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ANADARKO PETROLEUM CORP  
Form DEF 14A  
March 22, 2002

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14A  
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (AMENDMENT NO. )

Filed by the Registrant ☒ [X]  
Filed by a Party other than the Registrant ☐ [ ]

Check the appropriate box:

- |  |  |
|--|--|
| <input type="checkbox"/> [ ] Preliminary Proxy Statement                 | <input type="checkbox"/> [ ] Confidential, for Use of the<br>Commission Only (as permitted by<br>Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> [X] Definitive Proxy Statement       |  |
| <input type="checkbox"/> [ ] Definitive Additional Materials             |  |
| <input type="checkbox"/> [ ] Soliciting Material Pursuant to Rule 14a-12 |  |

ANADARKO PETROLEUM CORPORATION

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ [X] No fee required.  
☐ [ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed  
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(1) Amount Previously Paid:  
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(3) Filing Party:  
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(4) Date Filed:  
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[ANADARKO LOGO]

P. O. BOX 1330  
HOUSTON, TEXAS 77251-1330

March 25, 2002

To THE STOCKHOLDERS:

You are cordially invited to attend the Annual Meeting of Stockholders of the Company. The meeting will be held at The Cynthia Woods Mitchell Pavilion, 2005 Lake Robbins Drive, The Woodlands, Texas, on Thursday, April 25, 2002, at 10:00 a.m. (CDT).

The Notice of the Annual Meeting and the attached Proxy Statement provide information concerning the matters to be considered at the meeting. In addition, the general operations of the Company will be discussed and stockholders will be given the opportunity to ask questions.

We value your opinions and encourage you to participate in this year's Annual Meeting by voting your proxy. You may vote either by the Internet or telephone using the instructions on the proxy card or by signing your proxy card and returning it in the enclosed envelope.

Very truly yours,

/s/ JOHN N. SEITZ  
JOHN N. SEITZ  
President and Chief Executive  
Officer

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P. O. BOX 1330  
HOUSTON, TEXAS 77251-1330

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Anadarko Petroleum Corporation will be held at The Cynthia Woods Mitchell Pavilion, 2005 Lake Robbins Drive, The Woodlands, Texas, on Thursday, April 25, 2002, at 10:00 a.m. (CDT) for the purpose of:

- (1) Electing four directors; and
- (2) Transacting any other business as may properly be brought before the meeting and any adjournments or postponements thereof.

## ADMISSION

Printed on the back of each Proxy Card sent to registered shareholders is an admission ticket. This ticket is valid to admit the stockholder to the 2002 Annual Meeting. SEATING IS LIMITED AND ADMISSION TO THE MEETING WILL BE ON A FIRST-COME, FIRST-SERVED BASIS. For wheelchair and hearing impaired seating, please see a host/hostess for assistance.

You will be asked to present valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the Annual Meeting, you must present proof of your ownership of Company stock, such as a current bank or brokerage account statement, to be admitted to the Annual meeting.

## RECORD DATE

March 1, 2002, has been fixed as the record date. If you are a record holder of common stock at the close of business on the record date, you are entitled to receive notice of and to vote at the Annual Meeting.

Please take the time to vote by following the Internet or telephone voting instructions on the enclosed proxy card or by completing and mailing the proxy card. A postage-prepaid envelope has been provided for your convenience if you wish to vote by mail. You may revoke your proxy at any time before the vote is taken by sending to the Corporate Secretary of the Company a proxy with a later date or voting again by Internet or telephone. Alternatively, you may revoke your proxy by delivering to the Corporate Secretary of the Company a written revocation prior to the Annual Meeting or by voting in person at the Annual Meeting.

REGARDLESS OF THE NUMBER OF COMPANY COMMON SHARES YOU HOLD, YOUR VOTE IS VERY IMPORTANT.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ SUZANNE SUTER  
SUZANNE SUTER  
Corporate Secretary

Dated: March 25, 2002  
The Woodlands, Texas

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P. O. BOX 1330  
HOUSTON, TEXAS 77251-1330

## PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS  
APRIL 25, 2002

YOUR VOTE IS VERY IMPORTANT. Please take the time to vote by following the Internet or telephone voting instructions on the enclosed proxy card or by completing and mailing the proxy card. A postage-prepaid envelope has been provided for your convenience if you wish to vote by mail.

If you vote by mail and your proxy card is returned unsigned, your vote cannot be counted. If you vote by mail and the returned proxy card is signed and dated without indicating how you want to vote, your proxy will be voted as recommended by the Board of Directors.

### REVOKING YOUR PROXY

You may revoke your proxy at any time prior to the meeting by:

- sending a written statement to the Corporate Secretary of the Company;
- submitting a valid proxy with a later date either by Internet, by telephone or in writing; or
- voting in person at the Annual Meeting.

### VOTE REQUIRED AND METHOD OF COUNTING VOTES

Number of Shares Outstanding. At the close of business on the record date, March 1, 2002, there were 248,909,123 shares of common stock outstanding, which are entitled to vote at the meeting.

Quorum. A quorum is present if at least a majority of the outstanding shares of common stock on the record date are present in person or by proxy.

Vote Required. A plurality of the votes cast is required for the election of Directors. This means that the four Director nominees with the most votes are elected. Only votes "for" or "against" affect the outcome. Abstentions are not counted for purposes of the election of Directors.

Under New York Stock Exchange rules, if you are a beneficial owner and your broker holds your shares in its name, the broker is permitted to vote your shares on the election of Directors even if the broker does not receive voting instructions from you.

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### ANADARKO BOARD OF DIRECTORS

#### STRUCTURE

The Board is divided into three classes of directors for purposes of election. One class of directors is elected at each Annual Meeting of stockholders to serve for a three-year term.

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At the 2002 meeting, the terms of four directors are expiring. Each director elected at this Annual Meeting will hold office until the expiration of his term in 2005. Those directors not up for election this year will continue in office for the remainder of their terms.

If a nominee is unavailable for election, the proxies will be voted for the election of another nominee proposed by the Board or, as an alternative, the Board may reduce the number of directors to be elected at the meeting.

### ITEM 1 -- ELECTION OF DIRECTORS

#### DIRECTORS NOMINATED THIS YEAR FOR TERMS EXPIRING IN 2005

Ronald Brown (69) -- Mr. Brown resides in Rancho Santa Fe, California. He retired as a bank executive in 1992. Mr. Brown has been a director of the Company since 1986.

John R. Butler, Jr. (63) -- Mr. Butler has been Chairman of J. R. Butler and Company, a reservoir engineering company in Houston, Texas, since 1976. He is also currently a board member and former Chairman, President and CEO of the Houston Advanced Research Center, a 501(c)(3) corporation. He was Chairman and Chief Executive Officer of GeoQuest International Holdings, Inc., Senior Chairman of Petroleum Information Corp. and Vice Chairman of Petroleum Information/Dwights, L.L.C. until 1997. He is currently on the Board of Directors of Kelman Technology, Inc. of Calgary, Alberta, Canada, a Toronto Stock Exchange Company. He was also Chairman of the Society of Exploration Geophysicists Foundation until December 2001. Mr. Butler has been a director of the Company since 1996.

Preston M. Geren III (50) -- Mr. Geren accepted an appointment as a Senior Executive with the Department of Defense in 2001. He had been an Attorney in Fort Worth, Texas since 1998. From January 1997 through August 1998, he was a management consultant for Public Strategies, Inc. He was a U.S. Congressman for the Twelfth Congressional District of Texas from 1989 to 1997. He is currently a director of Cullen Frost Bankers, Inc. He was a director of Union Pacific Resources Group Inc. ("UPRG") until UPRG merged with the Company in 2000. Mr. Geren has been a director of the Company since 2000.

John R. Gordon (54) -- Mr. Gordon is Senior Managing Director of Deltec Asset Management LLC, a New York limited liability company, with executive offices in New York, New York. He had been President of Deltec Asset Management Corporation since 1988 until it was converted into a limited liability company. Mr. Gordon has been a director of the Company since 1988.

#### DIRECTORS UP FOR ELECTION IN 2003

Conrad P. Albert (56) -- Mr. Albert resides in Bedford, New York and is engaged in private investments. Mr. Albert was a director of Deep Tech International until August 1998. He has been a director of the Company since 1986.

Robert J. Allison, Jr. (63) -- Mr. Allison has been Chairman of the Board since 1986 and a director since 1985. He was also Chief Executive Officer of the Company from 1986 until his resignation from that position in January 2002. He was elected as a director of Freeport McMoran Copper and Gold Inc. located in New Orleans, Louisiana in 2001.

John W. Poduska, Sr. (64) -- Mr. Poduska was a director of UPRG until UPRG merged with the Company in 2000. He is also a director of Novell, Inc., Safeguard Scientific, Inc., Energe Interactive, Inc., and EXA, Inc. Mr. Poduska has been a director of the Company since 2000.

John N. Seitz (51) -- Mr. Seitz was elected Chief Executive Officer of the Company in January 2002 and has served as President since 1999. He has been an executive officer of the Company since 1995 and has worked for the Company since 1977. Mr. Seitz has been a director of the Company since 1997.

#### DIRECTORS UP FOR ELECTION IN 2004

Larry Barcus (64) -- Mr. Barcus is Chairman of L. G. Barcus and Sons, Inc., Kansas City, Kansas, a general contractor with operations nationwide. Mr. Barcus has been a director of the Company since 1986.

James L. Bryan (66) -- Mr. Bryan has been Executive Vice President of Newpark Drilling Fluids, Inc. since 1999. Newpark Drilling Fluids is an oilfield services firm headquartered in Houston, Texas. Mr. Bryan retired as Senior Vice President of Dresser Industries, Inc. in 1998. He had been a Vice President of Dresser since 1990. Mr. Bryan has been a director of the Company since 1986.

George Lindahl III (56) -- Mr. Lindahl was appointed as Managing Partner of Sandefer Capital Partners, L.P., an oil and gas investment firm with offices in Austin and Houston, Texas, in December 2001. Although Mr. Lindahl retired as Vice Chairman of the Board of the Company in 2001, a position he had held since July 2000, he is continuing as a director of the Company. He had been Chairman, President and Chief Executive Officer of UPRG from July 1999 until UPRG merged with the Company in 2000. Mr. Lindahl was elected as a director of the Company in 2000.

Jeff D. Sandefer (41) -- Mr. Sandefer is President of Sandefer Capital Partners, L.P., an oil and gas investment firm with offices in Austin and Houston, Texas. He has held that position since 1995. Mr. Sandefer also serves on the faculty of the University of Texas Graduate School of Business. He was a director of UPRG until UPRG merged with the Company in 2000. Mr. Sandefer was elected as a director of the Company in 2000.

#### BOARD MEETINGS AND COMMITTEES

During 2001, the Board met six times. The Board also has an Executive Committee that may take action with respect to the conduct of the business of the Company between Board meetings. The Executive Committee met two times in 2001. During 2001, each incumbent director of the Company attended all of the meetings of the Board during the time he was a director.

The Board has an Audit Committee and Compensation and Benefits Committee. Membership on these two committees is limited to non-employee directors.

Audit Committee. Messrs. Albert, Barcus, Butler and Sandefer are members of the Audit Committee. The Audit Committee met seven times in 2001. Each member attended all of the committee meetings during the time he was on the committee. The primary responsibilities of the Audit Committee are independent objective oversight of the Company's accounting functions and internal controls.

Compensation and Benefits Committee. The Compensation and Benefits Committee met five times in 2001. Messrs. Brown, Bryan, Geren, Gordon and Poduska are members of the Compensation and Benefits Committee. Each member attended all of the committee meetings during the time he was on the committee. The primary responsibilities of the Compensation and Benefits Committee are establishing and administering director and executive compensation and benefit programs. The Committee also has general oversight responsibilities of the Company's qualified benefit plans.

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### DIRECTOR COMPENSATION

Directors who are not employees of Anadarko receive compensation for Board and committee service. Directors who are employees of Anadarko receive no compensation for their service on the Board. The

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principal components of director compensation, which a director may elect to receive in cash, common stock or a combination of both, are as follows:

1. an annual Board retainer of \$40,000;
2. a fee of \$1,250 for each Board or committee meeting attended, plus expenses related to attendance;
3. an annual committee membership retainer of \$3,000; and,
4. an additional annual committee retainer of \$3,000 for serving as committee chair.

Deferred Stock. In January 2002, the Board terminated the director phantom stock program and cancelled phantom stock units previously granted to the non-employee directors. The Board granted each current non-employee director deferred stock under the 1998 Director Stock Plan equal to the number of phantom shares that had been cancelled.

1998 Director Stock Plan. Under this plan, the directors may grant stock-based awards to non-employee directors. On July 30, 2001, the directors granted each non-employee director an option to purchase 5,000 shares of common stock. The option price is the fair market value on the date of grant. The options will vest 50% one year from the date of grant and the remaining 50% two years from the date of grant. The options granted will expire 10 years from the date of grant. On January 31, 2002, the Board made a deferred stock grant equal to \$14,500 to each non-employee director. The deferred stock will be distributed in shares when the director terminates. Directors will receive dividends on and will be entitled to vote the deferred stock. Both of the grants were made under the 1998 Director Stock Plan.

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### STOCK OWNERSHIP

The information provided below summarizes the beneficial ownership of officers and directors of the Company and owners of more than 5% of outstanding common stock. In general, "beneficial ownership" includes those shares of common stock someone has the power to vote, sell or acquire within 60 days. It includes common stock that is held directly and also shares held indirectly through a relationship, a position as a trustee or under a contract or understanding.

#### COMMON STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

On March 1, 2002, the directors and executive officers of Anadarko beneficially owned, in the aggregate, 7,935,435 shares of Anadarko common stock (approximately 3% of the outstanding shares entitled to vote). Mr. Allison is the only director, nominee for director or officer of the Company who owns and has the right to acquire more than 1% of the outstanding common stock.

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NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP			PERCENTAGE OF BENEFICIAL OWNERSHIP
	NUMBER OF SHARES BENEFICIALLY OWNED (1)	SHARES EXERCISABLE WITHIN 60 DAYS	TOTAL BENEFICIAL OWNERSHIP	
Robert J. Allison, Jr. ....	580,080	1,985,000	2,565,080	
John N. Seitz.....	190,308	808,000	998,308	
George Lindahl III.....	27,603	839,753	867,356	
Michael E. Rose.....	39,107	150,000	189,107	
Charles G. Manley.....	99,183	336,000	435,183	
William D. Sullivan.....	72,364	0	72,364	
Conrad P. Albert (2).....	53,047	52,500	105,547	
Larry Barcus.....	33,624	72,500	106,124	
Ronald Brown (3).....	20,787	72,500	93,287	
James L. Bryan.....	30,458	72,500	102,958	
John R. Butler, Jr. ....	24,902	42,500	67,402	
Preston M. Geren III (4).....	6,198	30,438	36,636	
John R. Gordon.....	41,586	72,500	114,086	
John W. Poduska, Sr. (4).....	14,446	38,401	52,847	
Jeff D. Sandefer.....	1,463	2,500	3,963	
All directors and executive officers as a group, (31 persons).....	1,872,843	6,062,592	7,935,435	

\* Less than one percent.

- (1) This number does not include shares of common stock which the directors or officers of the Company have the right to acquire within 60 days of March 1, 2002.
- (2) Mr. Albert disclaims beneficial ownership of the 11,573 shares held in his wife's name and his children's names.
- (3) Mr. Brown disclaims beneficial ownership of the 101 shares held in his wife's name.
- (4) Messrs. Geren and Poduska each have been granted 2,139 restricted shares, which have vested, but must meet certain performance criteria before being exercised.

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## OWNERS OF MORE THAN FIVE PERCENT OF ANADARKO STOCK

The Company has not been notified of any beneficial owners of more than 5% of Anadarko common stock.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely upon a review of Forms 3, 4 and 5 furnished to the Company during and with respect to its most recently completed fiscal year, the Company believes that all transactions by reporting persons during 2001 were reported on a timely basis except for those disclosed in this report. During 2001, a Form 4 was filed late for each of the following individuals each reporting the corresponding number of transactions: Mr. Lindahl, four transactions; Mr. Stover, one transaction; Mr. Taylor, two transactions; and Mr. Butler, three



transactions.

# AUDIT COMMITTEE REPORT

The following report of the audit committee of the Company shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor shall this report be incorporated by reference into any filing made by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

The Audit Committee of the Board is responsible for independent, objective oversight of the Company's accounting functions and internal controls. The Audit Committee is composed of four directors, each of whom is independent as defined by the New York Stock Exchange listing standards. The Audit Committee operates under a written charter approved by the Board of Directors.

Management is responsible for the Company's internal controls and financial reporting process. The independent accountants are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards in the United States and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

KPMG LLP served as the Company's independent accountant during 2001 and was appointed by the Executive Committee of the Board to serve in that capacity for 2002. KPMG LLP has served the Company since its initial public offering in 1986 through various services performed in connection with the audit of the Company's financial statements. Representatives of KPMG LLP will be present at the meeting, will have the opportunity to make a statement, if so desired, and will be available to respond to appropriate questions from stockholders.

In connection with these responsibilities, the Audit Committee met with management and the independent accountants to review and discuss the December 31, 2001 financial statements. The Audit Committee also discussed with the independent accountants the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

The Audit Committee also received written disclosures from the independent accountants required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee discussed with the independent accountants that firm's independence. The following table presents fees for the audit of the Company's annual consolidated financial statements for 2001 and for other services provided by KPMG LLP.

Audit Fees, excluding Audit Related Fees.....	\$1,139,000
	-----
Financial Information Systems -- Design and Implementation Fees.....	\$ --
	-----
All Other Fees:	
Audit Related Fees.....	\$ 312,000
Other Non-Audit Services.....	749,000
	-----
Total All Other Fees.....	\$1,061,000
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Audit related fees consisted primarily of fees for our shelf registration statement, debt issuances and benefit plan audits. Other non-audit services consisted of tax compliance and tax consulting services. The Audit Committee has concluded that the provision of non-audit services is compatible with maintaining KPMG LLP's independence.

Based upon the Audit Committee's discussions with management and the independent accountants, and the Audit Committee's review of the representations of management and the independent accountants, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2001, to be filed with the Securities and Exchange Commission.

### THE AUDIT COMMITTEE

John R. Butler, Jr., Chairman

Conrad P. Albert

Larry Barcus

Jeff D. Sandefer

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## COMPENSATION AND BENEFITS COMMITTEE REPORT ON 2001 EXECUTIVE COMPENSATION

The Compensation Committee, listed on page 3, is responsible for establishing and administering the executive compensation programs of the Company. This report describes the compensation decisions made by the Compensation Committee during 2001 with respect to Anadarko's executive officers.

### COMPENSATION PHILOSOPHY OF THE COMPANY

Anadarko's executive compensation programs consist primarily of base salary, performance-based annual bonus and long-term stock incentive plans which the Company considers essential to attract, retain and reward key personnel. Collectively, these programs are designed to promote the strategic objectives that are critical to the long-term success of the Company.

The Compensation Committee utilizes an outside compensation consultant to review executive compensation and benefit programs as well as total compensation levels provided to executive officers. Anadarko's compensation programs provide executives the opportunity to earn compensation levels within the top quartile of a select peer group of oil and gas companies, to the extent that Company and executive performance on a combined and individual basis so warrants. The peer group consists of energy companies similar in business operations to Anadarko. Most of these energy companies are also included in the Dow Jones Oil-Secondary index used for stock price performance comparison on the Performance Graph. The Dow Jones Oil-Secondary index is comprised of specific energy companies representing most facets of the industry including independent oil and gas companies as well as those having integrated operations. Not all companies included in the index are considered comparable to Anadarko with respect to analyzing executive compensation and benefit levels. This index does provide a meaningful comparison of total stockholder return against a consistent representation of oil and gas companies with whom Anadarko competes for investment dollars.

In designing the Company's compensation programs, the Compensation Committee's primary consideration is Anadarko's achievement of strategic business goals that serve to enhance shareholder value. Consideration is also given to competitive practice, market economics and other factors. Section 162(m) of the Internal Revenue Code limits a company's ability to deduct

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compensation paid in excess of \$1 million during any fiscal year to the Chief Executive Officer and the next four highest paid officers, unless the compensation meets shareholder approved performance-based requirements. Awards under the Annual Incentive Bonus Plan (the "Incentive Plan") and the 1999 Stock Incentive Plan (the "Stock Incentive Plan") satisfy the performance-based requirements under section 162(m). The Compensation Committee is committed to making awards that qualify as deductible compensation under section 162(m) of the Code whenever possible. However, where granting awards is consistent with the strategic goals of the Company, the Compensation Committee reserves the right to make awards that are non-deductible when it believes it is in the best interest of the Company.

### BASE SALARY

Anadarko structures its compensation programs to match pay with performance. Individual base salaries are determined based on a subjective evaluation considering peer-company market data, the executive's performance and the length of time the executive has been in the position. Base compensation is reviewed annually by the Compensation Committee and any adjustments are designed to reflect each executive officer's contribution to the performance of the Company.

Except for certain individuals who were promoted in 2001, the majority of executive officers, including Mr. Allison, have not received an increase to base salary since August 2000.

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### ANNUAL INCENTIVE BONUS

The Incentive Plan puts a significant portion of total compensation at risk by linking potential annual compensation to the Company's achievement of specific performance goals. These goals are established by the Compensation Committee at the beginning of each calendar year and for 2001 included:

(1) Operational criteria comparing Anadarko's five-year worldwide reserve replacement and five-year worldwide cost of finding against the five-year worldwide reserve replacement and five-year worldwide cost of finding for a select group of peer companies;

(2) Financial criteria of net income and cash flow, both of which are measured against internal objectives; and

(3) Stock performance criteria comparing Anadarko's total stockholder return for a three-year period against the total stockholder return of a select group of peer companies for the same period.

Each performance goal and its specific criteria are weighted based upon the relative importance of the goal as determined by the Compensation Committee.

Under the Incentive Plan, a bonus target is established for each executive officer based upon a review of the competitive data for that position, level of responsibility and the position's ability to impact the Company's success. These individual targets range up to 100% of base salary for the Chief Executive Officer. Actual bonus awards are based on the Company's achievement of the performance goals. Individuals may receive up to 200% of their individual bonus target if the Company significantly exceeds the specified goals and, conversely, no bonus or a reduced bonus payment if the Company does not attain predefined levels of performance.

Based on the Company's overall performance during 2001 against the

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specified operational, financial and stock performance goals, the Compensation Committee approved a bonus of 150% of individual bonus target for Mr. Allison and the executive officers. The amount for Mr. Allison is reflected in the Summary Compensation Table.

### STOCK PLANS

The Company makes certain stock-based awards under the Stock Incentive Plan to align the interests of executive officers with those of stockholders. The Compensation Committee annually reviews competitive market data to determine appropriate stock awards based on the executive's position and the market value of the stock. In addition, the Compensation Committee considers previous stock grants when determining grant size for executive officers. Under the Stock Incentive Plan, the Compensation Committee has made annual and multi-year grants of stock options at the fair market value of the common stock on the date of grant. The Compensation Committee believes stock options directly align the executive officers' compensation opportunity with that of shareholders since the options will only produce value through the appreciation of the stock. The Company periodically makes awards of restricted stock on a limited basis to recognize significant key individual contributions.

During 2001, there were no stock options awarded to executive officers except for two individuals who received grants in recognition of their election to an executive officer position. Special restricted stock awards made to select executive officers in 2001 are reflected in the Summary Compensation Table.

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### SUMMARY

Anadarko's compensation strategy is to provide total compensation commensurate with the achievement of specific short-term and long-term operational, financial and strategic objectives. Accordingly, Mr. Allison's total compensation for 2001 was within the top quartile of the peer companies as a result of Anadarko's strong overall performance.

The Compensation Committee believes the design of the Company's total executive compensation program provides executives the incentive to maximize long-term operational performance using sound financial controls and high standards of integrity. It is the Compensation Committee's belief that this focus will continue to be reflected in Anadarko's stock price and return to shareholders.

#### THE COMPENSATION AND BENEFITS COMMITTEE

John W. Poduska, Sr.  
Ronald Brown  
James L. Bryan  
Preston M. Geren III  
John R. Gordon

#### SUMMARY COMPENSATION TABLE

				ANNUAL CO
				-----
NAME	PRINCIPAL POSITION	YEAR	SALARY (\$)	B

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Robert J. Allison, Jr.(3).....	Chairman and Chief Executive Officer	2001	1,300,000	1,9
	Chairman and Chief Executive Officer	2000	1,125,000	2,6
	Chairman and Chief Executive Officer	1999	1,000,000	2,0
John N. Seitz(3).....	President and Chief Operating Officer	2001	800,000	1,0
	President and Chief Operating Officer	2000	639,583	1,4
	President and Chief Operating Officer	1999	475,000	8
George Lindahl III.....	Vice Chairman	2001	796,825	1,0
	Vice Chairman	2000	366,667	1,4
Michael E. Rose.....	Executive Vice President, Finance and CFO	2001	500,000	4
	Executive Vice President, Finance and CFO	2000	441,667	6
	Senior Vice President, Finance and CFO	1999	370,000	3
Charles G. Manley.....	Executive Vice President, Administration	2001	480,000	4
	Executive Vice President, Administration	2000	423,417	6
	Senior Vice President, Administration	1999	355,000	3
William D. Sullivan.....	Executive Vice President, E&P	2001	374,167	4
	VP Operations -- Int'l, GOM & Alaska	2000	310,000	3
	VP, International Operations	1999	270,000	2

LONG-TERM COMPENSATION

AWARDS

NAME	RESTRICTED STOCK (1) (\$)	SECURITIES UNDERLYING OPTIONS/ SARS (2) (#)	LTIP PAYOUTS (\$)	ALL OTHER COMPEN- SATION (\$)
Robert J. Allison, Jr.(3).....	0	0	0	294,441 (4)
	0	750,000	0	1,648,619
	0	650,000	10,312,500	316,615
John N. Seitz(3).....	0	0	0	145,970 (4)
	0	500,000	0	5,668,216
	0	0	0	98,564
George Lindahl III.....	0	0	0	2,276,759 (5)
	6,187,500	500,000	0	6,209,500
Michael E. Rose.....	499,500	0	0	78,952 (4)
	0	300,000	0	5,019,886
	0	0	0	94,747
Charles G. Manley.....	0	0	0	76,715 (4)
	0	300,000	0	4,246,151
	0	0	0	95,831
William D. Sullivan.....	0	0	0	52,554 (4)
	0	175,000	0	1,771,497
	0	0	0	48,546

(1) In 2001, Mr. Lindahl exercised a provision in his employment agreement with the Company and elected to retire effective December 28, 2001. As a result, the restricted stock awarded to Mr. Lindahl in 2000 vested fully on December 28, 2001 in accordance with the terms of his employment agreement. As of December 31, 2001, Mr. Rose held 7,500 restricted shares valued at \$426,375 based on the year-end closing stock price. The restricted stock awarded to Mr. Rose in 2001 vests 25% per year each April 26 beginning in 2002. Dividends will be paid on unvested shares.

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- (2) No SAR's are outstanding.
- (3) In January 2002, Mr. Seitz was named President and Chief Executive Officer of the Company; Mr. Allison remains as Chairman of the Board of Directors.

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- (4) Includes (a) Company contributions to the Anadarko Employee Savings Plan and Savings Restoration Plan; (b) payments under the Annual Override Bonus Plan (no new awards have been made under this plan since 1986) and (c) the full value of Company paid split-dollar insurance. The 2001 amounts for items (a), (b) and (c) are for Mr. Allison, \$234,000, \$43,535 and \$8,157; for Mr. Seitz, \$134,400, \$10,233 and \$1,337; for Mr. Rose, \$69,000, \$8,422 and \$1,530; for Mr. Manley, \$66,240, \$8,591 and \$1,884; and for Mr. Sullivan, \$45,250, \$6,727, and \$577. In addition, Mr. Allison's amount includes \$8,749 attributable to the full annual cost of term life insurance purchased by the Company for Mr. Allison under the Estate Enhancement Option Program in exchange for his relinquishment of certain benefits owed him by the Company.
- (5) Includes \$199,010 attributable to Company contributions to the Anadarko Employee Savings Plan and Savings Restoration Plan; \$8,366 attributable to the full annual cost of a term life insurance policy purchased by the Company for Mr. Lindahl and \$2,069,383 attributable to payments made to Mr. Lindahl upon the exercise of the termination provision in his employment agreement with the Company.
- (6) Represents certain perquisites, including \$70,232 attributable to the net payment of taxes by the Company on Mr. Sullivan's behalf associated with his previous foreign assignment. None of the other five individuals listed above had total perquisites exceeding \$50,000 or 10% of annual compensation in 2001.

## OPTION/SAR GRANTS IN LAST FISCAL YEAR

This table has been omitted from this proxy statement since the named executive officers did not receive any option or SAR grants in 2001.

## AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION/SAR VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT FISCAL YEAR-END (#) EXERCISABLE/UNEXERCISABLE	VALUE OF U MONEY O FISCAL EXERCISAB
Robert J. Allison, Jr. ....	0	\$0	1,985,000/375,000	\$49,157
John N. Seitz.....	0	\$0	808,000/250,000	\$16,241
George Lindahl III.....	0	\$0	839,753/0	\$
Michael E. Rose.....	0	\$0	150,000/150,000	\$ 1,288
Charles G. Manley.....	0	\$0	336,000/150,000	\$ 5,228
William D. Sullivan.....	0	\$0	0/175,000	\$

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\* Computed based upon the difference between aggregate fair market value on December 31, 2001 (\$57.12 per share) and aggregate exercise price.

## PERFORMANCE GRAPH

The following performance graph compares the performance of the Company's common stock to the S&P 500 Index and to the Dow Jones Oil -- Secondary Index for the last five years. The graph assumes that the value of the investment in the Company's common stock and each index was \$100 at December 31, 1996, and that all dividends were reinvested.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN\*  
ANADARKO PETROLEUM CORP., DOW JONES OIL -- SECONDARY INDEX AND S&P 500 INDEX

(PERFORMANCE GRAPH)

FISCAL YEAR ENDED DECEMBER 31

	1996	1997	1998	1999	2000
Anadarko Petroleum Corporation...	100	94	96	107	224
Dow Jones Oil -- Secondary Index.....	100	100	68	79	126
S&P 500 Index.....	100	133	171	208	189

Assumes \$100 invested on December 31, 1996.

\* Total Return Assumes Reinvestment of Dividends

Total Return Data Provided by S&P's Institutional Market Services and Dow Jones & Company Inc.

## PENSION PLAN TABLE

The Company has a defined benefit retirement plan that covers all United States employees and does not require employee contributions. The Anadarko Retirement Plan provides benefits based on a formula that considers length of service and final average pay. For this purpose, "pay" generally includes the amounts shown in the Salary and Bonus columns of the Summary Compensation Table. The following table reflects the estimated single life annuity payable annually at normal retirement at age 65 in specified remuneration and years-of-service classifications, based on the benefit formula in effect on December 31, 2001.

RETIREMENT EARNINGS	YEARS OF SERVICE				
	15	20	25	30	35
\$1,000,000	\$ 268,000	\$ 357,000	\$ 446,000	\$ 536,000	\$ 625,000
1,250,000	335,000	447,000	559,000	671,000	782,000
1,500,000	403,000	537,000	671,000	806,000	940,000

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1,750,000	470,000	627,000	784,000	941,000	1,097,000
2,000,000	538,000	717,000	896,000	1,076,000	1,255,000
2,250,000	605,000	807,000	1,009,000	1,211,000	1,412,000
2,500,000	673,000	897,000	1,121,000	1,346,000	1,570,000
2,750,000	740,000	987,000	1,234,000	1,481,000	1,727,000
3,000,000	808,000	1,077,000	1,346,000	1,616,000	1,885,000
3,250,000	875,000	1,167,000	1,459,000	1,751,000	2,042,000
3,500,000	943,000	1,257,000	1,571,000	1,886,000	2,200,000
3,750,000	1,010,000	1,347,000	1,684,000	2,021,000	2,357,000
4,000,000	1,078,000	1,437,000	1,796,000	2,156,000	2,515,000
4,250,000	1,145,000	1,527,000	1,909,000	2,291,000	2,672,000
4,500,000	1,213,000	1,617,000	2,021,000	2,426,000	2,830,000
4,750,000	1,280,000	1,707,000	2,134,000	2,561,000	2,987,000

Messrs. Allison, Seitz, Lindahl, Rose, Manley and Sullivan, respectively, have 28, 24, 15, 24, 28 and 20 years of accrued service under the Plan. An employee becomes vested in his benefit under the Retirement Plan at completion of five years of vesting service as defined in the Retirement Plan.

A portion of the benefits shown in the table may be paid from the Company's Retirement Restoration Plan, rather than from the Retirement Plan, due to limitations imposed by the Internal Revenue Code that restrict the amount of benefits payable under tax-qualified plans.

### TRANSACTIONS WITH MANAGEMENT

#### EMPLOYMENT AGREEMENT

As a condition of the merger with UPRG in July 2000, the Company entered into a three-year employment agreement with Mr. Lindahl. In 2001, Mr. Lindahl exercised a provision in his employment agreement and retired from the Company on December 28, 2001. Under the terms of the employment agreement Mr. Lindahl received the following upon his termination from the Company: (a) guaranteed annual cash compensation of at least \$1,500,000 for the period December 28, 2001 through July 14, 2003; (b) vesting of 83,333 shares of restricted stock, and vesting of all unvested options; and (c) other perquisites Mr. Lindahl would have been eligible to receive through July 14, 2003. In addition, since Mr. Lindahl was eligible to retire from the Company, he received retirement benefits in accordance with the Company's Retirement Plan and Retirement Restoration Plan. In the event Mr. Lindahl should become subject to any excise tax imposed with respect to any payment or distribution made under the agreement, Anadarko has agreed to reimburse Mr. Lindahl for these taxes. Payments made under this agreement are included in the summary compensation table on page 10.

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#### CHANGE OF CONTROL ARRANGEMENTS

The Company has entered into key employee change of control contracts with each of the named executive officers, except for Mr. Lindahl, and with certain other key executives. These severance contracts have an initial three-year term that is automatically extended for one year upon each anniversary, unless a notice not to extend is given by the Company. If a change of control of the Company (as defined below) occurs during the term of the severance contract, then the contract becomes operative for a fixed three-year period. The severance contracts generally provide that the executive's terms and conditions of employment (including position, work location, compensation and benefits) will not be adversely changed during the three-year period after a change of control of the Company. If the Company terminates the executive's employment (other than for cause, death or disability), the executive terminates for good reason during



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such three-year period, or the executive terminates employment for any reason during the 30-day period following the first anniversary of the change of control, and upon certain terminations prior to a change of control or in connection with or in anticipation of a change of control, the executive is generally entitled to receive the following payment and benefits:

- (i) earned but unpaid compensation;
- (ii) up to 2.9 times the executive's base salary plus annual bonus (based on historic annual bonus);
- (iii) the Company matching contributions which would have been made had the executive continued to participate in the Anadarko Employee Savings Plan and the Savings Restoration Plan for up to an additional three years;
- (iv) the value of any investments credited to the executive under the Savings Restoration Plan; and
- (v) the present value of the accrued retirement benefit under the Retirement Restoration Plan and the additional retirement benefits, including retiree medical, which would have been received had the executive continued service for up to an additional three years.

In addition, the severance contract provides for a continuation of various medical, dental, disability and life insurance plans and financial counseling for a period of up to three years, outplacement services and the payment of all legal fees and expenses incurred by the executive in enforcing any right or benefit provided by the severance contract. The severance contract also provides that the executive is entitled to receive a payment in an amount sufficient to make the executive whole for any excise tax on excess parachute payments imposed under Section 4999 of the Internal Revenue Code.

As a condition to receipt of these severance benefits, the executive must remain in the employ of the Company and render services commensurate with his position. The executive must also agree to retain in confidence any and all confidential information known to him concerning the Company and its business so long as the information is not otherwise publicly disclosed.

In addition, pursuant to the Company's stock plans, upon a change of control of the Company (as defined below):

- Outstanding options and stock appreciation rights that are not vested and exercisable become fully vested and exercisable.
- The restrictions on any outstanding restricted stock lapse.
- If any performance-based restricted stock awards are outstanding, they become fully vested and the performance goals are deemed to be earned unless otherwise provided in the participant's award agreement.

For purposes of the severance contracts and the Company's stock plans, a change of control is generally defined as:

- (1) Any individual, entity or group acquiring beneficial ownership of 20% or more of either the outstanding shares of the Company's common stock or the combined voting power of the

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generally for the election of directors;

- (2) Individuals who constitute the Board on the date hereof cease to constitute a majority of the Board, provided that an individual whose election or nomination as a director is approved by a vote of at least a majority of the directors as of the date hereof will be deemed a member of the incumbent Board;
- (3) Approval by the Company's stockholders of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity, unless following the business combination:
  - (a) all or substantially all of the beneficial owners of the Company's outstanding common stock prior to the business combination own more than 60% of the outstanding common stock of the corporation resulting from the business combination;
  - (b) no person, entity or group owns 20% or more of the outstanding voting securities of the corporation resulting from the business combination; and,
  - (c) at least a majority of the board of the corporation resulting from the business combination were members of the Company's Board prior to the business combination; or
- (4) Approval by the Company's stockholders of a complete liquidation or dissolution of the Company.

### INDEPENDENT AUDITORS

KPMG LLP served as the Company's independent auditors during 2001. Representatives of KPMG LLP will be present at the meeting to respond to appropriate questions from stockholders.

### OTHER MATTERS

It is not expected that any other matters will come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxy in accordance with their judgment on such matters.

### STOCKHOLDER PROPOSALS

An eligible stockholder who wants to have a qualified proposal considered for inclusion in the proxy statement for the 2003 Annual Meeting must notify the Corporate Secretary of the Company. The proposal must be received no later than November 25, 2002.

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### PROXY SOLICITATION

The Company pays for the cost of preparing, assembling and mailing the material in connection with the solicitation of proxies. It is expected that the solicitation of proxies will be primarily by mail but solicitations may also be made personally or by telephone, email or facsimile by officers and other employees of the Company without additional compensation. The Company pays all costs of solicitation, including certain expenses of brokers and nominees who mail proxy material to their customers or principals. In addition, the Company has engaged Mellon Investor Services, LLC to assist in the solicitation of

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proxies for this Annual Meeting at an estimated fee of \$5,000 plus disbursements.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ SUZANNE SUTER

SUZANNE SUTER  
Corporate Secretary

Dated: March 25, 2002  
The Woodlands, Texas

SEE ENCLOSED PROXY CARD -- PLEASE VOTE PROMPTLY.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM 1.

Please mark [X]  
your votes as  
indicated in  
this example

Item 1-ELECTION OF DIRECTORS

FOR      WITHHELD  
          FOR ALL

Nominees:

[ ]      [ ]

01 Ronald Brown  
02 John R. Butler, Jr.  
03 Preston M. Geren III  
04 John R. Gordon

Withheld For: (Write that nominee's name in the space provided below.)

-----

PLEASE VOTE YOUR PROXY

"By checking the box to the right, I consent to future [ ]  
access of the Annual Report, Proxy Statements,  
prospectuses and other communications electronically via  
the Internet. I understand that the Company may no  
longer distribute printed materials to me for any future  
shareholder meeting until such consent is revoked. I  
understand that I may revoke my consent at any time by  
contacting the Company's transfer agent, Mellon Investor  
Services, Ridgefield Park, NJ and that costs normally  
associated with electronic access, such as usage and  
telephone charges, will be my responsibility. Please  
disregard if you have previously provided your consent  
decision."

Signature \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

Please sign as your name appears above. Joint owners should each sign. When  
signing as attorney, executor, administrator, trustee or guardian, please give  
full title as such.

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Vote by Internet or Telephone or Mail  
24 Hours a Day, 7 Days a Week

Internet and telephone voting is available through 4PM Eastern Time the business day prior to annual meeting day.

Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

-----  
Internet  
<http://www.eproxy.com/apc>

Use the Internet to vote your proxy. Have your proxy card in hand when you access the web site. You will be prompted to enter your control number, located in the box below, to create and submit an electronic ballot.

-----  
OR

-----  
Telephone  
1-800-435-6710

Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call. You will be prompted to enter your control number, located in the box below, and then follow the directions given.

-----  
OR

-----  
Mail

Mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

-----  
If you vote your proxy by Internet or by telephone, you do NOT  
need to mail back your proxy card.

You can view the 2001 Annual Report on Form 10-K and Proxy Statement on the internet at [www.anadarko.com](http://www.anadarko.com)

PROXY

ANADARKO PETROLEUM CORPORATION

SOLICITED BY THE BOARD OF DIRECTORS  
for Annual Meeting of the Stockholders  
April 25, 2002

The undersigned stockholder hereby appoints ROBERT J. ALLISON, JR. AND SUZANNE SUTER, and any one of them, with power of substitution and revocation, the attorneys of the undersigned to vote all shares registered in the name of the undersigned for the election of directors (unless such authority is withheld) and on all other matters which may come before the 2002 Annual Meeting of Stockholders of Anadarko Petroleum Corporation to be held on Thursday, April 25, 2002 at 10:00 a.m. (CDT) or any adjournment thereof.

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ANADARKO PETROLEUM CORPORATION

2002 Annual Meeting Of Stockholders  
April 25, 2002

The Cynthia Woods Mitchell Pavilion  
2005 Lake Robbins Drive  
The Woodlands, Texas

For directions go to <http://pavilion.woodlandscenter.org/> and click on  
directions or visit the Company website at [www.anadarko.com](http://www.anadarko.com)

Registration Begins at 9:00 a.m.  
Meeting begins 10 a.m.

ADMITTANCE TICKET

This ticket is valid to admit the stockholder to the 2002 Annual Meeting.  
Seating is limited and admission to the meeting will be on a first-come,  
first-served basis. For wheelchair and hearing impaired seating, please see a  
host/hostess for assistance.

You will be asked to present valid picture identification, such as a driver's  
license or passport. Cameras, recording devices and other electronic devices  
will not be permitted at the meeting.

Please bring this ticket with you. It is required for admittance.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM 1.

Please mark [X]  
your votes as  
indicated in  
this example

Item 1-ELECTION OF DIRECTORS	FOR	WITHHELD FOR ALL
------------------------------	-----	---------------------

Nominees:

[ ]	[ ]
-----	-----

01 Ronald Brown  
02 John R. Butler, Jr.  
03 Preston M. Geren III  
04 John R. Gordon

Withheld For: (Write that nominee's name in the space provided below.)

-----  
PLEASE VOTE YOUR PROXY

Signature _____	Signature _____	Date _____
-----------------	-----------------	------------

Please sign as your name appears above. Joint owners should each sign. When  
signing as attorney, executor, administrator, trustee or guardian, please give

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full title as such.

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o FOLD AND DETACH HERE o

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24 Hours a Day, 7 Days a Week

Internet and telephone voting is available through 4PM Eastern Time the  
business day prior to annual meeting day.

Your Internet or telephone vote authorizes the named proxies to vote your  
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-----  
Internet  
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-----  
OR

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OR

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internet at [www.anadarko.com](http://www.anadarko.com)

PROXY

ANADARKO PETROLEUM CORPORATION

SOLICITED BY THE BOARD OF DIRECTORS  
for Annual Meeting of the Stockholders  
April 25, 2002

The undersigned stockholder hereby appoints ROBERT J. ALLISON, JR. AND SUZANNE  
SUTER, and any one of them, with power of substitution and revocation, the

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attorneys of the undersigned to vote all shares registered in the name of the undersigned for the election of directors (unless such authority is withheld) and on all other matters which may come before the 2002 Annual Meeting of Stockholders of Anadarko Petroleum Corporation to be held on Thursday, April 25, 2002 at 10:00 a.m. (CDT) or any adjournment thereof.

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o FOLD AND DETACH HERE o

ANADARKO PETROLEUM CORPORATION

2002 Annual Meeting Of Stockholders  
April 25, 2002

The Cynthia Woods Mitchell Pavilion  
2005 Lake Robbins Drive  
The Woodlands, Texas

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