

APACHE CORP
Form FWP
July 23, 2010

Pricing Term Sheet
dated as of July 22, 2010

Free Writing Prospectus
Filed pursuant to Rule 433
Relating to
the Preliminary Prospectus Supplements each dated July 20, 2010 to
the Prospectus dated December 2, 2008
File No. 333-155884

Explanatory Note:

This term sheet changes the trade date contained in the term sheet pertaining to these issues that was previously distributed and filed. The trade date has been changed from July 22, 2010 to July 23, 2010.

This term sheet is otherwise identical to the prior term sheet.

Apache Corporation
Concurrent Offerings of
23,000,000 Shares of Common Stock, par value \$0.625 per Share
(the common stock offering)
and
22,000,000 Depositary Shares
Each Representing a 1/20th Interest in a Share of
6.00% Mandatory Convertible Preferred Stock, Series D
(the depositary shares offering)

*The information in this pricing term sheet relates only to the common stock offering and the depositary shares offering and should be read together with (i) the preliminary prospectus supplement dated July 20, 2010 relating to the common stock offering (the **common stock preliminary prospectus supplement**), including the documents incorporated by reference therein, (ii) the preliminary prospectus supplement dated July 20, 2010 relating to the depositary shares offering (the **depositary shares preliminary prospectus supplement**), including the documents incorporated by reference therein and (iii) the related base prospectus dated December 2, 2008, each filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended, Registration Statement No. 333-155884. Neither the closing of the common stock offering nor the closing of the depositary share offering is contingent on the successful completion of the other offering. Terms used but not defined in this pricing term sheet have the meanings given to such terms in the common stock preliminary prospectus supplement or the depositary shares preliminary prospectus supplement, as applicable.*

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|--------------------------------------|---|
| Issuer: | Apache Corporation |
| Ticker / Exchanges for common stock: | APA / the New York Stock Exchange, the NASDAQ Global Select Market and the Chicago Stock Exchange |
| Trade date: | July 23, 2010. |
| Settlement date: | July 28, 2010. |

Common Stock Offering

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|-----------------------|--|
| Common stock offered: | 23,000,000 shares of the Issuer's common stock, par value \$0.625 per share (the common stock) |
| | 3,450,000 additional shares |

Option for underwriters to
purchase additional shares of
common stock:

Last reported sale price of common \$89.28 per share of common stock
stock on NYSE on July 22, 2010:

Public offering price: \$88.00 per share / \$2,024,000,000 total, excluding the underwriters' option to purchase additional shares.

Joint Book-Running Managers: Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J.P. Morgan Securities Inc.

CUSIP: 037411105

Depositary Shares Offering

Depositary shares offered: 22,000,000 depositary shares, each of which represents a 1/20th interest in a share of the Issuer's 6.00% Mandatory Convertible Preferred Stock, Series D (**mandatory convertible preferred stock**). At the consummation of the depositary shares offering, the Issuer will issue 1,100,000 shares of mandatory convertible preferred stock, subject to the underwriters' option to purchase additional depositary shares.

Option for underwriters to purchase additional depositary shares: 3,300,000 additional depositary shares (corresponding to 165,000 additional shares of the mandatory convertible preferred stock).

Public offering price: \$50 per depositary share / \$1,100,000,000 total, excluding the underwriters' option to purchase additional depositary shares.

Dividends: 6.00% on the liquidation amount of \$1,000 for each share of mandatory convertible preferred stock per year (equivalent to \$60.00 per annum per share of mandatory convertible preferred stock, corresponding to \$3.00 per annum per depositary share). The dividend payable on the first dividend payment date, if declared, is expected to be \$15.50 per share of mandatory convertible preferred stock and on each subsequent dividend payment date, if declared, is expected to be \$15.00 per share of mandatory convertible preferred stock (equivalent to \$0.775 and \$0.75, respectively, per depositary share).

The Issuer will pay dividends in cash on each dividend payment date, and on August 1, 2013 or any earlier conversion date, the Issuer may pay dividends in cash, shares of the common stock or a combination thereof, at its election and subject to the share cap. The share cap is an amount per share equal to the product of (i) two and (ii) the maximum conversion rate, subject to adjustment as described in the depositary shares preliminary prospectus supplement.

Dividend payment dates: If declared, February 1, May 1, August 1 and November 1 of each year, commencing on November 1, 2010.

Authorized share condition: The Issuer has reserved 28,750,920 shares as designated shares (as defined in the depositary shares preliminary prospectus supplement) for conversions of the mandatory convertible preferred stock and the authorized share condition as set forth in the depositary share preliminary prospectus supplement is satisfied as of the date hereof; *provided*, however, that to the extent that the underwriters do

not exercise their option to purchase additional depositary shares, the number of designated shares will be reduced proportionately (and, for

2

the avoidance of doubt, will in no case be less than 25,000,800 shares).

Mandatory conversion date: August 1, 2013.

Initial price: \$88.00.

Threshold appreciation price: \$109.12, which represents an appreciation of approximately 24.0% over the initial price.

Conversion rate per share of mandatory convertible preferred stock: The conversion rate for each share of mandatory convertible preferred stock will not be more than 11.364 shares of the common stock and not less than 9.164 shares of the common stock (respectively, the maximum conversion rate and minimum conversion rate) (and, correspondingly, the conversion rate for each depositary share will not be more than 0.5682 shares of the common stock and not less than 0.4582 shares of the common stock).

The following table illustrates the conversion rate per share of the mandatory convertible preferred stock, subject to adjustment as described in the depositary shares preliminary prospectus supplement, based on the applicable market value of the common stock on the mandatory conversion date:

| Applicable Market Value Per Share on the Mandatory Conversion Date | Conversion Rate per Share of Mandatory Convertible Preferred Stock |
|---|---|
| Less than or equal to the initial price | 11.364 shares of common stock |
| Greater than the initial price and less than the threshold appreciation price | \$1,000, divided by the applicable market value |
| Equal to or greater than the threshold appreciation price | 9.164 shares of common stock |

If the applicable market value of the common stock exceeds the threshold appreciation price, the value of the common stock received by the holder of a depositary share upon conversion will be approximately 80.64% of the value of the common stock that could be purchased with \$50 in the concurrent common stock offering.

The following table illustrates the conversion rate per depositary share, subject to adjustment as described in the depositary shares preliminary prospectus supplement, based on the applicable market value of the common stock on the mandatory conversion date:

| Applicable Market Value Per Share on the Mandatory Conversion Date | Conversion Rate per Depositary Share |
|---|---|
|---|---|

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|---|---|
| Less than or equal to the initial price | 0.5682 shares of common stock |
| Greater than the initial price and less than the threshold appreciation price | \$50, <i>divided by</i> the applicable market value |
| Equal to or greater than the threshold appreciation price | 0.4582 shares of common stock |

Optional conversion:

At any time prior to July 15, 2013, other than during the fundamental change conversion period and as long as no shares of fundamental change preferred stock (as defined in the depositary shares preliminary prospectus supplement) are outstanding, a holder of mandatory convertible preferred stock may elect to convert such holder's shares of mandatory convertible preferred stock at the minimum conversion rate of 9.164 shares of the common stock per share of mandatory convertible preferred stock (equivalent to 0.4582 shares of the common stock per depositary share), subject to adjustment as described in the depositary shares preliminary prospectus supplement. Because each depositary share represents a 1/20th fractional interest in a share of mandatory convertible preferred stock, a holder of depositary shares may only convert its depositary shares in lots of 20 depositary shares.

Fundamental change:

The following table sets forth the fundamental change conversion rate per share of mandatory convertible preferred stock based on the effective date of the fundamental change and the stock price in the fundamental change:

| Effective Date | Stock Price on Effective Date | | | | | | | | | | | | | |
|-------------------|-------------------------------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| | \$20.00 | \$40.00 | \$60.00 | \$75.00 | \$80.00 | \$88.00 | \$95.00 | \$100.00 | \$110.00 | \$125.00 | \$150.00 | \$200.00 | \$250.00 | \$300.00 |
| August 8, 2010 | 18.890 | 14.786 | 13.026 | 12.178 | 11.952 | 11.636 | 11.400 | 11.250 | 10.992 | 10.688 | 10.336 | 9.946 | 9.746 | 9.546 |
| September 1, 2010 | 18.310 | 14.540 | 12.886 | 12.066 | 11.844 | 11.534 | 11.302 | 11.154 | 10.900 | 10.604 | 10.260 | 9.888 | 9.702 | 9.502 |
| January 1, 2011 | 17.716 | 14.284 | 12.740 | 11.950 | 11.734 | 11.428 | 11.200 | 11.054 | 10.806 | 10.514 | 10.180 | 9.828 | 9.654 | 9.454 |
| April 1, 2011 | 17.114 | 14.022 | 12.596 | 11.834 | 11.622 | 11.324 | 11.098 | 10.954 | 10.708 | 10.420 | 10.098 | 9.764 | 9.606 | 9.406 |
| August 1, 2011 | 16.508 | 13.760 | 12.456 | 11.724 | 11.516 | 11.222 | 10.998 | 10.854 | 10.610 | 10.326 | 10.012 | 9.700 | 9.558 | 9.358 |
| September 1, 2011 | 15.896 | 13.494 | 12.322 | 11.620 | 11.416 | 11.122 | 10.898 | 10.756 | 10.510 | 10.228 | 9.924 | 9.636 | 9.510 | 9.310 |
| January 1, 2012 | 15.276 | 13.224 | 12.192 | 11.522 | 11.320 | 11.028 | 10.800 | 10.656 | 10.408 | 10.128 | 9.832 | 9.568 | 9.462 | 9.262 |
| April 1, 2012 | 14.652 | 12.944 | 12.068 | 11.434 | 11.234 | 10.938 | 10.706 | 10.558 | 10.304 | 10.020 | 9.734 | 9.500 | 9.412 | 9.212 |
| August 1, 2012 | 14.022 | 12.656 | 11.952 | 11.362 | 11.162 | 10.858 | 10.616 | 10.460 | 10.194 | 9.904 | 9.630 | 9.432 | 9.364 | 9.164 |
| September 1, 2012 | 13.386 | 12.358 | 11.842 | 11.312 | 11.112 | 10.794 | 10.532 | 10.364 | 10.076 | 9.774 | 9.516 | 9.364 | 9.314 | 9.114 |
| January 1, 2013 | 12.744 | 12.046 | 11.732 | 11.302 | 11.104 | 10.760 | 10.464 | 10.268 | 9.940 | 9.618 | 9.392 | 9.298 | 9.268 | 9.068 |
| April 1, 2013 | 12.098 | 11.728 | 11.592 | 11.348 | 11.172 | 10.798 | 10.424 | 10.170 | 9.754 | 9.416 | 9.270 | 9.234 | 9.220 | 9.020 |
| August 1, 2013 | 11.364 | 11.364 | 11.364 | 11.364 | 11.364 | 11.364 | 10.526 | 10.000 | 9.164 | 9.164 | 9.164 | 9.164 | 9.164 | 9.164 |

The exact stock price and effective date of the fundamental change may not be set forth on the table, in which case:

if the stock price is between two stock price amounts on the table or the effective date is between two dates on the table, the fundamental change conversion rate will be determined by straight-line interpolation between the fundamental change conversion rates set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 365-day year;

if the stock price is in excess of \$300.00 per share (subject to adjustment as described in the depositary shares preliminary prospectus supplement), then the fundamental change conversion rate will be the minimum conversion rate, subject to adjustment as described in the depositary shares preliminary prospectus supplement; and

if the stock price is less than \$20.00 per share (subject to adjustment as described in the depositary shares preliminary prospectus supplement) (the minimum stock price), then the fundamental change conversion rate will be determined (a) as if the stock price equaled the minimum stock price and (b) if the effective date is between two dates on the table, using straight-line interpolation, as described in the depositary shares preliminary prospectus supplement, subject to adjustment.

The following table sets forth the fundamental change conversion rate per depositary share based on the effective date of the fundamental change and the stock price in the fundamental change:

| Effective Date | Stock Price on Effective Date | | | | | | | | | | | | | |
|------------------|-------------------------------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| | \$20.00 | \$40.00 | \$60.00 | \$75.00 | \$80.00 | \$88.00 | \$95.00 | \$100.00 | \$110.00 | \$125.00 | \$150.00 | \$200.00 | \$250.00 | \$300.00 |
| October 1, 2010 | 0.9445 | 0.7393 | 0.6513 | 0.6089 | 0.5976 | 0.5818 | 0.5700 | 0.5625 | 0.5496 | 0.5344 | 0.5168 | 0.4973 | 0.4873 | 0.4779 |
| November 1, 2010 | 0.9155 | 0.7270 | 0.6443 | 0.6033 | 0.5922 | 0.5767 | 0.5651 | 0.5577 | 0.5450 | 0.5302 | 0.5130 | 0.4944 | 0.4851 | 0.4757 |
| December 1, 2010 | 0.8858 | 0.7142 | 0.6370 | 0.5975 | 0.5867 | 0.5714 | 0.5600 | 0.5527 | 0.5403 | 0.5257 | 0.5090 | 0.4914 | 0.4827 | 0.4733 |
| January 1, 2011 | 0.8557 | 0.7011 | 0.6298 | 0.5917 | 0.5811 | 0.5662 | 0.5549 | 0.5477 | 0.5354 | 0.5210 | 0.5049 | 0.4882 | 0.4803 | 0.4719 |
| February 1, 2011 | 0.8254 | 0.6880 | 0.6228 | 0.5862 | 0.5758 | 0.5611 | 0.5499 | 0.5427 | 0.5305 | 0.5163 | 0.5006 | 0.4850 | 0.4779 | 0.4705 |
| March 1, 2011 | 0.7948 | 0.6747 | 0.6161 | 0.5810 | 0.5708 | 0.5561 | 0.5449 | 0.5378 | 0.5255 | 0.5114 | 0.4962 | 0.4818 | 0.4755 | 0.4691 |
| April 1, 2011 | 0.7638 | 0.6612 | 0.6096 | 0.5761 | 0.5660 | 0.5514 | 0.5400 | 0.5328 | 0.5204 | 0.5064 | 0.4916 | 0.4784 | 0.4731 | 0.4678 |
| May 1, 2011 | 0.7326 | 0.6472 | 0.6034 | 0.5717 | 0.5617 | 0.5469 | 0.5353 | 0.5279 | 0.5152 | 0.5010 | 0.4867 | 0.4750 | 0.4706 | 0.4662 |
| June 1, 2011 | 0.7011 | 0.6328 | 0.5976 | 0.5681 | 0.5581 | 0.5429 | 0.5308 | 0.5230 | 0.5097 | 0.4952 | 0.4815 | 0.4716 | 0.4682 | 0.4648 |
| July 1, 2011 | 0.6693 | 0.6179 | 0.5921 | 0.5656 | 0.5556 | 0.5397 | 0.5266 | 0.5182 | 0.5038 | 0.4887 | 0.4758 | 0.4682 | 0.4657 | 0.4632 |
| August 1, 2011 | 0.6372 | 0.6023 | 0.5866 | 0.5651 | 0.5552 | 0.5380 | 0.5232 | 0.5134 | 0.4970 | 0.4809 | 0.4696 | 0.4649 | 0.4634 | 0.4619 |

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|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2013 | 0.6049 | 0.5864 | 0.5796 | 0.5674 | 0.5586 | 0.5399 | 0.5212 | 0.5085 | 0.4877 | 0.4708 | 0.4635 | 0.4617 | 0.4610 | 0.4610 |
| 1, | 0.5682 | 0.5682 | 0.5682 | 0.5682 | 0.5682 | 0.5682 | 0.5263 | 0.5000 | 0.4582 | 0.4582 | 0.4582 | 0.4582 | 0.4582 | 0.4582 |

Because each depositary share represents a 1/20th fractional interest in a share of mandatory convertible preferred stock, a holder of depositary shares may only convert its depositary shares upon the occurrence of a fundamental change in lots of 20 depositary shares.

Joint Book-Running Managers: Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J.P. Morgan Securities Inc.

Listing: The Issuer will apply to list the depositary shares on the New York Stock Exchange, and expects trading on the New York Stock Exchange to begin within 5 days of the initial issuance of the depositary shares.

CUSIP / ISIN: 037411808 / US0374118083

The Issuer has filed a registration statement (including a prospectus and related preliminary prospectus supplements for the offerings) with the U.S. Securities and Exchange Commission (the SEC) for the offerings to which this communication relates. Before you invest, you should read the common stock preliminary prospectus supplement or the depositary shares preliminary prospectus supplement, as the case may be, the accompanying prospectus in that registration statement and the other documents the Issuer has filed with the SEC for more complete information about the Issuer and the offering. You may get these documents for free by visiting EDGAR on the SEC's website at <http://www.sec.gov>. Alternatively, copies may be obtained from sales representatives of Goldman, Sachs & Co., Attention: Prospectus Department, 200 West Street, New York, NY 10282-2198, toll-free (866) 471-2526 or by emailing prospectus-ny@ny.email.gs.com; BofA Merrill Lynch, 4 World Financial Center, New York, NY 10080, Attn: Prospectus Department, telephone: 866-500-5408 or by emailing dg.prospectus_requests@baml.com; Citigroup Global Markets Inc., Brooklyn Army Terminal, 140 58th Street, 8th Floor, Brooklyn, NY 11220, telephone: (800) 831-9146 or by emailing batprospectusdept@citi.com; and J.P. Morgan Securities Inc. via Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, New York 11717, telephone: (866) 803-9204.

This communication should be read in conjunction with the common stock preliminary prospectus supplement or the depositary shares preliminary prospectus supplement, as the case may be, and the accompanying prospectus. The information in this communication supersedes the information in the common stock preliminary prospectus supplement or the depositary shares preliminary prospectus supplement, as the case may be, and the accompanying prospectus to the extent it is inconsistent with the information in such preliminary prospectus supplement or the accompanying prospectus.

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