

Anadarko Petroleum Corporation

Algeria Tax Model

February 6, 2018

Cautionary Language

Regarding Forward-Looking Statements and Other Matters

This Algerian guidance model 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. Anadarko believes that its expectations are based on reasonable assumptions. No assurance, however, 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 guidance model, including Anadarko's ability to achieve its production targets, successfully manage its capital expenditures, timely complete and commercially operate its drilling prospects. See "Risk Factors" in the company's 2016 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other public filings and press releases. Anadarko undertakes no obligation to publicly update or revise any forward-looking statements.

The NYMEX price used in these calculations is the marker price applicable to the 1st quarter of 2018 as of February 6, 2017 and is intended for use as an example only.

Anadarko's corporate tax rate could fluctuate in any given period and differ from the statutory rate. The accrual of the Algerian exceptional profits tax (TPE) associated with Anadarko's Algerian operations could contribute significantly to the rate variance.

- ▶ *In July 2006, the Algerian government approved legislation establishing a TPE on foreign companies' Algerian oil production. Since 2007, Sonatrach has been collecting the TPE from Anadarko's share of production.*
- ▶ *In March 2012, Anadarko announced an agreement with Sonatrach that resolved the TPE dispute. The agreement included an amendment to the production sharing agreement.*
- ▶ *Anadarko records TPE in other production taxes and it is not deductible for Algerian income tax purposes, which in turn, could lead to variability in Anadarko's overall corporate tax rate.*

To more effectively model the corporate income tax rate for Anadarko Petroleum Corporation, please apply the following procedure based on midpoint of guidance provided 2/6/2018:

- 1) Calculate APC pre-tax income ("A");
- 2) Calculate Algerian pre-tax income ("B") as shown in Table 2 in the following example;
- 3) Subtract A-B to arrive at Rest of Company pre-tax income ("C");
- 4) Apply the effective tax rate for Algeria of ~65% to B and the Rest of Company tax rate of ~20% to C in order to calculate income taxes for B and C;
- 5) Sum the income taxes for B and C to compute total corporate income taxes ("D") and
- 6) Divide D into A to arrive at the corporate income tax rate.

Calculation of Algerian Income & Taxes

Items	Definitions
Crude Revenues	Daily Production Guidance * [NYMEX WTI + Differential Guidance] * # of Days
NGL Revenues**	Daily Production Guidance * [50% * [NYMEX WTI + Differential Guidance]] * # of Days
Cash Costs	Daily Production Guidance * \$7.04/BOE Assumption * # of Days
DD&A	Daily Production Guidance * \$7.47/BOE Assumption * # of Days
Algeria TPE	19% of Revenues
Pre-Tax Income	Revenues - Cash Costs - DD&A - Algeria TPE
Income Taxes	~65% of Pre-Tax Income
Effective Tax Rate	Income Taxes / Pre-Tax Income

Estimated Algerian Income Taxes for First Quarter 2018*

Items	\$ in Millions	Calculations
Crude Revenues	\$344	~55.5 MBbl/d Guidance * (\$63.84 NYMEX + \$5 Differential to WTI) * 90 Days
NGL Revenues**	\$21	~5 MBbl/d Guidance * (67% * (\$63.84 NYMEX + \$5 Differential to WTI)) * 90 Days
Cash Costs	\$38	~60.5 MBbl/d Guidance * \$7.04/BOE Assumption * 90 Days
DD&A	\$41	~60.5 MBbl/d Guidance * \$7.47/BOE Assumption * 90 Days
Algeria TPE	\$69	19% * (\$344 MM + \$21 MM)
Pre-Tax Income	\$216	\$344 + \$21 - \$38 - \$41 - \$69 MM
Income Taxes	\$141	65% * \$216 MM
Effective Tax Rate	65%	\$141 / \$216 MM

*Based on 1Q18 Guidance and NYMEX Strip Price of \$63.84 as of 2/6/2018

**Assumed 67% of realized crude price