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THIRD-QUARTER 2018
OPERATIONS REPORT
OCTOBER 30, 2018

THIRD-QUARTER 2018 HIGHLIGHTS

Capital Efficiency and Enhanced Returns

Since September 2017, Anadarko has announced equity and debt-buyback expectations totaling $5.5 billion and increased its dividend by 400%. To-date, $3.5 billion of its $4 billion share-repurchase program has been completed, with the remainder expected to be accomplished by mid-2019. The company has retired approximately $114 million of 2018 debt maturities, with plans to retire an additional $1.4 billion, including the senior notes due in 2019. During the 3rd quarter, Anadarko delivered approximately $550 million adjusted free cash flow* as the majority of the company's initial Delaware Basin infrastructure investment is nearing completion. Margins* have improved to their highest level in more than four years at $33.68 per BOE, representing a 58% increase from the 3rd quarter of 2017.

Anadarko expects to announce its 2019 capital investment plans later in the 4th quarter. Directionally, the company remains committed to its strategy of investing within discretionary cash flow in a $50 oil-price environment, delivering capital-efficient double-digit oil growth and prioritizing free cash flow to fund the repurchase of stock and debt retirement, as well as evaluating potential dividend increases.

U.S. Onshore – Short-Cycle, Infrastructure-Advantaged Oil Growth

Anadarko's Delaware Basin remains on track to deliver year-over-year oil growth of approximately 70% on an annualized basis. In the 3rd quarter, the company achieved record oil sales volumes of 70,000 BOPD in the Delaware Basin, representing a 13% increase from the prior quarter. This growth is supported by the company's on-time delivery of the Loving ROTF in the 3rd quarter, and continued production ramp at the Reeves ROTF. Collectively, these two facilities represent 120,000 BOPD of new oil processing capacity, and along with the installation of new gas and water infrastructure in 2018, serve as a catalyst for consistent and predictable future growth from the asset. Anadarko is well positioned on takeaway for all products out of the Delaware Basin, with approximately 50% of operated oil volumes currently (scheduled to increase to approximately 100% in 2019) covered by firm contracts to the Gulf Coast where the company has access to premium waterborne pricing.

Conventional Oil – Stable, High-Margin Production

In the Gulf of Mexico, the company continues its proven development tieback strategy and achieved a record monthly oil rate in August of more than 140,000 BOPD. In Ghana, Anadarko and its partners completed new development wells at both Jubilee and TEN, with plans to add incremental wells to optimize capacity at each FPSO. Anadarko's conventional oil assets – Algeria, Ghana and Gulf of Mexico – collectively make up more than 55% of the company's 3rd quarter oil sales volumes, delivering stable, high-margin production, economically enhanced by access to waterborne pricing.

Mozambique LNG – Line of Sight to Future Cash Generation

The company remains on track for FID consideration in the first half of 2019. During the 3rd quarter, Anadarko and Area 1 co-venturers continued advancing the conversion of off-take volume from non-binding HOAs to long-term SPAs. Additionally, progress was made on the offshore contractor and equipment providers, with recommendations for award awaiting Government of Mozambique approval. Site preparation activities are ongoing at the Afungi onshore site, and during the quarter, Area 4, which is owned and operated by third parties, elected to join the Anadarko-led resettlement and airstrip projects as a 50% participant.

* *See Non-GAAP Financial Measures starting on page 13.*

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report 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. While Anadarko believes that its expectations are based on reasonable assumptions as and when made, no assurance 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 report, including Anadarko's ability to successfully execute upon its capital program; efficiently identify and deploy capital resources; finalize its capital program for 2019; meet financial and operating guidance and deliver production growth and cash flow levels identified in this presentation; timely complete and commercially operate the projects, infrastructure, and drilling prospects identified in this report; successfully drill, complete, test, and produce the wells identified in this report; successfully complete the share repurchase program and debt-reduction expectations; review the dividend policy; and successfully plan, secure additional government approvals, enter into long-term sales contracts, take FID and the timing thereof, finance, build, achieve expected cost savings, and operate the necessary infrastructure and LNG park in Mozambique. Other factors that could impact any forward-looking statements are described in "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. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. Anadarko undertakes no obligation to publicly update or revise any forward-looking statements.

OVERVIEW

Sales Volumes

Sales volumes for the quarter at 63 MMBOE, or 682,000 BOE/d, were within guidance. Oil sales volumes were a record 397,000 BOPD, representing a 9% increase from the prior quarter and a 17% increase from the 3rd quarter of 2017, on a divestiture-adjusted basis. Liquids now make up 74% of the company's daily sales volumes mix, and oil accounts for 58%.

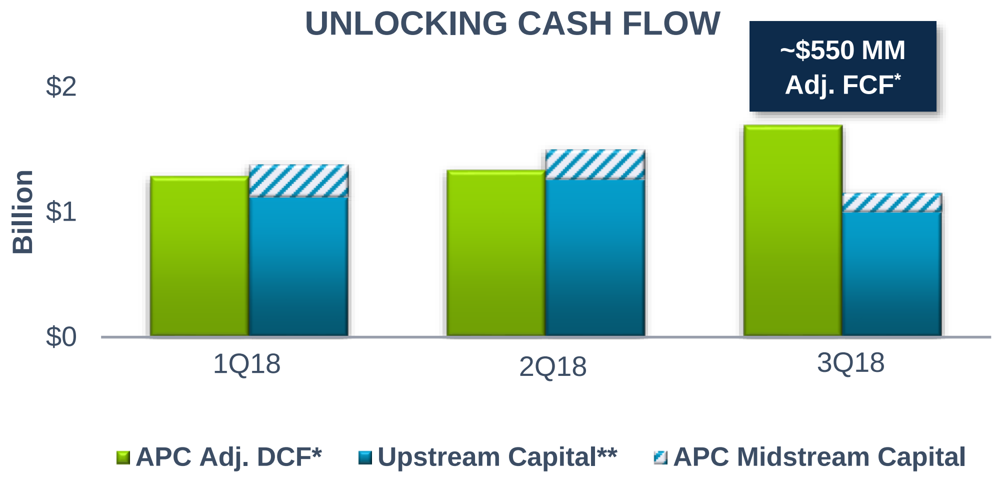
With approximately two months remaining in 2018, the company is tightening full-year sales volumes to a range of 240 – 245 MMBOE, reflecting the expected impact of hurricane-related downtime, previous capital allocation adjustments and taking into consideration the company's multi-year oil-growth guidance.

As a result of Anadarko's year-to-date success and expected full-year results, the company anticipates delivering more than 13% annual oil growth in 2018, on a divestiture-adjusted basis. Consequently, the company is not philosophically inclined to increase sales volumes to a level that delivers an annual oil growth rate in excess of the previously guided 10 – 14% range.

Capital Investments and Cash Generation Visibility

Third-quarter capital investments of $1,075 million were within guidance. This excludes $76 million of Powder River Basin acquisitions and $292 million of capital investments made by WES.

Nearly every producing asset in the company's portfolio generates free cash flow in a $50 oil and $3 gas environment. With the initial Delaware Basin infrastructure investment largely complete and the benefit of higher commodity-price realizations, Anadarko delivered approximately $550 million adjusted free cash flow* during the 3rd quarter.



* See Non-GAAP Financial Measures starting on page 13.

** Includes $100 MM of PRB acquisitions in 2Q18 and $76 MM in 3Q18.

SALES VOLUMES

	3Q18 Oil MBOPD	3Q18 NGLs MBbl/d	3Q18 Gas MMcf/d	3Q18 MMBOE	3Q17 Oil MBOPD	3Q17 NGLs MBbl/d	3Q17 Gas MMcf/d	3Q17 MMBOE
U.S. Onshore	175	91	989	40	128	75	907	32
Gulf of Mexico	121	9	82	13	125	10	100	15
Total U.S.	**296**	**100**	**1,071**	**53**	**253**	**85**	**1,007**	**47**
International (1)	101	6	0	10	87	4	0	8
Divestiture-Adjusted Sales	**397**	**106**	**1,071**	**63**	**340**	**89**	**1,007**	**55**
Divestitures (2)	0	0	0	0	13	3	79	3
Total Company	**397**	**106**	**1,071**	**63**	**353**	**92**	**1,086**	**58**

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

(2) *Moxa divestiture closed in 4Q17; Alaska divestiture closed in 1Q18; Ram Powell divestiture closed in 2Q18.*

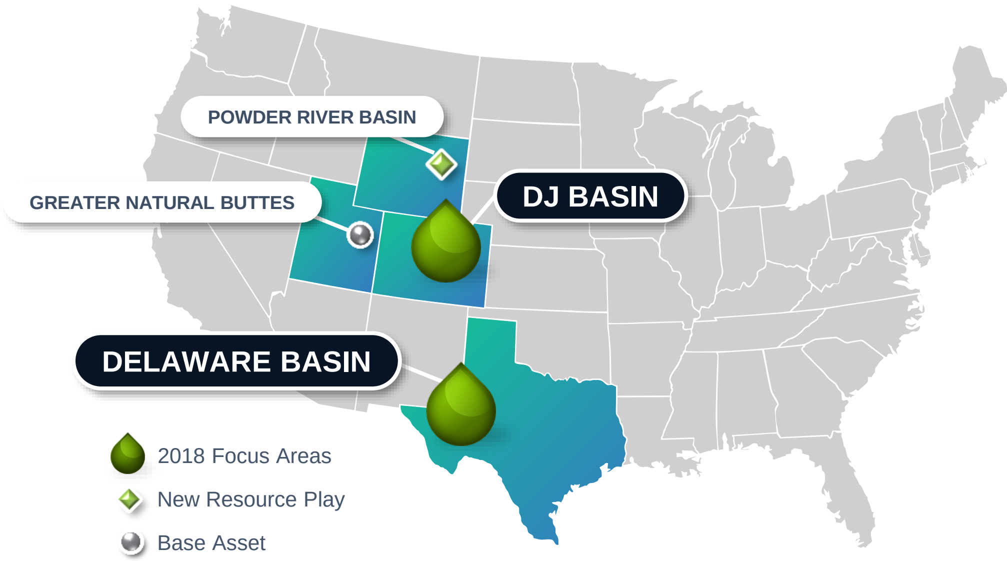
CAPITAL INVESTMENTS

	3Q18 $MM
U.S. Onshore †	780
Gulf of Mexico	127
International	34
Total Upstream	**941**
APC Midstream	154
WES Midstream ‡	292
APC Capitalized Items/Other	56
Total Company	**1,443**

† *Includes $76 MM of PRB acquisitions.*

‡ *Includes $7 MM of capitalized items.*

U.S. ONSHORE



Anadarko's U.S. Onshore assets delivered sales volumes of 431,000 BOE/d, an increase of 3% from the prior quarter and 22% from the 3rd quarter of 2017, on a divestiture-adjusted basis. Oil sales volumes were a record 175,000 BOPD, representing an increase of 4% from the prior quarter and 37% from the 3rd quarter of 2017, on a divestiture-adjusted basis.

The Delaware Basin delivered record sales volumes in the quarter at 120,000 BOE/d, a 19% increase from the prior quarter.

During the quarter, the company averaged 11 drilling rigs and seven completion crews across its U.S. Onshore focus areas – the Delaware and DJ basins.

Anadarko invested approximately $76 million on acquisitions in its emerging Powder River Basin asset during the 3rd quarter. Industry well results continue to be encouraging, with initial production in excess of 2,000 BOE/d and oil cuts greater than 80%. Additional Powder River Basin details will be provided later in the 4th quarter when the company is expected to announce its 2019 capital investment plans.

SALES VOLUMES

	3Q18 Oil MBOPD	3Q18 NGLs MBbl/d	3Q18 Gas MMcf/d	3Q18 MBOE/d	3Q17 Oil MBOPD	3Q17 NGLs MBbl/d	3Q17 Gas MMcf/d	3Q17 MBOE/d
DJ Basin	96	56	606	254	83	57	550	232
Delaware Basin	70	24	152	120	38	10	93	64
Greater Natural Buttes	1	9	206	45	1	7	242	49
Wyoming/Other	8	2	25	12	6	1	22	9
Divestiture-Adjusted Sales	175	91	989	431	128	75	907	354
*Divestitures**	0	0	0	0	1	3	73	16
Total	**175**	**91**	**989**	**431**	**129**	**78**	**980**	**370**

** Moxa divestiture closed in 4Q17.*

APC CAPITAL INVESTMENTS†

3Q18 $MM	UPSTREAM	MIDSTREAM
DJ Basin	287	15
Delaware Basin	359	135
Wyoming/Other ‡	134	4
Total	**780**	**154**

† Excludes WES midstream capital investments.

‡ Includes $76 MM of PRB acquisitions.

DELAWARE BASIN

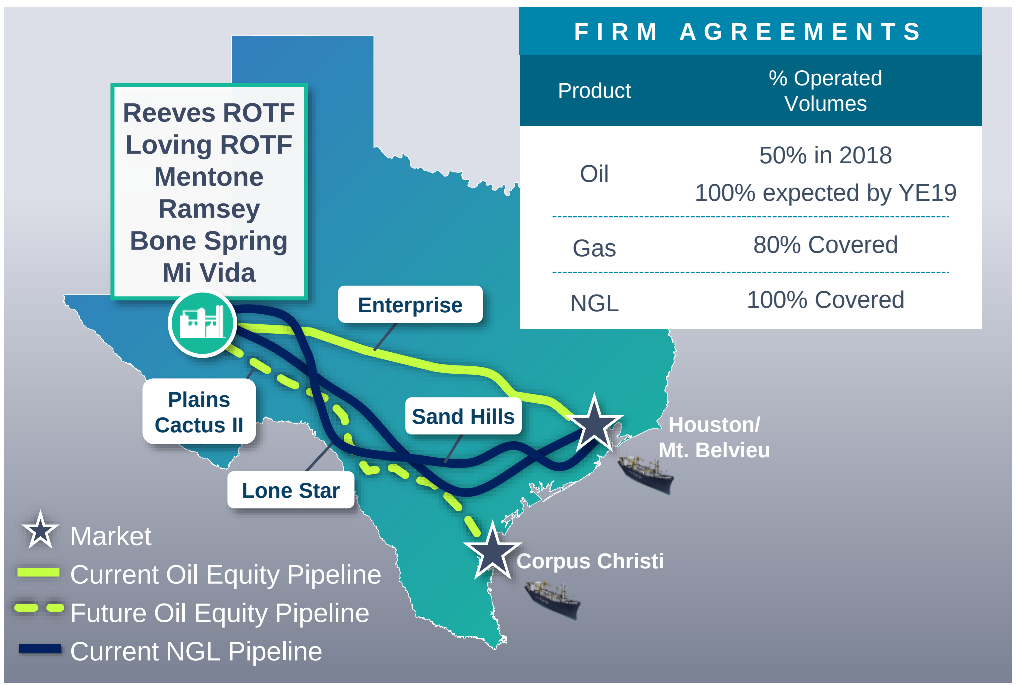
3Q18 ACTIVITY		
Average Operated Rigs	Wells Spud	Wells Turned to Sales
7	24	50

Achieving New Volumes Records

- Anadarko delivered record production in the Delaware Basin, with total sales volumes of 120,000 BOE/d, facilitated by infrastructure expansion completed during the quarter. Oil sales volumes averaged 70,000 BOPD, representing a 13% increase from the previous quarter and an 83% increase from the 3rd quarter of 2017.
- The company averaged seven operated drilling rigs and five completion crews, with 50 wells turned to sales during the quarter.

Infrastructure Milestones Support Significant Oil Growth

- Anadarko's Loving ROTF was placed in service during the quarter, adding oil processing capacity of 60,000 BOPD. With both the Loving and Reeves ROTFs now ramping production, Anadarko has successfully increased nameplate oil processing capacity by 120,000 BOPD in 2018 and is in the final stages of installing more than 850 miles of associated pipelines.
- In addition, 120 MMcf/d of gas compression and 60,000 Bbl/d of water disposal capacity were added during the quarter.
- Construction activities are progressing at the Mentone gas processing plant, with startup of the first train expected in the 4th quarter of 2018.



FIRM AGREEMENTS	
Product	% Operated Volumes
Oil	50% in 2018 100% expected by YE19
Gas	80% Covered
NGL	100% Covered

Silvertip-A Campaign Delivering Strong Early Results

- Anadarko continued operations on the Silvertip-A campaign in the north Loving area during the quarter. Completions operations on 12 extended-lateral wells focusing on four Wolfcamp-A targets and one 3rd Bone Spring target have finished. Five wells have been connected to permanent facilities and are flowing to the Loving ROTF with encouraging early results.
- The Silvertip-A campaign represents Anadarko's initial multi-well and multi-pad development without facilities constraints, and significant testing is taking place to enhance the company's development strategy for well spacing, completion design and subsurface targeting.

Critical Basin Takeaway Secured

- Approximately 50% of Anadarko's operated Delaware Basin oil sales volumes are currently being sold at Gulf Coast markets via the Enterprise pipeline to Houston. This is expected to increase to approximately 100% in 2019 when the Plains Cactus II pipeline is placed in service.
- Anadarko is currently exporting approximately one crude oil cargo per month from Houston. The company anticipates incremental monthly crude oil cargo shipments from Corpus Christi when the Cactus II pipeline is in service.
- The company has firm agreements to move 100% of its NGLs on the Lone Star and Sand Hills pipelines and currently has access to sufficient fractionation capacity for its equity volumes at Mt. Belvieu, where WES has an equity position in two trains.

DELAWARE BASIN REALIZED OIL PRICING 1Q - 3Q 2018	
MARKET	APPROXIMATE VARIANCE TO NYMEX OIL
Export/Gulf Coast Sales	+$4.25/bbl
Sales in Basin	($6.50/bbl)
Weighted Average Delaware Basin Price	**($2.75/bbl)**

DJ BASIN

Significant Cash Generating Machine

- Anadarko's DJ Basin sales volumes averaged 254,000 BOE/d during the quarter. Oil sales volumes averaged 96,000 BOPD, representing a 16% increase from the 3rd quarter of 2017.
- The company averaged four operated drilling rigs and two completion crews during the quarter.

Infrastructure Enhancements Support Long-Term Development

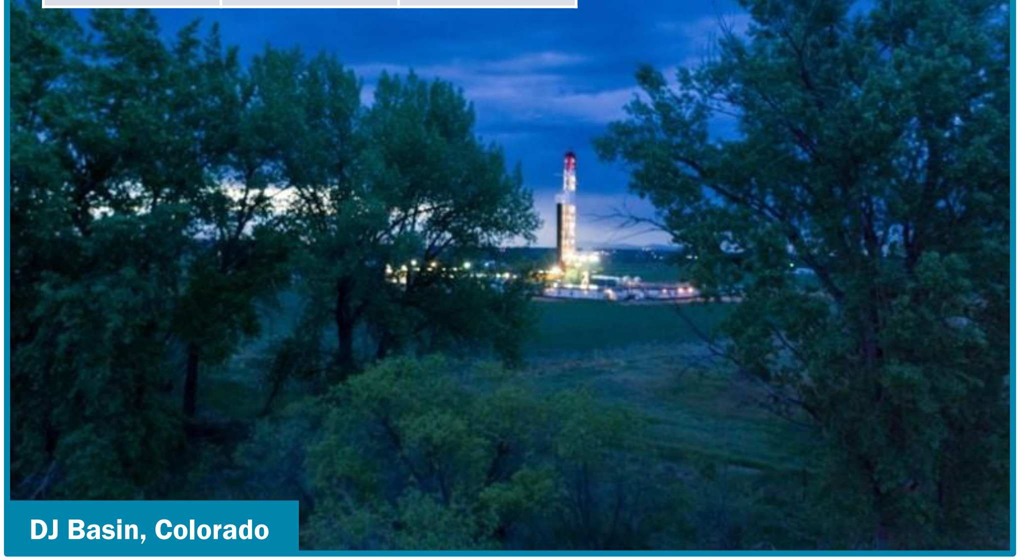
- The sixth COSF train was placed in service during the 3rd quarter, bringing the company's total DJ Basin oil processing capacity to 155,000 BOPD.
- In addition, incremental bypass capacity was completed at the Lancaster gas processing plant, enhancing system flexibility and increasing field-wide capacity to move and/or process natural gas to approximately 1.2 Bcf/d.
- Construction activities have commenced at the Latham plant, which is expected to add gas processing capacity in 2019.

Continuous Focus on Efficiency Gains

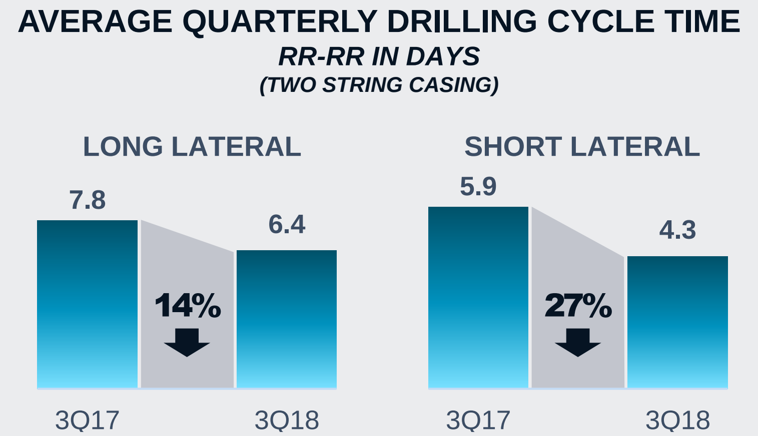
- Anadarko continues to deliver efficiency gains in its DJ Basin operations, achieving new rig-release to rig-release drilling cycle-time records on short, long and extra-long lateral wells during the quarter.
- The company improved quarterly average drilling cycle time (rig-release to rig-release) by 14% on long laterals and 27% on short laterals compared to the 3rd quarter of 2017.
- Completions operations improved the average quarterly duration of coil-tubing drillout on short and long laterals by more than 40% compared to the 3rd quarter of 2017.

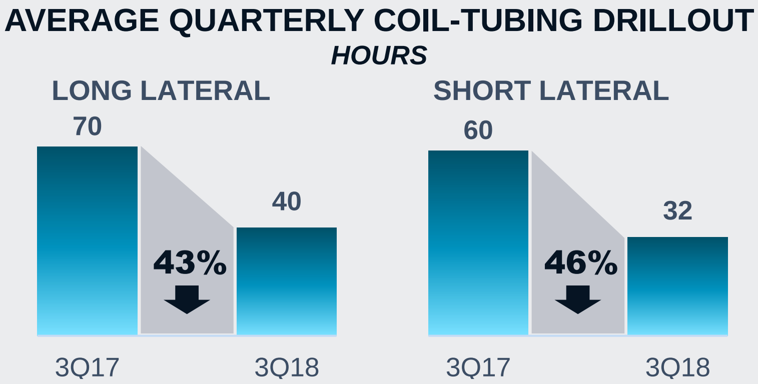
3Q18 ACTIVITY

Average Operated Rigs	Wells Spud	Wells Turned to Sales
4	69	78



DJ Basin, Colorado





GULF OF MEXICO

Anadarko's Gulf of Mexico sales volumes averaged 144,000 BOE/d and 121,000 BOPD during the quarter, representing a 7% and 6% increase from the prior quarter, respectively, on a divestiture-adjusted basis. The company achieved a monthly oil-rate record of more than 140,000 BOPD in August, driven by minimal downtime and strong reservoir performance at Caesar Tonga, Marlin and Horn Mountain.

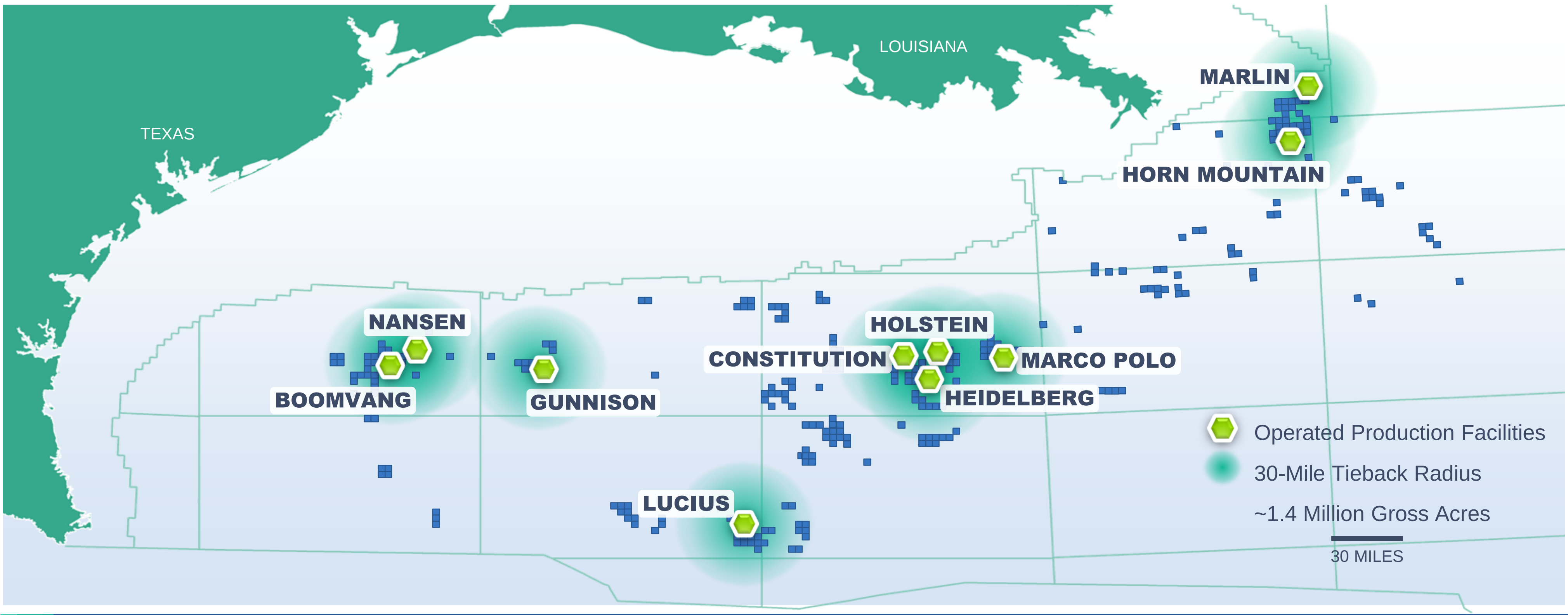
During the most recent lease sale, Anadarko was the apparent high bidder on five lease blocks, which support tieback opportunities to existing facilities and continued exploration activity.

Anadarko's investment in the Gulf of Mexico is focused on development tiebacks to the company's industry-leading 10 operated floating facilities. These highly economic opportunities shorten the investment cycle and compete favorably in the company's portfolio.

SALES VOLUMES

	3Q18 Oil MBOPD	3Q18 NGLs MBbl/d	3Q18 Gas MMcf/d	3Q18 MBOE/d	3Q17 Oil MBOPD	3Q17 NGLs MBbl/d	3Q17 Gas MMcf/d	3Q17 MBOE/d
Divestiture-Adjusted Sales	**121**	**9**	**82**	**144**	**125**	**10**	**100**	**152**
*Divestitures**	0	0	0	0	1	0	6	2
Total	**121**	**9**	**82**	**144**	**126**	**10**	**106**	**154**

** Ram Powell divesititure closed in 2Q18.*



GULF OF MEXICO

DEVELOPMENT

HORN MOUNTAIN:

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

- Horn Mountain continues to outperform expectations with total facility gross oil production up more than 400% since acquisition in late 2016. The third Anadarko development well came on line in the 2nd quarter of 2018 and has ramped to 10,000 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, came on line in the 3rd quarter of 2018 and is currently ramping production. The King well, brought on line in the 1st quarter of 2018, continues to perform at the high end of expectations at approximately 7,000 BOPD.

HOLSTEIN:

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

- Platform rig work commenced in November 2017. The first two wells came on line in the 3rd quarter of 2018 and are currently producing at a combined rate of approximately 9,000 BOPD. First production from the third well is expected in the 1st quarter of 2019.

K2:

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

- The twelfth development well at K2 was drilled in early 2018 with results that confirm Miocene productivity. In July 2018, the well came on line with an initial production rate of 7,500 BOPD in the M14 sand. The company is planning for an additional K2 Miocene well in the 1st quarter of 2019.

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)

- The first Hadrian North expansion well finished drilling in the 3rd quarter of 2018 and found approximately 200 net feet of oil pay in two reservoirs. The second Hadrian North expansion well is expected to be completed by year end. Production from North Hadrian is expected in 2019.
- The ninth producing well in the original Lucius unit finished drilling in the 3rd quarter and encountered more than 230 net feet of oil pay in two reservoirs. First production from this well is expected in late 2018.

CAESAR/TONGA:

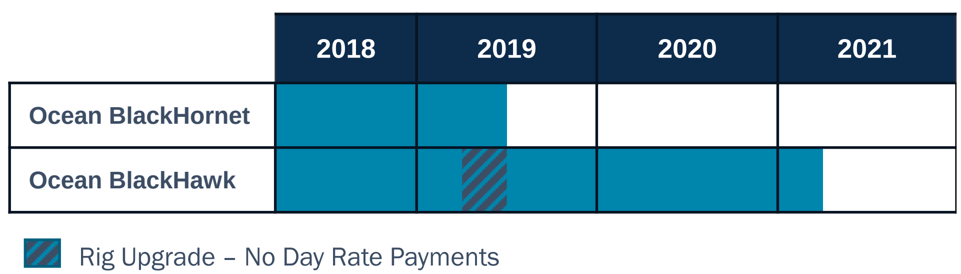
Green Canyon 683/726/727/770 (APC WI 33.75%, Operator)

- The Caesar Tonga field achieved record production rates in the 3rd quarter. The eighth well came on line during the quarter and is currently producing approximately 10,000 BOPD.

NON-OPERATED ACTIVITY

- The non-operated Conger field returned to production in the 3rd quarter.

DEEPWATER RIG FLEET



INTERNATIONAL

Anadarko's International sales volumes averaged 107,000 Bbl/d during the 3rd quarter of 2018, representing a 26% increase from the prior quarter, largely driven by timing of liftings in Algeria and an additional lifting in Ghana.

Representing a small percentage of Anadarko's annual capital investments, the company's portfolio in Algeria and Ghana provides stable, high-margin oil production that generates significant free cash flow.

Ghana, TEN FPSO

SALES VOLUMES

	3Q18	3Q17
	MBbl/d	MBbl/d
Algeria [1]	72	64
Ghana [1]	35	27
Divestiture-Adjusted Sales	**107**	**91**
Divestitures [2]	0	11
Total	**107**	**102**

[1] Quarterly sales volumes are influenced by size, timing and scheduling of tanker liftings.

[2] Alaska divestiture closed in 1Q18.

CAPITAL INVESTMENTS

	3Q18
	$MM
Algeria	7
West Africa	25
Mozambique	2
Colombia	0
Total	**34**

ALGERIA:

- Gross production averaged 317,000 BOE/d during the 3rd quarter with the El Merk facility averaging 144,000 BOE/d.

GHANA:

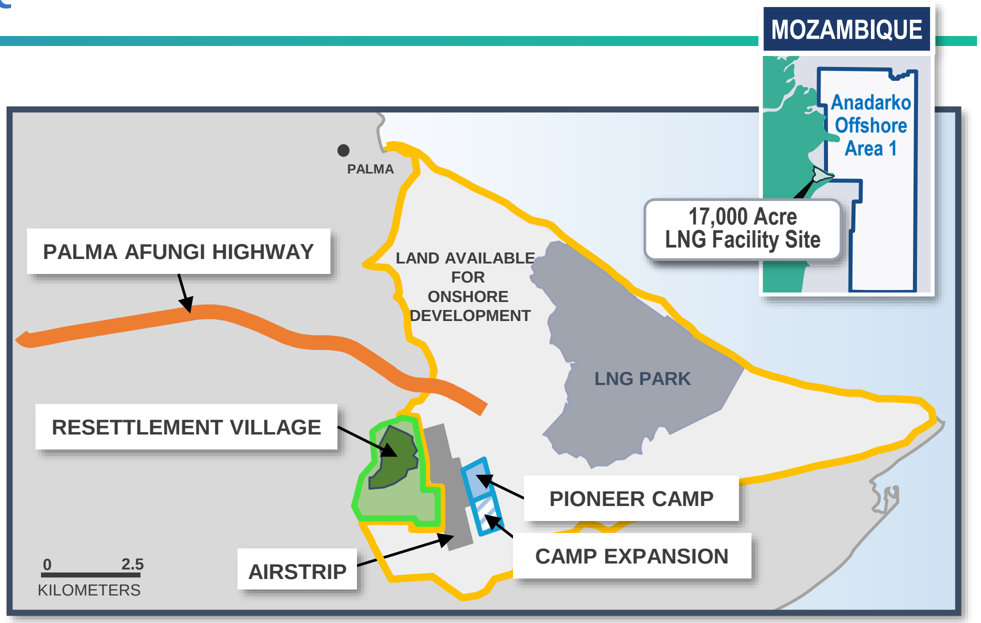
- In the 3rd quarter, gross production from the Jubilee and TEN development averaged approximately 94,300 BOPD and 62,600 BOPD, respectively.
- During the quarter, production wells were completed in both the TEN and Jubilee fields and subsequently brought on line. Both wells are performing in line with pre-drill expectations. A second Jubilee production well is expected to be on line in the 4th quarter.
- The Maersk Venturer rig is progressing on the completion of a Jubilee water injection well. The Stena Forth rig arrived in Ghana and spud a TEN production well in early October. The partnership plans for the Stena Forth to focus on drilling operations while the Maersk Venturer is focused on completions operations.

MOZAMBIQUE LNG

MOZAMBIQUE:

Offshore Area 1 (APC WI 26.5%, Operator)

- The LNG marketing team made additional progress converting non-binding commitments to SPAs for the target off-take volume required to support project financing arrangements and advance to FID. Subsequent to quarter close, Anadarko and its Area 1 co-venturers completed an LNG SPA with Tohoku Electric Power Company, Inc. for the supply of 0.28 MTPA of LNG for a period of 15 years.
- Recommendations for award of the offshore contractor and equipment providers are awaiting Government of Mozambique approval.
- Site preparation is fully underway at the Afungi onshore site, as major infrastructure and resettlement projects are proceeding as planned. In July 2018, Area 4, which is owned and operated by third parties, elected to join the Anadarko-led resettlement and airstrip projects as a 50% participant.
- Nearly 3,000 Mozambicans are currently working to position the Afungi site for construction. Hosted by President Nyusi, Anadarko led a successful *Local Opportunities Summit* describing further opportunities for local Mozambican companies associated with the Anadarko-led initial Golfinho/Atum onshore development.



Resettlement Village

Camp Expansion

DIVESTED SALES-VOLUMES SUMMARY

		1Q17	2Q17	3Q17	4Q17	TY17	1Q18	2Q18	3Q18
Moxa	**MBOE/d**	**12**	**15**	**16**	**9**	**13**	**0**	**0**	**0**
	Gas (MMcf/d)	56	74	72	45	62	0	0	0
	NGLs (MBbl/d)	2	3	3	2	2	0	0	0
	Oil (MBOPD)	0	0	1	0	0	0	0	0
Alaska	**MBOE/d**	**11**	**11**	**11**	**11**	**11**	**4**	**0**	**0**
	Gas (MMcf/d)	0	0	0	0	0	0	0	0
	NGLs (MBbl/d)	0	0	0	0	0	0	0	0
	Oil (MBOPD)	11	11	11	11	11	4	0	0
Ram Powell	**MBOE/d**	**1**	**2**	**2**	**3**	**2**	**3**	**1**	**0**
	Gas (MMcf/d)	4	5	6	6	5	7	2	0
	NGLs (MBbl/d)	0	0	0	0	0	0	0	0
	Oil (MBOPD)	1	1	1	1	1	2	1	0

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:** Barrel of Oil Equivalent
- **BOE/d:** Barrels of Oil Equivalent per Day
- **BOPD:** Barrels of Oil per Day
- **COSF:** Centralized Oil Stabilization Facility
- **DJ:** Denver-Julesberg
- **FID:** Final Investment Decision
- **FPSO:** Floating Production, Storage and Offloading Unit
- **GAAP:** Generally Accepted Accounting Principles
- **HOA:** Heads of Agreement
- **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
- **MTPA:** Million Tonnes per Annum
- **NGL:** Natural Gas Liquids
- **NYMEX:** New York Mercantile Exchange
- **NYSE:** New York Stock Exchange
- **PRB:** Powder River Basin
- **ROTF:** Regional Oil Treating Facility
- **RR:** Rig Release
- **SPA:** Sale and Purchase Agreement
- **TEN:** Tweneboa, Enyenra and Ntomme
- **TY:** Total Year
- **U.S.:** United States of America
- **WES:** Western Gas Partners, LP (NYSE: WES)
- **WI:** Working Interest
- **YE:** Year End

NON-GAAP FINANCIAL MEASURES

This list of non-GAAP financial measure definitions and related reconciliations 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 slides include reconciliations of GAAP to non-GAAP financial measures 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.

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 September 30,		Nine Months Ended September 30,	
millions	**2018**	2017	**2018**	2017
Net cash provided by (used in) operating activities (GAAP)	**$ 1,647**	$ 639	**$ 4,302**	$ 2,619
Add back				
Increase (decrease) in accounts receivable	253	39	344	32
(Increase) decrease in accounts payable and other current liabilities	(139)	(183)	(230)	95
Other items, net	61	131	263	140
Certain nonoperating and other excluded items	—	3	—	20
Discretionary cash flow from operations (Non-GAAP)*	**$ 1,822**	$ 629	**$ 4,679**	$ 2,906
Less				
APC capital expenditures	1,151	1,107	4,025	3,134
WES capital expenditures	292	224	920	662
Free cash flow (Non-GAAP)	**$ 379**	$ (702)	**$ (266)**	$ (890)

* *Includes $40 million current tax expense for the quarter ended September 30, 2017, and $120 million current tax expense for the nine months ended September 30, 2017, related to asset monetizations.*

NON-GAAP FINANCIAL MEASURES

Adjusted Discretionary Cash Flow from Operations (Adjusted DCF) and Adjusted Free Cash Flow (Adjusted FCF)

The Company defines adjusted discretionary cash flow from operations as net cash provided by (used in) operating activities adjusted by changes in accounts receivable; changes in accounts payable and other current liabilities; other items, net; and Western Gas Partners, LP (WES)/Western Gas Equity Partners, LP (WGP) distributions to third parties.

The Company defines Adjusted FCF as Adjusted DCF, less APC capital expenditures, which excludes WES.

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.

	2018		
millions	**Q1**	**Q2**	**Q3**
Net cash provided by (used in) operating activities (GAAP)	**$ 1,430**	**$ 1,225**	**$ 1,647**
Adjusted by:			
Increase (decrease) in accounts receivable	(23)	114	253
(Increase) decrease in accounts payable and other current liabilities	(45)	(46)	(139)
Other items, net	40	162	61
WES/WGP distributions to third parties	(118)	(120)	(127)
Adjusted discretionary cash flow from operations (Non-GAAP)	**$ 1,284**	**$ 1,335**	**$ 1,695**
Less APC capital expenditures* (excludes WES)	1,377	1,497	1,151
Adjusted free cash flow (Non-GAAP)	**$ (93)**	**$ (162)**	**$ 544**

* *Includes $100 million of PRB acquisitions in 2Q18 and $76 million in 3Q18.*

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDAX (Margin)

The Company defines Adjusted EBITDAX (Margin) as net income (loss) attributable to common stockholders before interest expense; income taxes; depreciation, depletion, and amortization (DD&A); exploration expense; gains (losses) on divestitures, net; impairments; total (gains) losses on derivatives, net, less net cash from settlement of commodity derivatives; and restructuring charges. During the periods presented, items not related to the Company's normal operations included restructuring charges related to the workforce reduction program included in general and administrative, loss on early extinguishment of debt, and certain other nonoperating items included in other (income) expense, net.

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.

	Quarter Ended September 30,	
millions	**2018**	2017
Net income (loss) attributable to common stockholders (GAAP)	**$ 363**	$ (699)
Interest expense	240	230
Income tax expense (benefit)	256	(425)
Depreciation, depletion, and amortization	1,130	1,083
Exploration expense*	118	750
(Gains) losses on divestitures, net	(3)	194
Impairments	172	—
Total (gains) losses on derivatives, net, less net cash from settlement of commodity derivatives	(167)	98
Restructuring charges	13	3
Consolidated Adjusted EBITDAX (Margin) (Non-GAAP)	**$ 2,122**	$ 1,234
Total Barrels of Oil Equivalent (MMBOE)	63	58
Consolidated Adjusted EBITDAX (Margin) per BOE (Non-GAAP)	**$ 33.68**	$ 21.28

** Includes restructuring charges of $20 million for the quarter ended September 30, 2018.*