basin and nearly all are drilling extended-length lateral wells.
- During the quarter, 100% of Anadarko contracted completions crews used local sand.
- Anadarko continued operations on the Silvertip-A campaign in the north Loving area. Drilling operations on 12 extended-lateral wells targeting four Wolfcamp-A targets and one 3rd Bone Spring target were completed in the 1st half of 2018 with completion operations underway, and first production expected in the 2nd half of 2018 when the multi-well pads will flow into the north Loving ROTF. The company is collecting valuable data to optimize future development in the highly prolific Wolfcamp reservoir.



West Texas, Reeves ROTF

FOCUSED ON SUSTAINABLE OPERATIONS

- Worked ~6 million West Texas project man hours safely
- Eliminated truck traffic from oil and water hauling
- Reduced tank batteries to minimize emissions
- Improved environmental footprint at the well pad

DJ BASIN

Free Cash Flow Generation

- Anadarko delivered record net production of 261,000 BOE/d during the quarter and generated approximately $280 million of free cash flow* from the DJ Basin. Year to date this capital-efficient asset has delivered more than $500 million in free cash flow.*
- The company averaged four operated drilling rigs and three completion crews during the quarter.

Committed to Safe & Sustainable Operations

- During the quarter, Anadarko safely executed an approximately one-week plant and facility turnaround at Lancaster and COSF.
- Anadarko contracted operated drilling rigs now have natural gas engines, and contracted completion crews now feature equipment with noise-reduction technology. Almost all feature bi-fuel capability, resulting in fewer emissions.

Increased Lateral Lengths Improve Economics

- Anadarko's average lateral length in 2018 is expected to be approximately 8,000 feet per well, a 15+% year-over-year increase from 2017, improving per-well and overall economics and lowering breakeven costs.
- The lateral length increase in 2018 is equivalent to more than 60 incremental short-lateral wells with superior economics.
- Anadarko has more than doubled the average lateral length in the DJ Basin since inception of the horizontal program in 2011.

2Q18 ACTIVITY

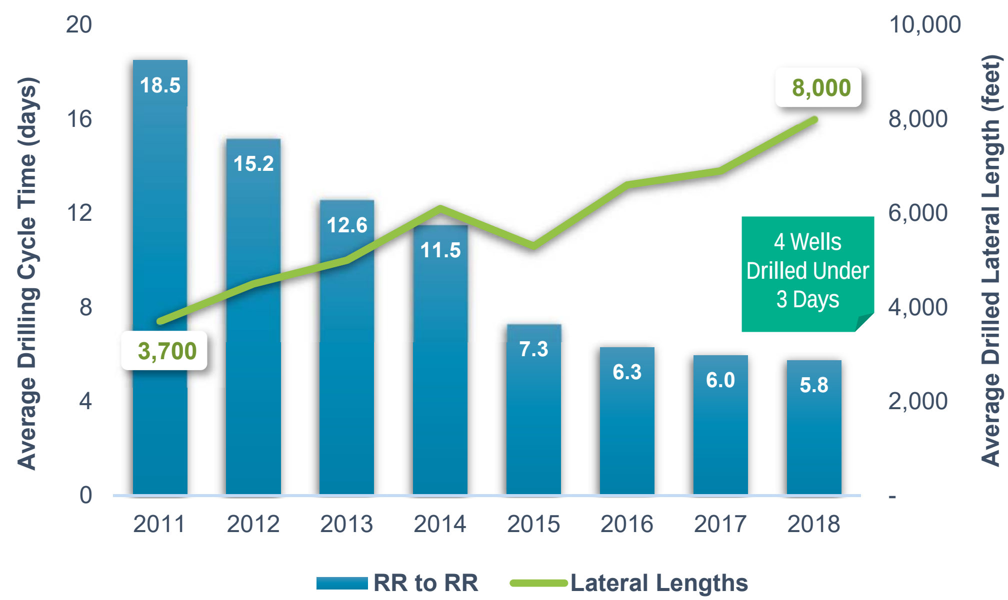
Average Operated Rigs	Wells Spud	Wells Turned to Sales
4	63	63


DJ Basin, Colorado

OPERATIONAL EXCELLENCE

	SINCE 2011
AVERAGE LATERAL LENGTH (FEET)	2X ↑
DRILLING RR-RR CYCLE TIME (DAYS)	3X ↓

DJ Drilling Efficiencies



*See Non-GAAP definition and reconciliation on page 14

GULF OF MEXICO

Anadarko's Gulf of Mexico sales volumes averaged 134,000 BOE/d and 114,000 BOPD on a divestiture-adjusted basis during the quarter, representing a 9% and a 10% decrease, respectively, from the prior quarter, largely driven by planned downtime to tie back future wells to platforms and perform routine maintenance.

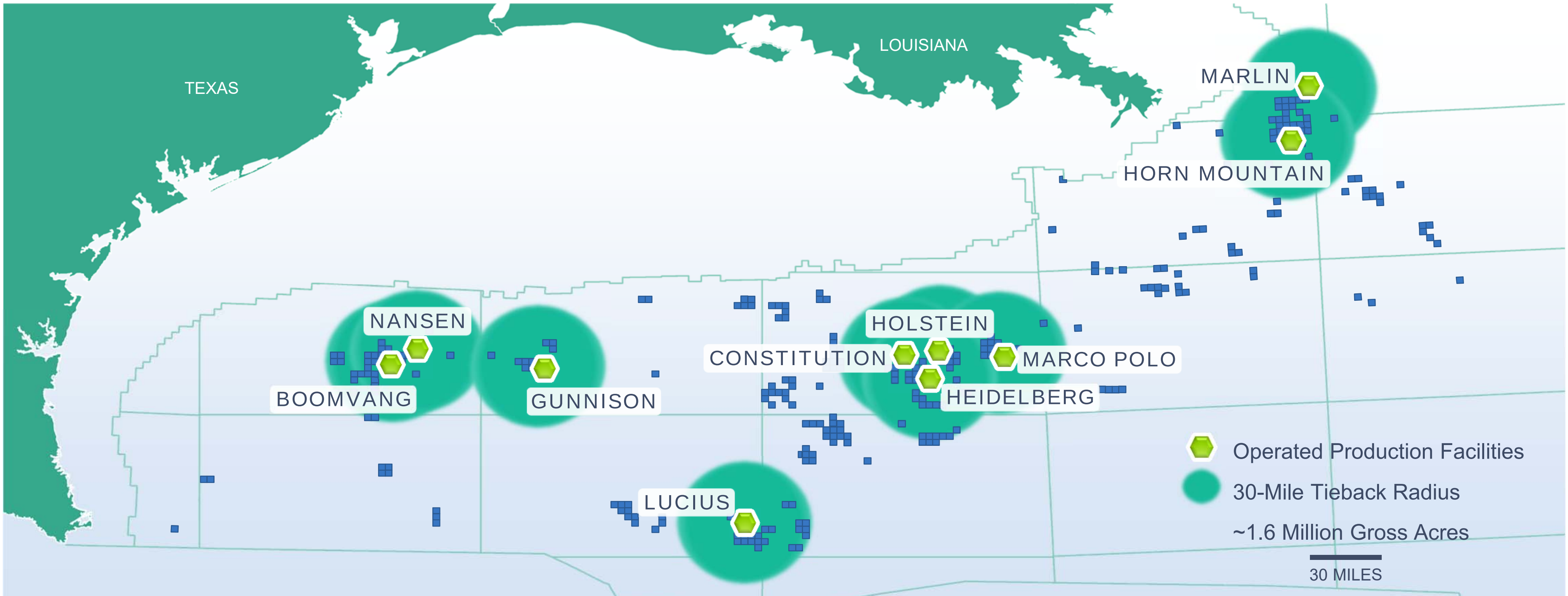
Anadarko's investment in the Gulf of Mexico is focused on development tiebacks to the company's industry leading 10 operated floating facilities. More than 30 development opportunities exist within a 30-mile radius of existing infrastructure with the potential to further expand this distance. These highly economic opportunities shorten the investment cycle and compete favorably in the Anadarko portfolio.

During the 2nd quarter, Anadarko closed the divestiture of the non-operated Ram Powell asset.

SALES VOLUMES

	2Q18	2Q18	2Q18	2Q18	2Q17	2Q17	2Q17	2Q17
	Oil MBOPD	NGLs MBbl/d	Gas MMcf/d	MBOE/d	Oil MBOPD	NGLs MBbl/d	Gas MMcf/d	MBOE/d
Divestiture-Adjusted Sales	114	9	66	134	112	9	102	138
*Divestitures**	1	0	2	1	1	0	7	2
Total	115	9	68	135	113	9	109	140

**Ram Powell divesititure closed in 2Q18.*



10 OPERATED FACILITIES
Most in Deepwater GOM

~280 WI BLOCKS
One of the Largest Deepwater Leaseholders

30+
Tieback Opportunities

GULF OF MEXICO

CASH FLOW GENERATION

- Anadarko's industry leading 10 operated facilities have generated more than $750 million in free cash flow* year to date.
- The company expects to realize approximately $85 million annually in additional revenues from production-handling agreements and reduced expenses from agreements for cost sharing on third-party volumes at Constitution, Marco Polo, Marlin and Lucius.
- Anadarko's late-2016 deepwater property acquisition is expected to recoup its initial investment this year -- one year earlier than expected.

DEVELOPMENT

HORN MOUNTAIN:

Mississippi Canyon 126/127 (APC WI 100%, Operator)

- Horn Mountain continues to outperform expectations with total facility gross oil production rates at the highest level in more than 12 years. The third Anadarko development well came on line in the 2nd quarter of 2018 and is currently producing approximately 8,000 BOPD from a single zone.

MARLIN:

Mississippi Canyon 84/85/129 (APC WI 100%, Operator)

Viosca Knoll 871/915 (APC WI 100%, Operator)

- Anadarko's second tieback well to the Marlin facility, located in the Dorado field, has completed drilling operations, with completion and first production scheduled for the 3rd quarter of 2018.
- Anadarko continues to leverage its industry-leading infrastructure position to generate revenue with production-handling agreements on third-party volumes. LLOG Exploration's Crown & Anchor tie-in achieved first production during the quarter.

HOLSTEIN:

Green Canyon 643/644/645/688 (APC WI 100%, Operator)

- Platform rig work commenced in November 2017, and completion operations are underway. First production from the program is expected in the 3rd quarter of 2018.

K2:

Green Canyon 518/561/562/605/606 (APC WI 41.8%, Operator)

- The twelfth development well at K2 was drilled and found approximately 220 net feet of high-quality oil pay in three reservoirs. This well is a tieback to the Marco Polo facility and achieved first production during the 2nd quarter.

*See Non-GAAP definition and reconciliation on page 14

CONSTELLATION:

Green Canyon 583/626/627/628/670 (APC WI 33.3%, Operator)

- First production from the Constellation development is planned for late 2018 or early 2019 as a tieback to the 100%-Anadarko-owned Constitution spar.

LUCIUS:

Keathley Canyon 874/875/918/919 (APC WI 48.9%, Operator)

- In late 2017, the company entered into an agreement with partners to expand the Lucius unit to encompass the adjacent Hadrian North discovery. The first Hadrian North expansion well was spud in the 2nd quarter of 2018, with first production expected in 2019.

CAESAR/TONGA:

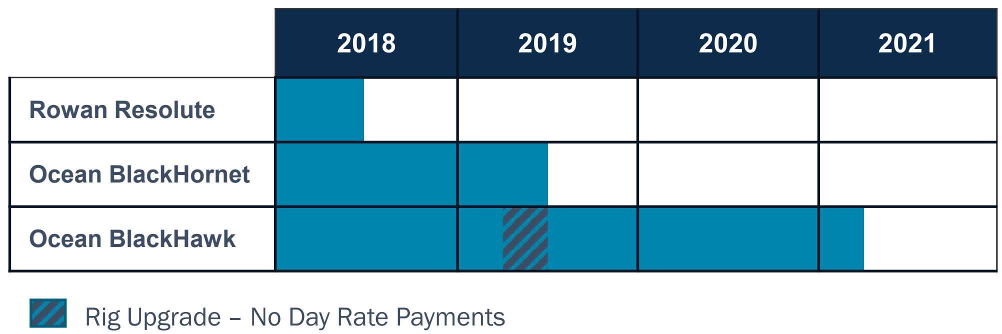
Green Canyon 683/726/727/770 (APC WI 33.75%, Operator)

- Production rates from the existing seven wells on line are strong. Well operations have finished on the eighth well, and first production is expected in the 3rd quarter of 2018.

DEEPWATER RIG FLEET

- The contract on the Rowan Resolute ended during the quarter.
- Anadarko and the rig contractor on the Ocean BlackHawk agreed to a revised contract that allows Andadarko to defer some short-term, higher-rate rig time in exchange for a lower-rate, one-year extension on the sixth-generation drillship until mid-2021. The drillship will be focused on highly economic tieback opportunities. The contract on the Ocean BlackHornet will now end in early 2019.

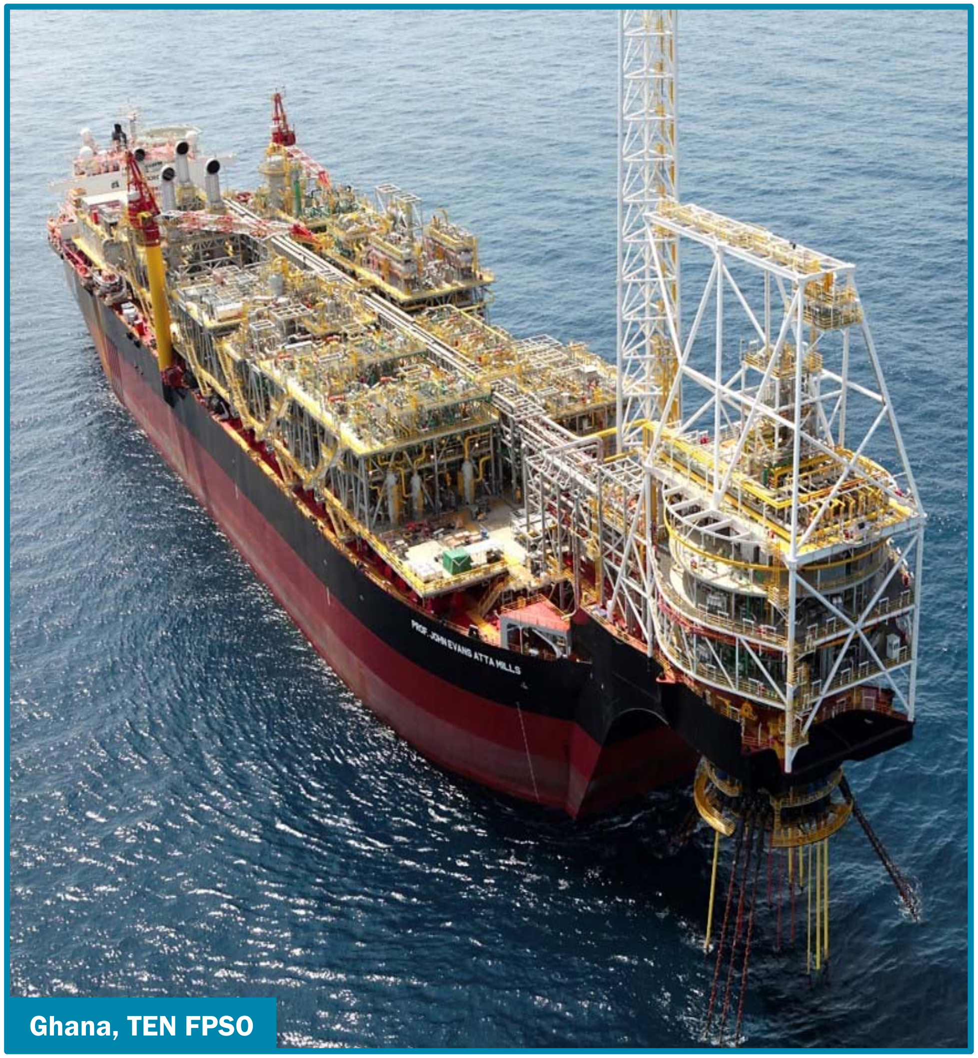
Deepwater Rig Schedule



INTERNATIONAL

Anadarko's International sales volumes averaged 85,000 Bbl/d during the 2nd quarter of 2018, representing a decrease of 3% from the prior quarter, largely driven by timing of liftings in Algeria and Ghana.

In Ghana, the partnership continued development operations offshore in the Jubilee and TEN fields and announced the contract of a second rig, which is expected to arrive in country during the 4th quarter of 2018.



Ghana, TEN FPSO

SALES VOLUMES

	2Q18	2Q17
	MBbl/d	MBbl/d
Algeria (1)	57	64
Ghana (1)	28	29
Divestiture-Adjusted Sales	**85**	**93**
Divestitures (2)	0	11
Total	85	104

(1) *Quarterly sales volumes are influenced by size, timing and scheduling of tanker liftings.*

(2) *Alaska divestiture closed in 1Q18.*

CAPITAL INVESTMENTS

	2Q18
	$MM
Algeria	12
West Africa	19
Mozambique	28
Colombia	1
Total	60

ALGERIA:

- Gross production averaged 318,000 BOE/d during the 2nd quarter with the El Merk facility averaging 151,000 BOE/d.
- During the quarter, the HBNS facility completed the shutdown for statutory maintenance within the planned duration of 40 days.

GHANA:

- Gross production from the TEN development averaged approximately 61,500 BOPD in the 2nd quarter.
- Jubilee gross production averaged approximately 68,000 BOPD in the 2nd quarter. Turret bearing stabilization work continued during the quarter with completion of the second of three associated shutdowns on target. The FPSO will be rotated to its permanent heading during the final shutdown planned near the end of 2018.
- During the quarter, the Maersk Venturer rig drilled two wells in the Jubilee field that are expected to be completed and brought on line in the 2nd half of 2018. Operations continue in the TEN field, and completion work is underway at the first 2018 TEN development well. First production is expected in the 3rd quarter of 2018.
- The partnership has contracted a second rig, the Stena Forth, that is scheduled to begin operations in the 4th quarter of 2018. The Stena Forth will be focused on drilling operations while the Maersk Venturer will be focused on completion operations in the TEN and Jubilee fields.

MOZAMBIQUE LNG

MOZAMBIQUE:

Offshore Area 1 (APC WI 26.5%, Operator)

- During the quarter, Anadarko and its Area 1 co-venturers signed an HOA with Tokyo Gas and Centrica for long-term LNG off-take of 2.6 MTPA. Progress continues on converting the FID target off-take volume from non-binding commitments to long-term SPAs.
- Onshore LNG development cost is anticipated to be highly competitive at less than $600/tonne. Contract finalization continues with the selected onshore contractor.
- Recommendations for award of the offshore contractor and equipment providers are progressing through internal, co-venturer and Government of Mozambique approval.
- Activities at the Afungi onshore site, including resettlement, continue to ramp up as Anadarko positions the onshore area for construction. Subsequent to quarter end, Area 4 joined the Anadarko-led Resettlement project as a 50% participant.
- The progress made enables Anadarko and its Area 1 co-venturers to consider FID in the first half of 2019.

EXPECTED ONSHORE COST

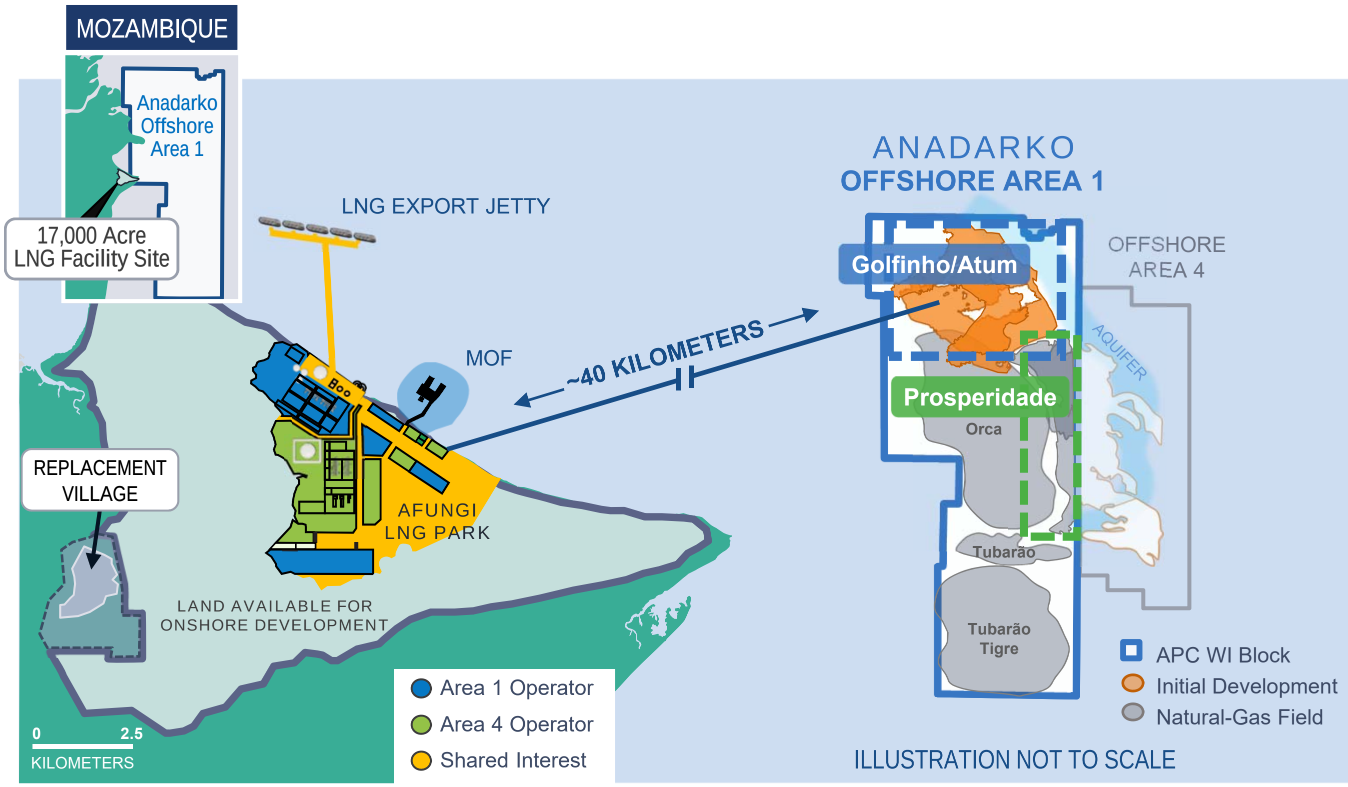
Less than

$600/tonne

FID TIMING

Anticipated

1H2019



ANADARKO-LED AREA 1 GOLFINHO/ATUM

- **2 Initial Trains – 12.88 MTPA** — *2 Bcf/d feed gas*
- **Marine Facilities (MOF/Jetty)** — *(anticipate sharing with Area 4)*
- **~20 Subsea Wells**

DIVESTED SALES-VOLUMES SUMMARY

		1Q17	2Q17	3Q17	4Q17	TY17	1Q18	2Q18
Marcellus	**MBOE/d**	**84**	**9**	**0**	**0**	**23**	**0**	**0**
	Gas (MMcf/d)	504	56	0	0	138	0	0
	NGLs (MBbl/d)	0	0	0	0	0	0	0
	Oil (MBOPD)	0	0	0	0	0	0	0
Eagleford	**MBOE/d**	**40**	**0**	**0**	**0**	**10**	**0**	**0**
	Gas (MMcf/d)	81	0	1	0	20	0	0
	NGLs (MBbl/d)	13	0	0	0	3	0	0
	Oil (MBOPD)	14	0	0	0	3	0	0
W.Chalk/Eaglebine	**MBOE/d**	**6**	**5**	**0**	**0**	**3**	**0**	**0**
	Gas (MMcf/d)	5	4	0	0	2	0	0
	NGLs (MBbl/d)	1	1	0	0	0	0	0
	Oil (MBOPD)	4	4	0	0	2	0	0
Utah CBM	**MBOE/d**	**5**	**4**	**0**	**0**	**2**	**0**	**0**
	Gas (MMcf/d)	27	27	0	0	13	0	0
	NGLs (MBbl/d)	0	0	0	0	0	0	0
	Oil (MBOPD)	0	0	0	0	0	0	0
Moxa	**MBOE/d**	**12**	**15**	**16**	**9**	**13**	**0**	**0**
	Gas (MMcf/d)	56	74	72	45	62	0	0
	NGLs (MBbl/d)	2	3	3	2	2	0	0
	Oil (MBOPD)	0	0	1	0	0	0	0
Alaska	**MBOE/d**	**11**	**11**	**11**	**11**	**11**	**4**	**0**
	Gas (MMcf/d)	0	0	0	0	0	0	0
	NGLs (MBbl/d)	0	0	0	0	0	0	0
	Oil (MBOPD)	11	11	11	11	11	4	0
Ram Powell	**MBOE/d**	**1**	**2**	**2**	**3**	**2**	**3**	**1**
	Gas (MMcf/d)	4	5	6	6	5	7	2
	NGLs (MBbl/d)	0	0	0	0	0	0	0
	Oil (MBOPD)	1	1	1	1	1	2	1

GLOSSARY OF ABBREVIATIONS

- **APC:** Anadarko Petroleum Corporation
- **BBL:** Barrel of Oil
- **Bbl/d:** Barrels of Liquids per Day
- **Bcf/d:** Billion Cubic Feet per Day
- **BOE:** Barrels of Oil Equivalent
- **BOE/d:** Barrels of Oil Equivalent per Day
- **BOPD:** Barrels of Oil per Day
- **CTF:** Central Transfer Facility
- **COSF:** Centralized Oil Stabilization Facility
- **DJ:** Denver-Julesberg
- **ESG:** Environmental Social Governance
- **FID:** Final Investment Decision
- **FPSO:** Floating Production, Storage and Offloading Unit
- **GOM:** Gulf of Mexico
- **HSE:** Health, Safety and Environmental
- **HOA:** Heads of Agreement
- **HBNS:** Hassi Berkine South
- **LNG:** Liquefied Natural Gas
- **MBbl/d:** Thousand Barrels per Day
- **MBOE:** Thousand Barrels of Oil Equivalent
- **MBOE/d:** Thousand Barrels of Oil Equivalent per Day
- **MBOPD:** Thousand Barrels of Oil per Day
- **MM:** Million
- **MMBOE:** Million Barrels of Oil Equivalent
- **MMcf/d:** Million Cubic Feet per Day
- **MOF:** Material Offloading Facility
- **MTPA:** Million Tonnes per Annum
- **NYMEX:** New York Mercantile Exchange
- **NYSE:** New York Stock Exchange
- **ROTF:** Regional Oil Treating Facility
- **RR:** Rig Release
- **SPA:** Sale and Purchase Agreement
- **TEN:** Tweneboa, Enyenra and Ntomme
- **U.S.:** United States of America
- **WES:** Western Gas Partners, LP (NYSE: WES)
- **WI:** Working Interest
- **YE:** Year End

NON-GAAP RECONCILIATION

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 definitions and related reconciliations.

Non-GAAP financial measures exclude certain amounts that are included in the corresponding financial measures determined in accordance with GAAP. The following table includes a reconciliation of a GAAP to non-GAAP financial measure and statements indicating why management believes the non-GAAP financial measure provides 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 non-GAAP financial measure provided in this presentation for a specific asset area is calculated using the same methodology as the consolidated measure. Income taxes are included in consolidated Free Cash Flow (FCF), but excluded from FCF by asset area as taxes are not allocated to specific asset areas.

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.

	Quarter Ended June 30,		Six Months Ended June 30,	
millions	**2018**	2017	**2018**	2017
Net cash provided by (used in) operating activities (GAAP)	**$ 1,225**	$ 857	**$ 2,655**	$ 1,980
Add back				
Increase (decrease) in accounts receivable	114	61	91	(7)
(Increase) decrease in accounts payable and other current liabilities	(46)	673	(91)	278
Other items, net	162	(20)	202	9
Certain nonoperating and other excluded items	—	18	—	17
Discretionary cash flow from operations (Non-GAAP) *	**$ 1,455**	$ 1,589	**$ 2,857**	$ 2,277
Less capital expenditures **	1,798	1,210	3,502	2,465
Free cash flow (Non-GAAP)	**$ (343)**	$ 379	**$ (645)**	$ (188)

**Includes $243 million current tax expense for the quarter ended June 30, 2017, and $80 million current tax expense for the six months ended June 30, 2017, related to asset monetizations .*

***Includes Western Gas Partners, LP (WES) capital expenditures of $301 million for the quarter ended June 30, 2018, $151 million for the quarter ended June 30, 2017, $628 million for the six months ended June 30, 2018, and $437 million for the six months ended June 30, 2017.*