

ANADARKO PETROLEUM CORP

Form 424B5

June 11, 2009

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Filed pursuant to Rule 424(b)(5)  
Registration No. 333-137183

## CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Maximum offering price per unit	Maximum aggregate offering price	Amount of registration fee (1)
5.75% Senior Notes due 2014	\$275,000,000	99.733%	\$274,265,750	
6.95% Senior Notes due 2019	\$300,000,000	98.881%	\$296,643,000	
7.95% Senior Notes due 2039	\$325,000,000	99.659%	\$323,891,750	
Total	\$900,000,000		\$894,800,500	\$49,929.87

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

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**PROSPECTUS SUPPLEMENT**

To Prospectus dated September 8, 2006

**Anadarko Petroleum Corporation**

**\$275,000,000 5.75% Senior Notes due 2014**

**\$300,000,000 6.95% Senior Notes due 2019**

**\$325,000,000 7.95% Senior Notes due 2039**

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We are offering an aggregate of \$900,000,000 of our debt securities, consisting of 5.75% Senior Notes due 2014, which will mature on June 15, 2014, 6.95% Senior Notes due 2019, which will mature on June 15, 2019, and 7.95% Senior Notes due 2039, which will mature on June 15, 2039. We refer to each such series of notes as the 2014 notes, the 2019 notes and the 2039 notes, respectively, and, collectively, as the notes.

We will pay interest on the notes each June 15 and December 15, beginning on December 15, 2009.

We may redeem all or part of the notes at any time at the make-whole redemption prices described in this prospectus supplement. There are no sinking funds for the notes. The redemption provisions are more fully described in this prospectus supplement under Description of the Notes.

The notes will be our unsecured senior obligations and will rank equally with all of our other senior unsecured indebtedness from time to time outstanding that is not specifically subordinated to the notes.

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**Investing in the notes involves risks. See Risk Factors beginning on page S-4 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2008.**

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	<u>Price to public<sup>(1)</sup></u>	<u>Underwriting discounts and commission</u>	<u>Proceeds to us<sup>(1)</sup></u>
Per 2014 note	99.733%	0.600%	99.133%
Total	\$ 274,265,750	\$ 1,650,000	\$ 272,615,750
Per 2019 note	98.881%	0.650%	98.231%
Total	\$ 296,643,000	\$ 1,950,000	\$ 294,693,000
Per 2039 note	99.659%	0.875%	98.784%
Total	\$ 323,891,750	\$ 2,843,750	\$ 321,048,000

(1) Before expenses and plus accrued interest, if any, from June 12, 2009.

Delivery of the notes in book-entry form only will be made through The Depository Trust Company and its participants, Clearstream Banking S.A. and Euroclear Bank S.A./N.V., as operator of the Euroclear System, on or about June 12, 2009, against payment in immediately available funds.

None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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*Joint Book-Running Managers*

**Citi Morgan Stanley**

**Banc of America Securities LLC**

**RBS**

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*Senior Co-Managers*

**Mitsubishi UFJ Securities**

**BMO Capital Markets**

**BNP PARIBAS**

**Goldman, Sachs & Co.**

**Wachovia Securities**

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*Junior Co-Managers*

**BBVA Securities**

**DnB NOR Markets**

**BNY Mellon Capital Markets, LLC**

**SOCIETE GENERALE**

**CALYON**

**Standard Chartered Bank**

The date of this prospectus supplement is June 9, 2009.

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You should rely only on the information contained or incorporated by reference in this document or to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information contained or incorporated by reference in this document may only be accurate on the date of this document.

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**Prospectus**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement is a supplement to the accompanying prospectus. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a "shelf" registration process. Under the shelf process, we may, from time to time, issue and sell to the public any combination of the securities described in the accompanying prospectus up to an indeterminate amount, of which this offering is a part.

This prospectus supplement describes the specific terms of the notes we are offering and certain other matters relating to us. The accompanying prospectus gives more general information about securities we may offer from time to time, some of which does not apply to the notes we are offering. Generally, when we refer to the prospectus, we are referring to this prospectus supplement combined with the accompanying prospectus. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

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**FORWARD-LOOKING STATEMENTS**

We have made in this prospectus supplement and in the reports and documents incorporated by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, concerning our operations, economic performance and financial condition. These forward-looking statements include information concerning future production and reserves, schedules, plans, timing of development, contributions from oil and gas properties, marketing and midstream activities and those statements preceded by, followed by or that otherwise include the words believes, expects, anticipates, intends, estimates, projects, target, goal, plans, objective, should or similar expressions or variations on such expressions.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, our assumptions about energy markets, production levels, reserve levels, operating results, competitive conditions, technology, the availability of capital resources, capital expenditures and other contractual obligations, the supply and demand for and the price of natural gas, oil, NGLs and other products or services, volatility in the commodity futures market, the weather, inflation, the availability of goods and services, drilling risks, future processing volumes and pipeline throughput, general economic conditions, either internationally or nationally or in the jurisdictions in which we or our subsidiaries are doing business, legislative or regulatory changes, including changes in environmental regulation, environmental risks and liability under federal, state and foreign environmental laws and regulations, potential environmental or other obligations arising from the former chemical business of Kerr-McGee Corporation, or Kerr-McGee, the securities, capital or credit markets, our ability to repay debt or the interest thereon, continuation of our current common stock dividend, the outcome of any proceedings related to the Algerian exceptional profits tax, and other factors discussed in Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Critical Accounting Policies and Estimates in our Annual Report on Form 10-K for the year ended December 31, 2008, our Quarterly Report on Form 10-Q for the three months ended March 31, 2009, in this prospectus supplement under the heading Risk Factors and in other reports and documents incorporated by reference into this prospectus supplement. We undertake no obligation to publicly update or revise any forward-looking statements.

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**SUMMARY**

*This summary does not contain all of the information that is important to you. You should read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference for a more complete understanding of this offering. You should read Risk Factors beginning on page S-4 of this prospectus supplement and Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008 for more information about important risks that you should consider before making a decision to purchase notes in this offering.*

*Our, we, us and Anadarko as used in this prospectus supplement and the accompanying prospectus refer solely to Anadarko Petroleum Corporation and its subsidiaries, unless the context otherwise requires.*

*The Description of the Notes section of this prospectus supplement contains more detailed information about the terms and conditions of the notes. We have defined certain oil and gas industry terms used in this document in the Glossary of Oil and Natural Gas Terms on page G-1.*

**Anadarko Petroleum Corporation**

***General***

Anadarko Petroleum Corporation is among the largest independent oil and gas exploration and production companies in the world, with 2.28 billion BOE of proved reserves as of December 31, 2008. Our primary business segments are vertically integrated within the oil and gas industry. These segments are managed separately because of the nature of their products and services, as well as unique technology, distribution and marketing requirements. Our three operating segments are:

*Oil and gas exploration and production* This segment explores for and produces natural gas, crude oil, condensate and natural gas liquids (NGLs). Our major areas of operation are located onshore in the United States, the deepwater of the Gulf of Mexico and Algeria. We also have production in China and are executing strategic exploration programs in several other countries, including Ghana and Brazil.

*Midstream* This segment engages in gathering, processing, treating and transporting Anadarko and third-party oil and gas production. We own and operate natural gas gathering, treating and processing systems in the United States.

*Marketing* This segment sells most of our production, as well as commodities purchased from third parties. We actively market natural gas, oil and NGLs in the United States, and actively market oil from Algeria and China.

We also have hard minerals properties that contribute to operating income through non-operated joint ventures and royalty arrangements in several coal, trona (natural soda ash) and industrial mineral mines located on lands within and adjacent to our Land Grant holdings. The Land Grant is an 8 million acre strip running through portions of Colorado, Wyoming and Utah and is where we own most of our fee mineral rights. We are committed to minimizing our impact on the environment from exploration and production activities of our worldwide operations through programs such as carbon dioxide (CO<sub>2</sub>) sequestration and the reduction of surface area used for production facilities.



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For a further description of our business, properties and operations, you should read our Annual Report on Form 10-K for the year ended December 31, 2008 which is incorporated by reference into this prospectus supplement.

Our principal executive offices are located at 1201 Lake Robbins Dr., The Woodlands, Texas 77380, and our telephone number is (832) 636-1000.

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**The Offering**

<b>Issuer</b>	Anadarko Petroleum Corporation.
<b>Securities offered</b>	<p>\$900,000,000 aggregate principal amount of notes:</p> <p>\$275,000,000 aggregate principal amount of 5.75% senior notes due 2014.</p> <p>\$300,000,000 aggregate principal amount of 6.95% senior notes due 2019.</p> <p>\$325,000,000 aggregate principal amount of 7.95% senior notes due 2039.</p>
<b>Maturity date</b>	<p>For the 2014 notes: June 15, 2014.</p> <p>For the 2019 notes: June 15, 2019.</p> <p>For the 2039 notes: June 15, 2039.</p>
<b>Interest payment dates</b>	We will pay interest on the notes on June 15 and December 15 of each year, beginning on December 15, 2009.
<b>Ranking</b>	<p>The notes:</p> <p>are unsecured;</p> <p>rank equally with all of our existing and future senior indebtedness;</p> <p>are senior to any future subordinated indebtedness; and</p> <p>are effectively junior to our future secured indebtedness, if any, and to all existing and future indebtedness and other liabilities of our subsidiaries. As of March 31, 2009, our subsidiaries had outstanding \$6.3 billion of indebtedness, excluding intercompany indebtedness.</p>
<b>Sinking fund</b>	None.

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### **Optional redemption**

We may redeem, at our option, all or part of the notes at any time, at a make-whole redemption price plus accrued and unpaid interest to the date of redemption. See Description of the Notes.

### **Covenants**

We will issue the notes as three separate series under an indenture containing covenants for your benefit. These covenants restrict our ability to take certain actions, including, but not limited to, the creation of liens securing debt. See Description of Debt Securities Limitations on Liens in the accompanying prospectus.

### **Use of proceeds**

We intend to use a portion of the net proceeds from this offering to fund a portion of the redemption of the remaining approximately \$913 million of our outstanding floating rate notes due September 15, 2009, which were called for a redemption date of June 30, 2009, and the remainder for general corporate purposes, which may include the future retirement of additional indebtedness. See Use of Proceeds.

### **Absence of public markets for the notes**

There is no existing market for the notes. We cannot provide any assurance about:

the liquidity of any markets that may develop for the notes;

your ability to sell your notes; or

the prices at which you will be able to sell your notes.

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Future trading prices of the notes will depend on many factors, including:

prevailing interest rates;

our operating results;

ratings of the notes; and

the market for similar securities.

Certain of the underwriters have advised us that they currently intend to make a market in each series of the notes after completion of the offering. However, the underwriters do not have any obligation to do so, and they may discontinue any market-making activities at any time without any notice. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes in any automated dealer quotation system.

**Risk factors**

See Risk Factors beginning at page S-4 of this prospectus supplement and Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008 for a discussion of the risk factors you should carefully consider before deciding to invest in the notes.

**Governing law**

The notes will be and the indenture is governed by New York law.

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**RISK FACTORS**

*An investment in the notes involves risks. You should consider carefully the risk factors included below and under the caption **Risk Factors** on page 1 of the accompanying prospectus, as well as those discussed under the caption **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2008, together with all of the other information included in, or incorporated by reference into, this prospectus supplement, when evaluating an investment in the notes.*

**Risks relating to the notes**

*We may not be able to generate enough cash flow to meet our debt obligations.*

We expect our earnings and cash flow to vary significantly from year to year due to the nature of our industry. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. Additionally, our future cash flow may be insufficient to meet our debt obligations and other commitments, including our obligations under the notes. Any insufficiency could negatively impact our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and, as a result, our ability to generate cash flow from operations and to pay our debt, including our obligations under the notes. Many of these factors, such as oil and gas prices, economic and financial conditions in our industry and the global economy or competitive initiatives of our competitors, are beyond our control. If we do not generate enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

refinancing or restructuring our debt;

selling assets;

reducing or delaying capital investments; or

seeking to raise additional capital.

However, we cannot assure you that undertaking alternative financing plans or our ability to obtain alternative financing, if necessary, would allow us to meet our debt obligations. Our inability to generate sufficient cash flow to satisfy our debt obligations, including our obligations under the notes, or to obtain alternative financing, could materially and adversely affect our business, financial condition, results of operations and prospects.

*Because a significant portion of our operations is conducted through our subsidiaries, our ability to service our debt is largely dependent on our receipt of distributions or other payments from our subsidiaries.*

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A significant portion of our operations is conducted through our subsidiaries. As a result, our ability to service our debt is largely dependent on the earnings of our subsidiaries and the payment of those earnings to us in the form of dividends, loans or advances and through repayment of loans or advances from us. Payments to us by our subsidiaries will be contingent upon our subsidiaries' earnings and other business considerations and may be subject to statutory or contractual restrictions. In addition, there may be significant tax and other legal restrictions on the ability of our non-U.S. subsidiaries to remit money to us.

*The claims of creditors of our subsidiaries will be effectively senior to claims of holders of the notes.*

Our subsidiaries are separate and distinct legal entities. Our right to receive any assets of any of our subsidiaries upon the insolvency, liquidation or reorganization of any of our subsidiaries, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors. In addition, even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinated to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries would be senior to that held by us.

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*The notes will be effectively subordinated to all of our future secured debt and our subsidiary debt.*

The notes will not be secured by any of our property or assets. Thus, by owning a debt security, holders of the notes offered by this prospectus supplement will be our unsecured creditors. The indenture governing the notes described in this prospectus supplement and the accompanying prospectus will, subject to some limitations, permit us to incur secured indebtedness and the notes will be effectively subordinated to any future secured indebtedness we may incur to the extent of the value of the collateral securing such indebtedness. As of March 31, 2009, we had no outstanding secured indebtedness. In addition, the notes will be structurally subordinated to indebtedness of our subsidiaries. As of March 31, 2009, our subsidiaries had outstanding \$6.3 billion of indebtedness, excluding intercompany indebtedness. The notes will rank equally with all of our senior debt.

*Active trading markets for the notes may not develop, which could make it more difficult for holders of the notes to sell their notes and/or result in a lower price at which holders would be able to sell their notes.*

There is currently no established trading market for any series of the notes, and there can be no assurance as to the liquidity of any markets that may develop for the notes, the ability of the holders of the notes to sell their notes or the prices at which such holders would be able to sell their notes. If such markets were to exist, the notes could trade at prices that may be lower than the initial market values of the notes depending on many factors, including prevailing interest rates and our business performance. Certain of the underwriters have advised us that they currently intend to make a market in the notes of each series after the consummation of this offering, as permitted by applicable laws and regulations. However, none of the underwriters is obligated to do so, and any market-making with respect to the notes may be discontinued at any time without notice. See Underwriting.

## **Risks relating to our business**

*We may incur substantial environmental and other costs arising from Kerr-McGee's former chemical business.*

Prior to its acquisition by us, Kerr-McGee, through an initial public offering, spun off its chemical manufacturing business to a newly created and separate company, Tronox Incorporated, or Tronox. Under the terms of a Master Separation Agreement, or the MSA, Kerr-McGee agreed to reimburse Tronox for certain qualifying environmental remediation costs, subject to certain limitations and conditions and up to a maximum aggregate reimbursement of \$100 million. However, Kerr-McGee could be subject to liability for certain costs of cleaning up hazardous substance contamination attributable to the facilities and operations conveyed to Tronox if Tronox is unable to pay for certain remediation costs. As a result of the acquisition of Kerr-McGee, we will be responsible to provide reimbursements to Tronox pursuant to the MSA, and we may be subject to potential liability, as the successor-in-interest to Kerr-McGee, if Tronox is unable to perform certain remediation obligations.

In January 2009, Tronox and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. In May 2009, Tronox filed a lawsuit, which we refer to as the adversary proceeding, against Anadarko and Kerr-McGee in the Tronox bankruptcy proceeding that, among other things, alleges that Tronox was under-capitalized at the time that it was spun off from Kerr-McGee and that Tronox was not provided with sufficient financial resources to resolve the environmental liabilities associated with its chemical manufacturing business. Pursuant to the adversary proceeding, Tronox seeks, among other things, to recover damages from Kerr-McGee and Anadarko sufficient to compensate Tronox for adverse consequences arising from the alleged under-funding of Tronox at the time it was spun off from Kerr-McGee.

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On May 21, 2009, the United States filed a Motion to Intervene in the adversary proceeding, based on the assertion that it has an independent cause of action against Anadarko, Kerr-McGee and Tronox under the Federal Debt Collection Procedures Act, or the FDCPA, for debts, consisting primarily of environmental cleanup obligations, allegedly owed to the United States. The United States Motion to Intervene does not assert any rights to an additional recovery under the FDCPA. Currently, we are evaluating these recently filed claims and are unable to estimate the amount of any potential liabilities.

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The following table sets forth our capitalization as of March 31, 2009:

on a consolidated historical basis;

on an as adjusted basis to give effect to our May 2009 issuance of 30,000,000 shares of common stock for net proceeds of approximately \$1.3 billion; and

on an as further adjusted basis to also give effect to (i) the completion of this offering and (ii) our application of the estimated proceeds from this offering in the manner described in Use of Proceeds.

	As of March 31, 2009		
	Historical	As Adjusted (unaudited) (millions of dollars)	As Further Adjusted
Cash and cash equivalents	\$ 2,165	\$ 3,503	\$ 3,370(1)
Short-term debt:			
Current maturities of long-term debt	1,020	1,020	(1)
Total short-term debt	1,020	1,020	
Long-term debt, less current portion:			
Historical long-term debt	11,970	11,970	11,970
2014 Notes offered hereby			274
2019 Notes offered hereby			297
2039 Notes offered hereby			324
Total long-term debt, less current portion	11,970	11,970	12,865
Total debt	\$ 12,990	\$ 12,990	\$ 12,865
Stockholders' equity:			
Common stock, par value \$0.10 per share (1.0 billion shares authorized, 472.3 million shares issued as of March 31, 2009)	47	50	50
Paid-in capital	5,735	7,070	7,070
Retained earnings	13,799	13,799	13,799
Treasury stock (11.9 million shares as of March 31, 2009)	(694)	(694)	(694)
Accumulated other comprehensive income (loss):			
Gains (losses) on derivative instruments	(112)	(112)	(112)
Foreign currency translation adjustments	(1)	(1)	(1)
Pension and other postretirement plans	(314)	(314)	(314)

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Total	(427)	(427)	(427)
Total stockholders' equity	\$ 18,460	\$ 19,798	\$ 19,798
Noncontrolling interest	362	362	362
Total equity	\$ 18,822	\$ 20,160	\$ 20,160
Total capitalization	\$ 31,812	\$ 33,150	\$ 33,025

- (1) Reflects the repayment of \$1,020 million of current maturities of long-term debt due on or before June 30, 2009 using a portion of the cash proceeds raised from this offering plus cash and cash equivalents on hand.

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The following table sets forth our ratio of earnings to fixed charges for the periods indicated on a consolidated historical basis.

Year Ended December 31,				Three Months Ended March 31,		
2008	2007	2006	2005	2004	2009(1)	2008
4.79x	4.66x	5.24x	12.50x	5.80x		