



NEWS

ANADARKO PROVIDES GUIDANCE FOR 1ST QUARTER, FULL YEAR 2003

HOUSTON, Jan. 31, 2003 – Anadarko Petroleum Corporation (NYSE: APC) said today it expects to earn \$1.15 per share (diluted) for the first quarter of 2003, with expected cash flow of \$2.60 per share (diluted).

For the full year, the company expects earnings of \$3.90 per share (diluted) and cash flow of \$10.10 per share (diluted).

PRICE ASSUMPTIONS

Anadarko's 2003 estimates assume average NYMEX oil prices of \$29 per barrel for the first quarter and \$24 per barrel thereafter, with a full-year average of \$25.25. The company's natural gas price estimate is \$5 per thousand cubic feet (Mcf) for the first quarter, and \$4 per Mcf thereafter, for a full-year average of \$4.25 per Mcf. To determine realized prices Anadarko used these estimates, plus or minus an expected price "differential" for each of the company's major producing areas, and any adjustment for hedge positions. Price data are shown on an attached financial table.

For 2003, Anadarko has hedged approximately 40 percent of its natural gas production through June and 35 percent for July through December. About 35 percent of Anadarko's oil production is hedged through December 2003. The hedge positions are under both fixed-price and "collared" transactions, which use price ceilings and floors to help ensure sales prices within a determined range. A summary of the company's hedge positions is shown on an attached financial table.

VOLUME ASSUMPTIONS

Oil and gas sales volumes are expected to total 44 million barrels of oil equivalent (BOE) in the first quarter. Full-year 2003 sales volumes are expected to total 200 million BOE.

“Our 2003 volumes will be 3 million barrels lower than we had forecast earlier because of the effect of higher oil prices on our Venezuelan production, which reduced volumes by 2 million barrels, and the ongoing strike in Venezuela, which reduced estimated volumes by 1 million barrels,” said John Seitz, Anadarko President and CEO.

“Higher oil prices reduce our share of reported production under the terms of a risk service contract with the state oil company, whereby Anadarko earns a fee that translates into barrels of oil based on current prices. So the price-related volume impact has essentially no impact on revenues. The strike-related reductions are expected to reduce cash flow by less than \$20 million,” he noted.

First quarter volumes will be lower than last year’s fourth quarter due to three factors: Fourth quarter volumes from Algeria were unusually high due to an extra tanker lifting that had been delayed from the third quarter. First quarter volumes will be impacted by the strike in Venezuela and by a scheduled two-month shutdown of the Al Rayyan oilfield in Qatar for installation of new production facilities.

“But since our 2003 capital program is weighted to the first half of the year, production should ramp up every quarter, and our fourth quarter production is expected to be about 20 percent higher than the first quarter,” Seitz said. “That’s the key to growth in 2004.”

An attached financial table includes detailed production estimates for each of Anadarko’s key operating regions.

CAPITALIZATION RATIO

Anadarko expects to reduce its debt-to-total-capitalization ratio from about 44 percent currently to 40 percent by year-end 2003. The company expects to end the year with debt of approximately \$5.3 billion.

EARNINGS CONFERENCE CALL

The Earnings and Modeling Conference Call is set for *today* at 11 a.m. CST (12 p.m. EST). This call will include a discussion of detailed financial issues that support the company’s projections of future-period earnings. More details are available at www.anadarko.com.

Anadarko Petroleum Corporation is one of the world's largest independent oil and gas exploration and production companies. Houston-based Anadarko is active in the U.S., Canada, Algeria and Qatar and is executing strategic exploration programs in several other countries. More information is available at www.anadarko.com.

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. Anadarko believes that its expectations are based on reasonable assumptions. No assurance, however, can be given that its goals will be achieved. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release. While Anadarko makes these forward-looking statements in good faith, neither Anadarko nor its management can guarantee that the anticipated future results will be achieved. Anadarko discloses proved reserves that comply with the Securities and Exchange Commission's (SEC) definitions. Additionally, Anadarko may disclose estimated recoverable reserves, which the SEC guidelines do not allow us to include in filings with the SEC. See Additional Factors Affecting Business in the Management's Discussion and Analysis included in the company's 2001 Annual Report on Form 10-K.

MEDIA CONTACTS:

Teresa Wong, teresa_wong@anadarko.com, (832) 636-1203
Anne Vincent, anne_vincent@anadarko.com, (832) 636-8368

INVESTOR CONTACTS:

Paul Taylor, paul_taylor@anadarko.com, (832) 636-3471
David Larson, david_larson@anadarko.com, (832) 636-3265
Stewart Lawrence, stewart_lawrence@anadarko.com, (832) 636-3326

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Anadarko Petroleum Corporation
First Quarter 2003
Financial Model - Guidance
As of January 30, 2003

| | 4th Quarter Actual | | 1st Quarter Forecast | | Total Year Forecast | |
|--|-------------------------------|---|---------------------------------|---|--------------------------------|---|
| | <u>\$ MM</u> | <u>\$ / Share</u> | <u>\$ MM</u> | <u>\$ / Share</u> | <u>\$ MM</u> | <u>\$ / Share</u> |
| Net Income | \$ 309 | \$ 1.21 | \$ 295 | \$ 1.15 | \$ 1,000 | \$ 3.90 |
| Cash Flow from Operations | \$ 713 | \$ 2.76 | \$ 670 | \$ 2.60 | \$ 2,600 | \$ 10.10 |
| Price Deck (NYMEX) | (\$/Unit) | | (\$/Unit) | | (\$/Unit) | |
| Crude Oil (\$/Bbl) | \$ 28.20 | | \$ 29.00 | | \$ 25.25 | |
| Natural Gas (\$/Mcf) | \$ 3.98 | | \$ 5.00 | | \$ 4.25 | |
| Natural Gas Liquids (% of NYMEX Oil Price) | 62% | | 72% | | 76% | |
| | <u>Volumes</u> | <u>Price Differential (\$ / Unit)</u> | <u>Volumes</u> | <u>Price Differential (\$ / Unit)</u> | <u>Volumes</u> | <u>Price Differential (\$ / Unit)</u> |
| Total Sales (MMBoe) | 49 | | 44 | | 200 | |
| Crude Oil (MBbl/d): | 214 | \$ (3.53) | 172 | \$ (3.39) | 198 | \$ (2.82) |
| United States | 84 | \$ (3.17) | 88 | \$ (3.61) | 95 | \$ (2.23) |
| Canada | 19 | \$ (7.34) | 15 | \$ (6.54) | 15 | \$ (4.24) |
| Algeria | 87 | \$ (2.21) | 56 | \$ (1.52) | 63 | \$ (1.71) |
| Other International | 24 | \$ (6.70) | 13 | \$ (6.52) | 26 | \$ (6.82) |
| Natural Gas (MMcf/d): | 1,682 | \$ (0.48) | 1,713 | \$ (0.76) | 1,877 | \$ (0.56) |
| United States | 1,295 | \$ (0.44) | 1,328 | \$ (0.71) | 1,445 | \$ (0.48) |
| Canada | 387 | \$ (0.63) | 385 | \$ (0.97) | 432 | \$ (0.81) |
| Natural Gas Liquids (MBbl/d): | 41 | | 37 | | 37 | |
| United States | 38 | | 35 | | 35 | |
| Canada | 2 | | 2 | | 2 | |
| | <u>\$ MM</u> | | <u>\$ MM</u> | | <u>\$ MM</u> | |
| Other Revenues: | | | | | | |
| Marketing Margin (Sales - Costs) | \$ 10 | | \$ 17 | | \$ 59 | |
| Minerals and Other | \$ 16 | | \$ 16 | | \$ 61 | |
| | <u>\$ MM</u> | <u>\$ / BOE</u> | <u>\$ MM</u> | <u>\$ / BOE</u> | <u>\$ MM</u> | <u>\$ / BOE</u> |
| Costs and Expenses: | | | | | | |
| Operating Costs | \$ 192 | \$ 3.90 | \$ 186 | \$ 4.19 | \$ 785 | \$ 3.92 |
| Administrative and General | \$ 87 | | \$ 85 | | \$ 332 | |
| Depreciation, Depletion and Amortization | \$ 292 | \$ 5.94 | \$ 280 | \$ 6.30 | \$ 1,267 | \$ 6.33 |
| Impairments of Oil and Gas Assets | \$ 6 | | \$ - | | \$ 50 | |
| Production and Other Taxes (% of Rev) | \$ 46 | 4.2% | \$ 71 | 6.3% | \$ 262 | 5.9% |
| | <u>\$ MM</u> | | <u>\$ MM</u> | | <u>\$ MM</u> | |
| Other Items: | | | | | | |
| Interest Expense | \$ 57 | | \$ 58 | | \$ 225 | |
| Other (Income) Expense | \$ 4 | | \$ 5 | | \$ 37 | |
| Federal Tax Rate | | 28% | | 36% | | 36% |
| Deferred Taxes (% of Total Taxes) | | 60% | | 50% | | 48% |
| Average Shares Outstanding (MM) | | | | | | |
| Basic | | 249 | | 249 | | 249 |
| Diluted | | 258 | | 259 | | 259 |
| | <u>\$MM</u> | | <u>\$MM</u> | | <u>\$MM</u> | |
| Capital Investment Program | \$ 558 | | \$ 722 | | \$ 2,300 | |
| Capital Budget | \$ 476 | | \$ 639 | | \$ 1,963 | |
| Capitalized Direct Expenses | \$ 48 | | \$ 51 | | \$ 200 | |
| Capitalized Interest | \$ 34 | | \$ 33 | | \$ 137 | |

Anadarko Petroleum Corporation

Hedge Position

As of January 31, 2003

| | Fixed and Physical Contracts | | 2- Way Collars | | | 3- Way Collars | | | |
|----------------------|---------------------------------|----------|----------------|----------|----------|----------------|---------------|--------------------|----------|
| | NYMEX | | | | | | | | |
| | Volume | Price | Volume | Floor | Ceiling | Volume | Sold Floor | Purchased Floor | Ceiling |
| Crude Oil | Bbl/d | \$/Bbl | Bbl/d | \$/Bbl | \$/Bbl | Bbl/d | \$/Bbl | \$/Bbl | \$/Bbl |
| <i>United States</i> | | | | | | | | | |
| 1st Qtr 2003 | 14,000 | \$ 25.39 | - | \$ - | \$ - | 53,000 | \$ 18.62 | \$ 23.81 | \$ 27.39 |
| 2nd Qtr 2003 | 14,000 | \$ 25.39 | - | \$ - | \$ - | 53,000 | \$ 18.62 | \$ 23.81 | \$ 27.39 |
| 3rd Qtr 2003 | 14,000 | \$ 25.39 | - | \$ - | \$ - | 53,000 | \$ 18.62 | \$ 23.81 | \$ 27.39 |
| 4th Qtr 2003 | 14,000 | \$ 25.39 | - | \$ - | \$ - | 53,000 | \$ 18.62 | \$ 23.81 | \$ 27.39 |
| Ttl Yr 2003 | 14,000 | \$ 25.39 | - | \$ - | \$ - | 53,000 | \$ 18.62 | \$ 23.81 | \$ 27.39 |
| Ttl Yr 2004 | 8,000 | \$ 23.09 | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| <i>Canada</i> | | | | | | | | | |
| 1st Qtr 2003 | 2,000 | \$ 23.80 | 4,000 | \$ 22.30 | \$ 23.32 | - | \$ - | \$ - | \$ - |
| 2nd Qtr 2003 | 700 | \$ 23.80 | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| 3rd Qtr 2003 | - | \$ - | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| 4th Qtr 2003 | - | \$ - | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| Ttl Yr 2003 | 700 | \$ 23.80 | 1,000 | \$ 22.30 | \$ 23.32 | - | \$ - | \$ - | \$ - |
| Ttl Yr 2004 | - | \$ - | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| <i>Total</i> | | | | | | | | | |
| 1st Qtr 2003 | 16,000 | \$ 25.19 | 4,000 | \$ 22.30 | \$ 23.32 | 53,000 | \$ 18.62 | \$ 23.81 | \$ 27.39 |
| 2nd Qtr 2003 | 14,700 | \$ 25.31 | - | \$ - | \$ - | 53,000 | \$ 18.62 | \$ 23.81 | \$ 27.39 |
| 3rd Qtr 2003 | 14,000 | \$ 25.39 | - | \$ - | \$ - | 53,000 | \$ 18.62 | \$ 23.81 | \$ 27.39 |
| 4th Qtr 2003 | 14,000 | \$ 25.39 | - | \$ - | \$ - | 53,000 | \$ 18.62 | \$ 23.81 | \$ 27.39 |
| Ttl Yr 2003 | 14,700 | \$ 25.31 | 1,000 | \$ 22.30 | \$ 23.32 | 53,000 | \$ 18.62 | \$ 23.81 | \$ 27.39 |
| Ttl Yr 2004 | 8,000 | \$ 23.09 | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| <i>Natural Gas</i> | | | | | | | | | |
| | MMcf/d | \$/Mcf | MMcf/d | \$/Mcf | \$/Mcf | MMcf/d | \$/Mcf | \$/Mcf | \$/Mcf |
| <i>United States</i> | | | | | | | | | |
| 1st Qtr 2003 | 200.0 | \$ 3.89 | 85.5 | \$ 4.62 | \$ 5.56 | 308.8 | \$ 2.60 | \$ 3.68 | \$ 4.71 |
| 2nd Qtr 2003 | 200.0 | \$ 3.89 | 236.3 | \$ 4.70 | \$ 5.59 | 308.8 | \$ 2.60 | \$ 3.68 | \$ 4.71 |
| 3rd Qtr 2003 | 270.0 | \$ 4.14 | 6.2 | \$ 3.00 | \$ 5.00 | 308.8 | \$ 2.60 | \$ 3.68 | \$ 4.71 |
| 4th Qtr 2003 | 270.0 | \$ 4.14 | 6.2 | \$ 3.00 | \$ 5.00 | 308.8 | \$ 2.60 | \$ 3.68 | \$ 4.71 |
| Ttl Yr 2003 | 235.3 | \$ 4.03 | 83.1 | \$ 4.62 | \$ 5.56 | 308.8 | \$ 2.60 | \$ 3.68 | \$ 4.71 |
| Ttl Yr 2004 | 200.0 | \$ 3.88 | 6.2 | \$ 3.00 | \$ 5.00 | 168.8 | \$ 2.47 | \$ 3.44 | \$ 4.89 |
| <i>Canada</i> | | | | | | | | | |
| 1st Qtr 2003 | 68.2 | \$ 3.37 | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| 2nd Qtr 2003 | 68.2 | \$ 3.37 | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| 3rd Qtr 2003 | 68.2 | \$ 3.37 | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| 4th Qtr 2003 | 65.1 | \$ 3.24 | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| Ttl Yr 2003 | 67.5 | \$ 3.34 | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| Ttl Yr 2004 | 58.9 | \$ 3.19 | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| <i>Total</i> | | | | | | | | | |
| 1st Qtr 2003 | 268.2 | \$ 3.76 | 85.5 | \$ 4.62 | \$ 5.56 | 308.8 | \$ 2.60 | \$ 3.68 | \$ 4.71 |
| 2nd Qtr 2003 | 268.2 | \$ 3.76 | 236.3 | \$ 4.70 | \$ 5.59 | 308.8 | \$ 2.60 | \$ 3.68 | \$ 4.71 |
| 3rd Qtr 2003 | 338.2 | \$ 3.98 | 6.2 | \$ 3.00 | \$ 5.00 | 308.8 | \$ 2.60 | \$ 3.68 | \$ 4.71 |
| 4th Qtr 2003 | 335.1 | \$ 3.97 | 6.2 | \$ 3.00 | \$ 5.00 | 308.8 | \$ 2.60 | \$ 3.68 | \$ 4.71 |
| Ttl Yr 2003 | 302.8 | \$ 3.88 | 83.1 | \$ 4.62 | \$ 5.56 | 308.8 | \$ 2.60 | \$ 3.68 | \$ 4.71 |
| Ttl Yr 2004 | 258.9 | \$ 3.72 | 6.2 | \$ 3.00 | \$ 5.00 | 168.8 | \$ 2.47 | \$ 3.44 | \$ 4.89 |