APACHE CORP
Form 424B5
November 28, 2012
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-174429

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are part of an effective registration statement filed with the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not offers to sell nor solicitations of offers to buy these securities in any jurisdiction where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 28, 2012

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus Dated May 23, 2011)

$

Apache Corporation

$ % Notes due 2023

$ % Notes due 2044

We are offering $ aggregate principal amount of % notes due 2023, which we refer to as the 2023 Notes, and $ aggregate principal amount of % notes due 2044, which we refer to as the 2044 Notes. Interest on the notes will be paid semi-annually in arrears on and of each year, beginning on , 2013. The 2023 Notes will mature on , 2023, and the 2044 Notes will mature on , 2044. We may redeem some or all of each series of the notes at any time or from time to time at the redemption prices calculated as described in this prospectus supplement under Description of Notes Optional Redemption. The notes do not have the benefit of any sinking fund.

The notes will be our general unsecured senior obligations and will rank equally with all of our other unsecured senior indebtedness from time to time outstanding. The notes will be issued only in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The notes will not be listed on any securities exchange.

Investing in the notes involves risks. See Risk Factors beginning on page S-4 of this prospectus supplement.

	Total	Total

	Per 2023 Note		Per 2044 Note	
Public offering price(1)	%	$	%	$
Underwriting discount	%	$	%	$
Proceeds, before expenses, to us	%	$	%	$

(1) Plus accrued interest, if any, from , 2012, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus to which it relates. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company and its participants, including Clearstream Banking, *societe anonyme*, and Euroclear Bank S.A./N.V., on or about , 2012.

Joint Book-Running Managers

BofA Merrill Lynch **Citigroup** **Goldman, Sachs & Co.** **J.P. Morgan**

BMO Capital Markets **BNP PARIBAS** **Credit Agricole CIB**

Deutsche Bank Securities **HSBC** **Mitsubishi UFJ Securities** **Mizuho Securities**

RBC Capital Markets **RBS** **UBS Investment Bank** **Wells Fargo Securities**

, 2012

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ABOUT THIS PROSPECTUS SUPPLEMENT

We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the respective dates on the front covers of those documents. You should assume that the information incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the date the respective information was filed with the Securities and Exchange Commission, which we refer to as the SEC. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus supplement is part of a registration statement that we have filed with the SEC utilizing a shelf registration process. Under this shelf process, we are offering to sell the notes, using this prospectus supplement and the accompanying prospectus. This prospectus supplement describes the specific terms of this offering. The accompanying prospectus and the information incorporated by reference therein describe our business and give more general information, some of which may not apply to this offering. Generally, when we refer in this prospectus supplement only to the prospectus, we are referring to both parts combined. You should read this prospectus supplement together with the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before making a decision to invest in the notes. If the information in this prospectus supplement or the information incorporated by reference in this prospectus supplement is inconsistent with the information contained or incorporated in the accompanying prospectus, the information in this prospectus supplement or the information incorporated by reference in this prospectus supplement will apply and will supersede the information contained or incorporated in the accompanying prospectus.

We have filed with the SEC a registration statement on Form S-3 with respect to the notes offered hereby. This prospectus supplement and the accompanying prospectus do not contain all the information set forth in the registration statement, parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the notes offered hereby, reference is made to the registration statement and the exhibits that are a part of the registration statement.

In this prospectus supplement, unless the context indicates otherwise, the terms Apache, we, us, Company and our refer to Apache Corporati and its subsidiaries.

Our name, logo and other trademarks mentioned in this prospectus supplement are the property of their respective owners.

DOCUMENTS INCORPORATED BY REFERENCE

We have incorporated by reference in this prospectus supplement and the accompanying prospectus certain documents that we file with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. This information incorporated by reference is a part of this prospectus supplement and the accompanying prospectus, unless we provide you with different information in this prospectus supplement or the accompanying prospectus or the information is modified or superseded by a subsequently filed document. Any information referred to in this way is considered part of this prospectus supplement and the accompanying prospectus from the date we file that document.

Any reports filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, on or after the date of this prospectus supplement and before the completion of

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this offering of notes will be deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus and will automatically update, where applicable, and supersede any information contained in this prospectus supplement or the accompanying prospectus or incorporated by reference into this prospectus supplement and the accompanying prospectus. Some documents or information, such as that furnished under Items 2.02 or 7.01, or the exhibits related thereto under Item 9.01, of Form 8-K, are deemed furnished and not filed in accordance with SEC rules. None of those documents and none of that information is incorporated by reference in this prospectus supplement or the accompanying prospectus.

This prospectus supplement and the accompanying prospectus incorporate the documents listed below that we have previously filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules). These documents contain important information about us, our business and our financial condition.

Apache SEC Filings	**Period or Date Filed**
Annual Report on Form 10-K (including information specifically incorporated by reference into the Annual Report on Form 10-K from our Definitive Proxy Statement on Schedule 14A, filed on April 3, 2012)	Year ended December 31, 2011
Amendment No. 1 on Form 10-K/A to Annual Report on Form 10-K	Year ended December 31, 2011
Quarterly Reports on Form 10-Q	Quarters ended March 31, 2012, June 30, 2012 and September 30, 2012
Current Reports on Form 8-K	January 13, 2012, January 23, 2012, February 7, 2012, April 9, 2012, May 29, 2012 and June 7, 2012

You can obtain any of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus from us or from the SEC through the SEC s web site at www.sec.gov or by mail from the SEC s Public Reference Room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, at prescribed rates. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents unless we specifically incorporated by reference the exhibit in this prospectus supplement and the accompanying prospectus. You can obtain these documents from us by requesting them in writing or by telephone at the following address or number:

Apache Corporation

2000 Post Oak Boulevard

Houston, Texas 77056

Telephone: (713) 296-6000

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus contain statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, or the Securities Act, and Section 21E of the Exchange Act.

These statements relate to future events or our future financial performance, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as expect, anticipate, estimate, intend, may, will, could, would, should, predict, potential, plans, believe or the negative of these te terminology.

Forward-looking statements are not guarantees of performance. Actual events or results may differ materially because of conditions in our markets or other factors. Moreover, we do not, nor does any other person, assume responsibility for the accuracy and completeness of those statements. Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to update any of the forward-looking statements after the date of this prospectus supplement. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under Risk Factors in this prospectus supplement and under Risk Factors and Quantitative and Qualitative Disclosures About Market Risk Forward-Looking Statements and Risk in our Annual Report on Form 10-K for the year ended December 31, 2011 (which is incorporated by reference in this prospectus supplement and the accompanying prospectus) and similar sections in any subsequent filings that we incorporate by reference in this prospectus supplement and the accompanying prospectus, which describe risks and factors that could cause results to differ materially from those projected in those forward-looking statements.

Those risk factors may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time to time. We cannot predict these new risk factors, nor can we assess the impact, if any, of these new risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. We urge you to read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus carefully, including the historical financial statements and notes to those financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. Please read Risk Factors and Cautionary Statement Regarding Forward-Looking Information in this prospectus supplement and Risk Factors and Quantitative and Qualitative Disclosures About Market Risk Forward-Looking Statements and Risk in our Annual Report on Form 10-K for the year ended December 31, 2011 and similar sections in any subsequent Exchange Act reports that we incorporate by reference in this prospectus supplement and the accompanying prospectus for more information about important risks that you should consider before investing in the notes.

Apache Corporation

We are an independent energy company that explores for, develops, and produces natural gas, crude oil, and natural gas liquids. We currently have exploration and production interests in six countries: the U.S., Canada, Egypt, Australia, offshore the U.K. in the North Sea, and Argentina. We also pursue exploration interests in other countries that may over time result in reportable discoveries and development opportunities.

The address of our principal executive offices is 2000 Post Oak Boulevard, Houston, Texas 77056, and our telephone number at this address is (713) 296-6000.

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The Offering

Please refer to Description of Notes in this prospectus supplement and Description of Apache Corporation Debt Securities in the accompanying prospectus for more information about the notes.

Issuer	Apache Corporation
Notes offered	$ aggregate principal amount of % notes due 2023.
	$ aggregate principal amount of % notes due 2044.
Maturity	2023 Notes , 2023.
	2044 Notes , 2044.
Interest rate	2023 Notes % per year.
	2044 Notes % per year.
Interest payment dates	Interest on the notes will be paid semi-annually in arrears on and of each year, beginning on , 2013.
Ranking	The notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured obligations from time to time outstanding.
Optional redemption	The notes of each series will be redeemable in whole or in part, at our option at any time, at the applicable redemption prices set forth under the heading Description of Notes Optional Redemption.
Change in control	If a change in control, as defined in the indenture governing the notes, occurs, each holder of notes may elect to require us to repurchase the holder s notes. If a holder makes this election, we must purchase the holder s notes for their principal amount plus accrued interest to the purchase date. See Description of Apache Corporation Debt Securities We Are Obligated to Purchase Debt Securities Upon a Change in Control beginning on page 27 in the accompanying prospectus.
Certain covenants	The indenture governing the notes contains certain covenants, including limitations on liens and sale-leaseback transactions.

Book-entry issuance, denominations, settlement and clearance	We will issue the notes in fully registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The notes will be represented by one or more global securities registered in the name of a nominee of The Depository Trust Company, or DTC. You will hold beneficial interests in the

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	notes through DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg, and DTC and its direct and indirect participants will record your beneficial interest on their books. We will not issue certificated notes except in limited circumstances.
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million after deducting the underwriting discounts and estimated offering expenses. We intend to use the net proceeds from this offering to repay outstanding commercial paper borrowings and for general corporate purposes. See Use of Proceeds in this prospectus supplement. Affiliates of the underwriters may hold our commercial paper and may receive proceeds from this offering. See Underwriting Conflicts of Interest.
Trustee	Wells Fargo Bank, National Association. The corporate trust office is located at 750 North St. Paul Place, Suite 1750, Dallas, Texas, 75201.
Closing and delivery	We expect to deliver the notes on or about , 2012.
Governing law	The State of New York
Risk factors	You should carefully consider the information set forth under Risk Factors in this prospectus supplement, as well as the other information included in or incorporated by reference in this prospectus supplement before deciding whether to invest in the notes.

Ratio of Earnings to Fixed Charges

	Nine Months Ended September 30,	Years Ended December 31,				
	2012	2011	2010	2009	2008	2007
Ratio of Earnings to Fixed Charges	8.10	16.39	12.93	1.77	3.72	14.76

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RISK FACTORS

An investment in the notes involves risks. You should carefully consider the risks described below, in addition to the other information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. Specifically, please see Risk Factors included in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2012 and September 30, 2012 for a discussion of risk factors that may affect our business. Realization of any of those or the following risks or adverse results from any matter listed under Cautionary Statement Regarding Forward-Looking Information in this prospectus supplement or under Quantitative and Qualitative Disclosures About Market Risk Forward-Looking Statements and Risk in our Annual Report on Form 10-K for the year ended December 31, 2011 and similar sections in any subsequent Exchange Act reports that we incorporate by reference in this prospectus supplement and the accompanying prospectus could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations. These risks could materially affect our ability to meet our obligations under the notes. As a result, you could lose all or part of your investment in and expected return on the notes.

Risks Related to the Notes

The notes are structurally subordinated to the obligations of our subsidiaries, which may affect your ability to receive payments on the notes.

The notes will be direct obligations of Apache Corporation. Our subsidiaries are separate legal entities and have no obligation to pay any amounts due on the notes or, subject to any existing or future contractual obligations between us and our subsidiaries, to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments (as further described below). Our right to participate in any distribution of assets of any subsidiary is subject to the prior claims of the creditors of that subsidiary, except to the extent that we are a creditor of the subsidiary and our claims are recognized. Therefore, the notes are effectively subordinated to the indebtedness and other obligations of our subsidiaries. As of September 30, 2012, we had approximately $11.6 billion of indebtedness outstanding, of which approximately $713 million consisted of indebtedness of our subsidiaries. Our subsidiaries also have other obligations that are not considered indebtedness.

The indenture does not limit the amount of indebtedness that we may incur.

The indenture does not limit our ability to incur additional indebtedness or contain provisions that would afford holders of the notes protection in the event of a sudden and significant decline in our credit quality or a take-over, recapitalization or highly leveraged or similar transaction. Accordingly, we could, in the future, enter into transactions that could increase the amount of our outstanding indebtedness or otherwise adversely affect our capital structure.

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.

A significant portion of our operations is conducted through our subsidiaries. As a result, our ability to make interest and principal payments on the notes 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. Our subsidiaries do not have any obligation to pay amounts due on the notes or our other indebtedness or to make funds available for that purpose.

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.

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If an active trading market does not develop for the notes, you may be unable to sell your notes or to sell your notes at a price that you deem sufficient.

Each series of notes is a new issue of securities for which there is currently no established trading market. We do not intend to apply for the listing of the notes on any national securities exchange or for the quotation of the notes on any automated dealer quotation system. While the underwriters of the notes have advised us that they intend to make a market in the notes, the underwriters will not be obligated to do so and may discontinue any market making activities at any time in their sole discretion and without notice. No assurance can be given:

- that a market for the notes will develop or continue;
- as to the liquidity of any market that does develop; or
- as to your ability to sell any notes you may own or the price at which you may be able to sell your notes.

If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

A downgrade in our credit rating could adversely affect the trading price of the notes.

The trading price for the notes may be affected by our credit rating. Credit ratings are continually revised. Any credit rating downgrade could adversely affect the trading price of the notes or the trading markets for the notes to the extent trading markets for the notes develop.

We may be prevented from financing, or may not have the ability to raise funds necessary to finance, the change in control offer required by the indenture.

Upon the occurrence of a change in control, as defined in the indenture that governs the notes, we will be required to make an offer to each holder of notes outstanding under the indenture to purchase all or a portion of the notes then outstanding. Upon a change of control, we may not have sufficient funds available to purchase all of the notes tendered to us. Any requirement to offer to purchase any outstanding notes may result in us having to refinance our outstanding debt or obtain necessary consents under our other debt agreements to repurchase the notes, which we may not be able to do. In such case, our failure to offer to purchase notes following a change of control would constitute an event of default under the indenture, which would, in turn, constitute a default under our revolving credit facilities.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $ million after deducting the underwriting discounts and estimated expenses of the offering payable by us.

We intend to use the net proceeds from this offering to repay outstanding commercial paper borrowings and for general corporate purposes. As of November 26, 2012, the weighted average interest rate on the commercial paper borrowings that could be retired was approximately 0.473% and our outstanding commercial paper balance was $2.0 billion. Affiliates of the underwriters may hold our commercial paper and may receive proceeds from this offering. See Underwriting Conflicts of Interest.

RATIO OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 30,	Years Ended December 31,				
	2012	2011	2010	2009	2008	2007
Ratio of Earnings to Fixed Charges	8.10	16.39	12.93	1.77	3.72	14.76

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CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and consolidated capitalization as of September 30, 2012:

- on an actual basis; and
- on an as adjusted basis to give effect to (i) this offering and (ii) the application of the net proceeds from this offering to repay outstanding commercial paper borrowings.

You should read this table in conjunction with the section of this prospectus supplement entitled Use of Proceeds and our consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of September 30, 2012	
	Actual	As Adjusted
	(unaudited) (in millions)	
Cash and cash equivalents	$ 318	$
Total debt (including current portion):		
Existing notes and debentures	9,778	9,778
Revolver credit facilities, commercial paper and other(1)	1,856	
2023 Notes offered hereby		
2044 Notes offered hereby		
Total debt (including current portion)	11,634	
Total shareholders equity	30,714	30,714
Total capitalization	$ 42,348	$

(1) As of September 30, 2012, we had unsecured committed revolving syndicated bank credit facilities totaling $3.3 billion, of which $1.0 billion matures in August 2016 and $2.3 billion matures in June 2017. These facilities consist of a $1.7 billion facility and a $1.0 billion facility in the U.S., a $300 million facility in Australia, and a $300 million facility in Canada. We also have a $3.0 billion commercial paper program. The commercial paper program is fully supported by available borrowing capacity under committed credit facilities, which expire in 2016 and 2017. As of September 30, 2012, we had $1.8 billion in commercial paper outstanding, and $1.5 billion of committed credit capacity was available on that date.

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DESCRIPTION OF NOTES

This section describes the specific financial and legal terms of the notes and supplements the more general description under Description of Apache Corporation Debt Securities in the accompanying prospectus. To the extent that the following description is inconsistent with the terms described under Description of Apache Corporation Debt Securities in the accompanying prospectus, the following description replaces that in the accompanying prospectus.

We will issue the notes under the senior indenture dated as of May 19, 2011 between us and Wells Fargo Bank, National Association, as trustee. Certain terms of the notes will be established pursuant to an officers certificate pursuant to the senior indenture. The following description and the description of our debt securities in the accompanying prospectus is a summary of the material provisions of the notes and the senior indenture. These descriptions do not restate the senior indenture in its entirety. We urge you to read the senior indenture because it, and not this description, defines your rights as holders of the notes. We have filed a copy of the senior indenture as an exhibit to the registration statement, which includes the accompanying prospectus.

The notes are senior debt securities as that term is used in the accompanying prospectus.

With certain exceptions and pursuant to certain requirements set forth in the senior indenture, we may discharge our obligations under the senior indenture with respect to each series of notes as described under Description of Apache Corporation Debt Securities Discharge, Defeasance and Covenant Defeasance beginning on page 27 in the accompanying prospectus.

Principal, Maturity and Interest

We are offering $ initial aggregate principal amount of % notes due 2023, which we refer to as the 2023 Notes, and $ initial aggregate principal amount of % notes due 2044, which we refer to as the 2044 Notes. The 2023 Notes will mature on , 2023, and the 2044 Notes will mature on , 2044.

We may issue and sell additional notes of either series in the future without the consent of the holders of that series of notes. Any such additional notes, together with the outstanding notes of that series, will constitute a single series of notes under the senior indenture and will be fungible with the outstanding notes of that series for U.S. federal income tax purposes. Otherwise, the additional notes will be issued under a separate CUSIP number.

Interest on the 2023 Notes will accrue at the rate of % per year, and interest on the 2044 Notes will accrue at the rate of % per year. Interest on the notes will be paid semi-annually in arrears on and of each year, beginning on , 2013. We will make each interest payment to the person in whose name the notes are registered at the close of business on the immediately preceding or , as the case may be, whether or not that day is a business day. Business day means any day other than a Saturday, Sunday or other day on which banking institutions in The City of New York are authorized or obligated by law, regulation or executive order to be closed.

Interest on the notes will accrue from , 2012, or from the most recent interest payment date to which interest has been paid or duly provided for, and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any interest payment date, maturity date or redemption date of the notes falls on a day that is not a business day, the related payment will be made on the next business day and, unless we default on the payment, no interest will accrue for the period from and after the interest payment date, maturity date or redemption date.

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Ranking

The notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured obligations from time to time outstanding.

Sinking Fund

The notes will not be entitled to the benefit of a sinking fund.

Listing

We do not intend to list the notes on any securities exchange or automated quotation system.

Denominations

The notes will be issued in book-entry form without coupons only in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Change in Control

If a change in control, as defined in the senior indenture, occurs, each holder of notes may elect to require us to repurchase the holder s notes. If a holder makes this election, we must purchase the holder s notes for their principal amount plus accrued interest to the purchase date. See Description of Apache Corporation Debt Securities We are Obligated to Purchase Debt Securities Upon a Change in Control beginning on page 27 in the accompanying prospectus.

Optional Redemption

The notes of each series may be redeemed in whole at any time or in part from time to time, at our option. If the 2023 Notes are redeemed before the date that is three months prior to their maturity date or if the 2044 Notes are redeemed before the date that is six months prior to their maturity date, the notes of the applicable series may be redeemed by us at a redemption price equal to the greater of:

100% of the principal amount of the applicable series of notes then outstanding to be redeemed; or

the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable treasury rate plus basis points in the case of the 2023 Notes and basis points in the case of the 2044 Notes;

plus, in each case, accrued and unpaid interest on the principal amount of the notes being redeemed to the redemption date.

If the 2023 Notes are redeemed on or after the date that is three months prior to their maturity date or if the 2044 Notes are redeemed on or after the date that is six months prior to their maturity date, the notes of the applicable series may be redeemed at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount of the notes being redeemed to the redemption date.

Treasury rate means, with respect to any redemption date:

the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor

publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the comparable treasury issue (if no maturity is within three months before or after the remaining life (as defined below), yields for the two published maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

The treasury rate will be calculated on the third business day next preceding the date fixed for redemption (the calculation date).

Comparable treasury issue means the U.S. Treasury security selected by an independent investment banker as having a maturity comparable to the remaining term (remaining life) of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable treasury price means, with respect to any redemption date, (1) the average of five reference treasury dealer quotations for such redemption date, after excluding the highest and lowest reference treasury dealer quotations, or (2) if the independent investment banker obtains fewer than five such reference treasury dealer quotations, the average of all such quotations.

Independent investment banker means one of Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, or their respective successors, as specified by us, or, if those firms are unwilling or unable to select the comparable treasury issue, an independent investment banking institution of national standing appointed by us.

Reference treasury dealer means each of (1) Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a primary treasury dealer), we will substitute therefor another primary treasury dealer and (2) any one other primary treasury dealer selected by us after consultation with the independent investment banker.

Reference treasury dealer quotations means, with respect to each reference treasury dealer and any redemption date, the average, as determined by the independent investment banker, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the independent investment banker at 5:00 p.m., New York City time, on the calculation date.

We will mail a notice of redemption to each holder of notes of the applicable series to be redeemed by first-class mail at least 30 and not more than 60 days prior to the date fixed for redemption. When notes are in the form of Global Notes, such notice will be sent pursuant to the applicable procedures of the Depositary. Unless we default on payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption on and after the redemption date. If fewer than all of the notes of a series are to be redeemed, the trustee will select, not more than 60 days prior to the redemption date, the particular notes or portions thereof for redemption from the outstanding notes not previously called by such method as the trustee deems fair and appropriate. The redemption price will be calculated by the independent investment banker and we, the trustee and any paying agent for the notes will be entitled to rely on such calculation.

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Book-Entry; Delivery and Form