

PACIFIC GAS & ELECTRIC Co  
Form 424B5  
August 07, 2014  
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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-193879

**This preliminary prospectus supplement and the accompanying prospectus relate to an effective registration statement under the Securities Act of 1933. The information in this preliminary prospectus supplement is not complete and may be subject to change. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION**

**PRELIMINARY PROSPECTUS SUPPLEMENT DATED AUGUST 7, 2014**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated February 11, 2014)**

**\$**

**\$ % Senior Notes due**

**\$ 4.75% Senior Notes due February 15, 2044**

We are offering \$ principal amount of our % Senior Notes due , which we refer to in this prospectus supplement as our 20 notes, and \$ principal amount of our 4.75% Senior Notes due February 15, 2044, which we refer to in this prospectus supplement as our 2044 notes. We collectively refer to both series of notes as our senior notes.

We will pay interest on our 20 notes on each and , commencing , 2015. We will pay interest on our 2044 notes offered hereby on each February 15 and August 15, commencing February 15, 2015. The 20 notes will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The 2044 notes will be issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

The terms of the 2044 notes, other than their issue date and public offering price, will be identical to the terms of the \$450,000,000 principal amount of 4.75% Senior Notes due February 15, 2044 offered and sold by our prospectus supplement dated February 18, 2014 and the accompanying prospectus. The 2044 notes offered by this prospectus supplement and the accompanying prospectus will have the same CUSIP number as the other notes of the same series and will trade interchangeably with notes of the same series immediately upon settlement. Upon consummation of this offering, the aggregate principal amount of our 4.75% Senior Notes due February 15, 2044, including the 2044 notes offered hereby, will be \$ .

We may redeem the senior notes in whole or in part at any time at the respective redemption prices set forth in this prospectus supplement.

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

There is no existing public market for the senior notes. We do not intend to list the senior notes on any securities exchange or any automated quotation system.

**Investing in these senior notes involves risks. See Risk Factors on page S-1 of this prospectus supplement.**

	Per 20	Note	Total	Per 2044 Note	Total
Public Offering Price <sup>(1)</sup>		%	\$	%	\$
Underwriting Discounts and Commissions		%	\$	%	\$
Proceeds to Pacific Gas and Electric Company (before expenses) <sup>(1)</sup>		%	\$	%	\$

<sup>(1)</sup> Plus accrued interest (i) with respect to the 20 notes, from and including original issuance of the 20 notes and (ii) with respect to the 2044 notes, from and including August 15, 2014 to but excluding the delivery date (totaling \$ ). Accrued interest must be paid by the purchasers of the 2044 notes, and must be paid by purchasers of the 20 notes in the event the 20 notes are delivered after , 2014.

**None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

The senior notes are expected to be delivered on or about , 2014 through the book-entry facilities of The Depository Trust Company.

### *Joint Book-Running Managers*

**BofA Merrill Lynch**

**Goldman, Sachs & Co.**

**RBC Capital Markets**

**Wells Fargo Securities**

### *Co-Managers*

SMBC Nikko  
, 2014

TD Securities

The Williams Capital Group, L.P.

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This prospectus supplement should be read in conjunction with the accompanying prospectus. You should rely only on the information contained in this prospectus supplement, the accompanying prospectus, the information incorporated by reference and any free writing prospectus prepared by us. Neither we nor any underwriter has authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. Neither we nor any underwriter is making an offer to sell the senior notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by us is accurate only as of the date of the document containing the information or such other date as may be specified therein.

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Unless otherwise indicated, when used in this prospectus supplement and the accompanying prospectus, the terms we, our and us refer to Pacific Gas and Electric Company and its subsidiaries, and the term Corp refers to our parent, PG&E Corporation.

It is expected that delivery of the senior notes will be made against payment therefor on or about August 18, 2014, which is seven business days following the date of pricing of the senior notes (such settlement cycle being referred to as T+7 ). You should note that trading of the senior notes on the date of pricing or the next three succeeding business days may be affected by the T+7 settlement. See Underwriting.



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**RISK FACTORS**

Investing in the senior notes involves risk. These risks are described under "Risk Factors" in Item 1A of our annual report on Form 10-K for the fiscal year ended December 31, 2013 and our quarterly reports on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in the accompanying prospectus. Before making a decision to invest in the senior notes, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus.

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus and any documents incorporated by reference into this prospectus supplement and the accompanying prospectus contain forward-looking statements that are necessarily subject to various risks and uncertainties. These statements reflect management's judgment and opinions which are based on current estimates, expectations, and projections about future events and assumptions regarding these events and management's knowledge of facts as of the date of this prospectus supplement.

These forward-looking statements relate to, among other matters, estimated losses, including penalties and fines, associated with various investigations; forecasts of costs we will incur to make safety and reliability improvements, including natural gas transmission costs that we will not recover through rates; forecasts of capital expenditures; estimates and assumptions used in critical accounting policies, including those relating to regulatory assets and liabilities, environmental remediation, litigation, third-party claims, and other liabilities; and the level of future equity or debt issuances. These statements are also identified by words such as assume, expect, intend, forecast, plan, project, believe, predict, anticipate, may, should, would, could, potential and similar expressions. We and Corp are not able to predict all the factors that affect future results. Some of the factors that could cause future results to differ materially from those expressed or implied by the forward-looking statements, or from historical results, include, but are not limited to:

the timing and outcome of the pending California Public Utilities Commission ( CPUC ) investigations and enforcement matters related to our natural gas system operating practices and our natural gas transmission pipeline rupture and fire that occurred on September 9, 2010 in San Bruno, California (the San Bruno accident ) are concluded, including the ultimate amount of fines we will be required to pay to the State General Fund, the ultimate amount of costs we will incur in our natural gas transmission business that we will not recover through rates, including the cost of any remedial actions we may be ordered to perform;

the timing and outcome of the federal criminal prosecution of us, including the amount of any criminal fines or penalties imposed;

whether the CPUC or a federal judge in the criminal case appoints a monitor to oversee our natural gas operations;

whether additional investigations are commenced relating to our natural gas operating practices or specific incidents;

whether we and Corp are able to repair the harm to our reputations caused by negative publicity about the San Bruno accident, the CPUC investigations, the criminal prosecution, our self-reports of noncompliance with certain natural gas safety regulations; and the ongoing work to remove encroachments from transmission pipeline rights-of-way;

the outcomes of ratemaking proceedings, such as the 2014 GRC, the 2015 GT&S rate case, and the transmission owner rate cases and whether the cost and revenue forecasts assumed in such outcomes prove to be accurate;

the outcome of future investigations, citations, or other enforcement proceedings, that may be commenced relating to our compliance with laws, rules, regulations, or orders applicable to our



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operations, including the construction, expansion or replacement of our electric and gas facilities; inspection and maintenance practices, customer billing and privacy, and physical and cyber security;

the impact of environmental remediation laws, regulations, and orders; the ultimate amount of costs incurred to discharge our known and unknown remediation obligations; the extent to which we are able to recover environmental compliance and remediation costs in rates or from other sources; and the ultimate amount of environmental remediation costs we incur but do not recover, such as the remediation costs associated with our natural gas compressor station site located near Hinkley, California;

the impact of new legislation or Nuclear Regulatory Commission ( NRC ) regulations, recommendations, policies, decisions, or orders relating to the nuclear industry, including operations, seismic design, security, safety, relicensing, the storage of spent nuclear fuel, decommissioning, cooling water intake, or other issues; and whether we decide to request that the NRC resume processing our renewal application for the two Diablo Canyon operating licenses, and if so, whether the NRC grants the renewal;

the impact of droughts or other weather-related conditions or events, climate change, natural disasters, acts of terrorism, war, or vandalism (including cyber-attacks), and other events, that can cause unplanned outages, reduce generating output, disrupt our service to customers, or damage or disrupt the facilities, operations, or information technology and systems owned by us, our customers, or third parties on which we rely; and subject us to third-party liability for property damage or personal injury, or result in the imposition of civil, criminal, or regulatory penalties on us;

the impact of environmental laws and regulations aimed at the reduction of carbon dioxide and GHGs, and whether we are able to continue recovering associated compliance costs, such as the cost of emission allowances and offsets under cap-and-trade regulations and the cost of renewable energy procurement;

changes in customer demand for electricity and natural gas resulting from unanticipated population growth or decline in our service area; general and regional economic and financial market conditions; municipalization of our electric or gas distribution facilities; changing levels of direct access customers who procure electricity from alternative energy providers; changing levels of customers who purchase electricity from governmental bodies that act as community choice aggregators ; the development of alternative energy technologies including self-generation, storage and distributed generation technologies; and changing levels of core gas aggregation customers who procure gas from core transport agents (alternative gas providers);

the supply and price of electricity, natural gas, and nuclear fuel; the extent to which we can manage and respond to the volatility of energy commodity prices; the ability of us and our counterparties to post or return collateral in connection with price risk management activities; and whether we are able to recover timely our electric generation and energy commodity costs through rates, especially if the integration of renewable generation resources force conventional generation resource providers to curtail production, triggering take or pay provisions in our power purchase agreements;

whether our information technology, operating systems and networks, including the advanced metering system infrastructure, customer billing, financial, and other systems, can continue to function accurately while meeting regulatory requirements; whether we are able to protect our operating systems and networks from damage, disruption, or failure caused by cyber-attacks, computer viruses, or other hazards; whether our security measures are sufficient to protect against unauthorized or inadvertent disclosure of information contained in such systems and networks; and whether we can continue to rely on third-party vendors and contractors that maintain and support some of our operating systems;

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the extent to which costs incurred in connection with third-party claims or litigation can be recovered through insurance, rates, or from other third parties; including the timing and amount of insurance recoveries related to third party claims arising from the San Bruno accident;

the ability of Corp and us to access capital markets and other sources of debt and equity financing in a timely manner on acceptable terms;

changes in credit ratings which could result in increased borrowing costs especially if Corp or us were to lose our investment grade credit ratings;

the impact of federal or state laws or regulations, or their interpretation, on energy policy and the regulation of utilities and their holding companies, including how the CPUC interprets and enforces the financial and other conditions imposed on Corp when it became our holding company;

the outcome of federal or state tax audits and the impact of any changes in federal or state tax laws, policies, regulations, or their interpretation; and

the impact of changes in GAAP, standards, rules, or policies, including those related to regulatory accounting, and the impact of changes in their interpretation or application.

For more information about the significant risks that could affect the outcome of these forward-looking statements and our future financial condition, results of operations and cash flows, you should read the sections titled **Risk Factors** in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, together with **Risk Factors** in this prospectus supplement.

You should read this prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference into this prospectus supplement and the accompanying prospectus, the documents that we have included as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus are a part and the documents that we refer to under the section of the accompanying prospectus titled **Where You Can Find More Information** completely and with the understanding that our actual future results could be materially different from what we expect when making the forward-looking statements. We qualify all our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this prospectus supplement or the date of the document incorporated by reference. Except as required by applicable laws or regulations, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

**OUR COMPANY**

We are one of the largest combination natural gas and electric utilities in the United States. We were incorporated in California in 1905 and are a subsidiary of PG&E Corporation. We provide natural gas and electric service to approximately 15 million people throughout a 70,000-square-mile service area in northern and central California. We generate revenues mainly through the sale and delivery of electricity and natural gas to customers. The principal executive offices of PG&E Corporation and Pacific Gas and Electric Company are located at 77 Beale Street, P.O. Box 770000, San Francisco, California 94177, and the telephone number of Pacific Gas and Electric Company is (415) 973-7000.

**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our historical ratio of earnings to fixed charges for each of the fiscal years indicated and for the six months ended June 30, 2014.

Six months ended June 30, 2014	2013	2012	2011	2010	2009
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2.24x

2.23x

2.24x

2.51x

3.12x

3.12x

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For the purpose of computing our ratios of earnings to fixed charges, earnings represent net income adjusted for the income or loss from equity investees of less than 100% owned affiliates, equity in undistributed income or losses of less than 50% owned affiliates, income taxes and fixed charges (excluding capitalized interest). Fixed charges include interest on long-term debt and short-term borrowings (including a representative portion of rental expense), amortization of bond premium, discount and expense, interest on capital leases, allowance for funds used during construction debt, and earnings required to cover the preferred stock dividend requirements. Fixed charges exclude interest on tax liabilities.

**USE OF PROCEEDS**

We estimate that the net proceeds from this offering will be approximately \$ million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We expect to use the net proceeds from this offering for general corporate purposes, including to repay a portion of our outstanding commercial paper. At August 6, 2014, the outstanding commercial paper was approximately \$773.0 million, the weighted average yield on our outstanding commercial paper was approximately 0.26% per annum and the weighted average maturity on our outstanding commercial paper was 23.4 days.

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**Table of Contents****CAPITALIZATION**

The following table sets forth our consolidated capitalization as of June 30, 2014, as adjusted to give effect to the use of net proceeds from this offering as set forth under "Use of Proceeds" in this prospectus supplement. This table should be read in conjunction with our consolidated financial statements and related notes as of and for the six months ended June 30, 2014, incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in the accompanying prospectus.

	As of June 30, 2014	
	Actual	As Adjusted
	(in millions)	
<b>Current Liabilities:</b>		
Short-term borrowings(1)	\$ 1,340	\$
Total long-term debt, classified as current	\$	\$
<b>Capitalization:</b>		
Long-term debt(2)	\$ 13,616	\$
Shareholders' equity(3)	15,529	
Total capitalization	\$ 29,145	\$

- (1) Actual short-term borrowings primarily included commercial paper and as adjusted short-term borrowings gives effect to the use of proceeds of this offering to repay a portion of our outstanding commercial paper.
- (2) Actual long-term debt consisted of \$1,268 million of pollution control bonds and \$12,349 million of senior notes and as adjusted long-term debt includes the senior notes offered hereby, in each case, net of any discounts and premiums.
- (3) Includes \$258 million of preferred stock without mandatory redemption provisions.

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**DESCRIPTION OF THE SENIOR NOTES**

**General**

You should read the following information in conjunction with the statements under Description of the Senior Notes in the accompanying prospectus.

As used in this section, the terms we, us and our refer to Pacific Gas and Electric Company, and not to any of our subsidiaries.

The 20 notes are being offered in the aggregate principal amount of \$ and will mature on . The 2044 notes are being offered in the aggregate principal amount of \$ and will mature on February 15, 2044.

We will issue the senior notes under an existing indenture, which was originally entered into on March 11, 2004 and amended and restated on April 22, 2005, between us and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as trustee, as supplemented by supplemental indentures between us and the trustee. Please read the indenture because it, and not this description, defines your rights as holders of the senior notes. We have filed with the Securities and Exchange Commission a copy of the indenture as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus are a part.

Pursuant to the Trust Indenture Act of 1939, as amended, or the 1939 Act, if a default occurs on the senior notes, The Bank of New York Mellon Trust Company, N.A. may be required to resign as trustee under the indenture if it has a conflicting interest (as defined in the 1939 Act), unless the default is cured, duly waived or otherwise eliminated within 90 days.

The 2044 notes form a part of the series of our 4.75% Senior Notes due February 15, 2044 and will have the same terms as the other notes of this series other than their issue date and the public offering price at which the 2044 notes are sold by this prospectus supplement and the accompanying prospectus. We first issued our 4.75% Senior Notes due February 15, 2044 on February 21, 2014. The 2044 notes offered by this prospectus supplement and the accompanying prospectus will have the same CUSIP number as the other notes of the same series and will trade interchangeably with notes of the same series immediately upon settlement. Upon the consummation of this offering, the aggregate principal amount of our 4.75% Senior Notes due February 15, 2044, including the 2044 notes offered hereby, will be \$ .

For each series of senior notes, we may without consent of the holders of that series issue additional senior notes of that series under the indenture, having the same terms in all respects to the senior notes of that series (except for the public offering price and the issue date and, in some cases, the first interest payment date) so that those additional notes will be consolidated and form a single series with the other outstanding senior notes of that series.

The 20 notes will bear interest from at % per annum, payable semiannually on each and , commencing on , 2015, to holders of record on the 15th day prior to the interest payment date.

The 2044 notes offered hereby will bear interest from August 15, 2014 at 4.75% per annum, payable semiannually on each February 15 and August 15, commencing on February 15, 2015, to holders of record on the 15th day prior to the interest payment date.

We will issue the 20 notes in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. We will issue the 2044 notes in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

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Each series of senior notes will be redeemable at our option, in whole or in part, at any time as described below under **Optional Redemption for Senior Notes**, **Optional Redemption for 20 Notes** and **Optional Redemption for Senior Notes**, **Optional Redemption for 2044 Notes**.

Interest on the senior notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. If any payment date falls on a day that is not a business day, the payment will be made on the next business day, but we will consider that payment as being made on the date that the payment was due to you. In that event, no interest will accrue on the amount payable for the period from and after such payment date to such next business day.

We will issue the senior notes in the form of one or more global securities, which will be deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of DTC's nominee. Information regarding DTC's book-entry system is set forth below under **Book-Entry System; Global Notes**.

### **Ranking**

The senior notes will be our direct, unsecured and unsubordinated obligations and will rank equally with all our other existing and future unsecured and unsubordinated obligations. The senior notes will be effectively subordinated to all our secured debt. As of June 30, 2014, we had approximately \$12.7 billion of notes outstanding under the indenture for senior notes. The indenture contains no restrictions on the amount of additional indebtedness that may be incurred by us.

As of June 30, 2014, we did not have any outstanding secured debt for borrowed money.

### **Optional Redemption for Senior Notes**

#### ***Optional Redemption for 20 Notes***

At any time prior to (the date that is months prior to the maturity date), we may, at our option, redeem the 20 notes in whole or in part at a redemption price equal to the greater of:

100% of the principal amount of the 20 notes to be redeemed; or

as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the 20 notes to be redeemed (not including any portion of payments of interest accrued as of the redemption date), calculated as if the maturity date of such 20 notes was (the date that is months prior to the maturity date), discounted to the redemption date on a semiannual basis at the Adjusted Treasury Rate plus basis points, plus, in either case, accrued and unpaid interest to, but not including, the redemption date.

At any time on or after (the date that is months prior to the maturity date), we may redeem the 20 notes, in whole or in part, at 100% of the principal amount of the 20 notes being redeemed plus accrued and unpaid interest to, but not including, the redemption date.

As used in this section **Optional Redemption for 20 Notes**, the following terms shall have the following meanings:

**Adjusted Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

**Business Day** means any day that is not a day on which banking institutions in New York City are authorized or required by law or regulation to close.

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**Comparable Treasury Issue** means the United States Treasury security selected by the applicable Quotation Agent as having a maturity comparable to the remaining term of the senior notes to be redeemed that would be used, 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 the senior notes to be redeemed.

**Comparable Treasury Price** means, with respect to any redemption date:

the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations; or

if we obtain fewer than four Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

**Quotation Agent** means the Reference Treasury Dealer appointed by us for the senior notes.

**Reference Treasury Dealer** means (1) each of Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and Wells Fargo Securities, LLC and their respective successors, unless any of them ceases to be a primary dealer in certain U.S. government securities ( **Primary Treasury Dealer** ), in which case we shall substitute another Primary Treasury Dealer; and (2) any other Primary Treasury Dealer selected by us.

**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, 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 us by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding that redemption date.

### ***Optional Redemption for 2044 Notes***

At any time prior to August 15, 2043, we may, at our option, redeem the 2044 notes in whole or in part at a redemption price equal to the greater of:

100% of the principal amount of the 2044 notes to be redeemed; or

as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the 2044 notes to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semiannual basis at the Adjusted Treasury Rate plus 20 basis points, plus, in either case, accrued and unpaid interest to, but not including, the redemption date.

At any time on or after August 15, 2043, we may redeem the 2044 notes, in whole or in part, at 100% of the principal amount of the 2044 notes being redeemed plus accrued and unpaid interest to, but not including, the redemption date.

As used in this section **Optional Redemption for 2044 Notes**, the following terms shall have the following meanings:

**Adjusted Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

**Business Day** means any day that is not a day on which banking institutions in New York City are authorized or required by law or regulation to close.



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**Comparable Treasury Issue** means the United States Treasury security selected by the applicable Quotation Agent as having a maturity comparable to the remaining term of the senior notes to be redeemed that would be used, 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 the senior notes to be redeemed.

**Comparable Treasury Price** means, with respect to any redemption date:

the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations; or

if we obtain fewer than four Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

**Quotation Agent** means the Reference Treasury Dealer appointed by us for the senior notes.

**Reference Treasury Dealer** means (1) each of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and RBS Securities Inc. and their respective successors, unless any of them ceases to be a primary dealer in certain U.S. government securities ( **Primary Treasury Dealer** ), in which case we shall substitute another Primary Treasury Dealer; and (2) any other Primary Treasury Dealer selected by us.

**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, 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 us by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding that redemption date.

***General Senior Note Optional Redemption Terms***

The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

We will mail notice of any redemption at least 10 days but not more than 60 days before the redemption date to each registered holder of the senior notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the senior notes or portions of the senior notes called for redemption.

If we redeem only some of the senior notes, DTC's practice is to choose by lot the amount to be redeemed from the senior notes held by each of its participating institutions. DTC will give notice to these participants, and these participants will give notice to any street name holders of any indirect interests in the senior notes to be redeemed according to arrangements among them. These notices may be subject to statutory or regulatory requirements. We will not be responsible for giving notice of a redemption of the senior notes to be redeemed to anyone other than the registered holders of the senior notes to be redeemed, which is currently DTC. If senior notes to be redeemed are no longer held through DTC and fewer than all the senior notes are to be redeemed, selection of senior notes for redemption will be made by the trustee in any manner the trustee deems fair and appropriate.

Subject to the foregoing and to applicable law (including, without limitation, United States federal securities laws), we or our affiliates may, at any time and from time to time, purchase outstanding senior notes by tender, in the open market or by private agreement.

**No Sinking Fund**

There is no provision for a sinking fund for either the 2044 notes or the 20 notes.

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**Covenants**

The indenture restricts us and any of our subsidiaries which are significant subsidiaries from incurring or assuming secured debt or entering into sale and leaseback transactions, except in certain circumstances. The accompanying prospectus describes this covenant (see Description of the Senior Notes Restrictions on Liens and Sale and Leaseback Transactions in the accompanying prospectus) and other covenants contained in the indenture in greater detail and should be read prior to investing.

**Book-Entry System; Global Notes**

The senior notes of each series will initially be issued in the form of one or more global notes. Each series of the senior notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each of the 20 notes and the 2044 notes in the aggregate principal amount of such series, and will be deposited with DTC or the trustee on behalf of DTC and registered in the name of DTC or its nominee. If, however, the aggregate principal amount of either the 20 notes or the 2044 notes exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of senior notes. Investors may hold their beneficial interests in a global note directly through DTC or indirectly through organizations which are participants in the DTC system.

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**CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

The following summary describes certain United States federal income tax consequences of the acquisition, ownership and disposition of the senior notes as of the date hereof. This summary is based on the Internal Revenue Code of 1986, as amended, as well as final, temporary and proposed Treasury regulations and administrative and judicial decisions. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could affect the accuracy of the statements described herein. This summary generally is addressed only to original purchasers of the senior notes that purchase the senior notes at the initial offering price, deals only with senior notes held as capital assets and does not purport to address all United States federal income tax matters that may be relevant to investors in special tax situations, such as insurance companies, tax-exempt organizations, financial institutions, dealers in securities or currencies, traders in securities that elect to mark to market, holders of senior notes that are held as a hedge or as part of a hedging, straddle or conversion transaction, certain former citizens or residents of the United States, or United States holders (as defined below) whose functional currency is not the United States dollar. **Persons considering the purchase of the senior notes should consult their own tax advisors concerning the application of United States federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdictions, to their particular situations.**

If a partnership (including an entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of a senior note, the treatment of such partnership, or a partner in the partnership, will generally depend upon the status of the partner and upon the activities of the partnership. A beneficial owner of a senior note that is a partnership, and partners in such a partnership, should consult their tax advisors about the United States federal income tax consequences of holding and disposing of the senior notes.

We intend to treat the 2044 notes as being issued in a qualified reopening for United States federal income tax purposes. Consequently, we intend to treat the 2044 notes as part of the same issue for United States federal income tax purposes as the 4.75% Senior Notes due February 15, 2044. The aggregate price paid for the 2044 notes will include pre-issuance accrued interest from August 15, 2014. Such pre-issuance accrued interest will be included in the first interest payment that will be made on February 15, 2015 to the holders of the 2044 notes. We will exclude the pre-issuance accrued interest in determining the issue price of the 2044 notes and, in accordance with this treatment, holders of the 2044 notes will be required to treat a corresponding portion of the interest payable on the first interest payment date as a non-taxable return of the excluded pre-issuance accrued interest, rather than as an amount payable on the 2044 notes.

**United States Holders**

This section describes the tax consequences to a United States holder. A United States holder is a beneficial owner of a senior note that is (i) a citizen or resident of the United States, (ii) a corporation (including an entity treated as a corporation for United States federal income tax purposes) created or organized in the United States or any state (including the District of Columbia), (iii) an estate whose income is subject to United States federal income tax on a net income basis in respect of the senior note, or (iv) a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust (or certain trusts that have made a valid election to be treated as a United States person).

If you are not a United States holder, this section does not apply to you. See **Non-United States Holders** below.

***Payment of Interest***

The senior notes will not be issued with more than a *de minimis* amount of original issue discount for United States federal income tax purposes. Interest on a senior note will therefore be taxable to a United States holder as ordinary interest income at the time it accrues or is received, in accordance with the United States holder's method of accounting for United States federal income tax purposes.

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### ***Sale, Exchange or Retirement of Senior Notes***

Upon the sale, exchange or retirement of a senior note, a United States holder will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange, retirement or other disposition (other than amounts attributable to accrued interest not previously included in income, which will be taxable as ordinary interest income) and the United States holder's adjusted tax basis in the senior note. A United States holder's adjusted tax basis in a senior note will generally equal the cost of the senior note to such holder increased by the amount of any accrued but unpaid interest previously included in income. Such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the senior note has been held for more than one year. Capital losses are subject to certain limitations.

### ***Amortizable Bond Premium***

A United States holder who acquires a 2044 note for an amount that is greater than the stated principal amount (in excess of pre-issuance accrued interest) on the 2044 note will be considered to have purchased such note at a premium. A United States holder generally may elect to amortize such premium using a constant yield method over the remaining term of the 2044 note as an offset to interest when includible in income under the United States holder's method of accounting for tax purposes. Any such election shall apply to all debt instruments (other than debt instruments the interest on which is excludable from gross income) held at the beginning of the first taxable year to which the election applies or thereafter acquired, and is irrevocable without the consent of the Internal Revenue Service. However, because the 2044 notes may be redeemed by us under certain circumstances for a price equal to or greater than the principal amount prior to their maturity date, special rules may affect the amount and timing of the deduction. A United States holder that acquires a 2044 note for an amount that is greater than the stated principal amount (in excess of pre-issuance accrued interest) on the 2044 note should consult with their own tax advisor regarding the consequences of making the amortizable bond premium election and the availability of other elections for United States federal income tax purposes.

### ***Tax on Net Investment Income***

Certain non-corporate United States holders of senior notes generally will be subject to a 3.8% tax on their net investment income for the relevant taxable year. Subject to certain exceptions, a United States holder's calculation of its net investment income generally will include its interest income on, and its net gains from the disposition of, the senior notes. A United States holder that is an individual, estate or trust is urged to consult its tax advisor regarding the applicability of this tax to its income and gains in respect of your investment in the senior notes.

### ***Non-United States Holders***

This section describes the tax consequences to a non-United States holder. You are a non-United States holder if you are the beneficial owner of a senior note (other than a partnership, including an entity treated as a partnership for United States federal income tax purposes) and are not a United States holder for United States federal income tax purposes.

### ***Payment of Interest***

A non-United States holder generally will not be subject to United States federal withholding tax with respect to payments of principal and interest on the senior notes, provided that (i) the non-United States holder does not actually or constructively own 10 percent or more of the total combined voting power of all classes of our stock entitled to vote, (ii) the non-United States holder is not for United States federal income tax purposes a controlled foreign corporation related to us (directly or indirectly) through stock ownership, and (iii) the beneficial owner of the senior notes certifies to us or the fiscal and paying agent (on Internal Revenue Service Form W-8BEN, Form W-8BEN-E or other applicable form) under penalties of perjury as to its status as a non-United States holder and complies with applicable identification procedures. Special rules apply to partnerships,

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estates and trusts and, in certain circumstances, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

### ***Sale, Exchange or Retirement of Senior Notes***

A non-United States holder of a senior note generally will not be subject to United States federal income tax on any gain realized upon the sale, exchange, retirement or other disposition of a senior note, unless the non-United States holder is an individual who is present in the United States for 183 days or more during the taxable year of sale, retirement or other disposition and certain other conditions are met. In such case, the non-United States holder generally will be subject to a 30 percent tax on any capital gain recognized on the disposition of the senior notes, after being offset by certain United States source capital losses.

### ***United States Trade or Business***

If a non-United States holder of a senior note is engaged in a trade or business in the United States and income or gain from the senior note is effectively connected with the conduct of such trade or business, the non-United States holder will be exempt from withholding tax if appropriate certification has been provided, but will generally be subject to regular United States federal income tax on such income and gain in the same manner as if it were a United States holder. In addition, if such non-United States holder is a foreign corporation, it may be subject to a branch profits tax equal to 30 percent (or lower applicable treaty rate) of its effectively connected earnings and profits for the taxable year, subject to adjustments.

### ***Foreign Account Tax Compliance Act***

Sections 1471 through 1474 of the United States Internal Revenue Code, the Foreign Account Tax Compliance Act or FATCA provisions, impose a 30% United States withholding tax on certain types of payments made to certain foreign entities. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in United States withholding tax being imposed on payments of interest and principal under the senior notes and sales proceeds of the senior notes held by or through a foreign entity. United States Treasury Regulations provide that FATCA withholding generally will apply to (i) payments of interest made after June 30, 2014, (ii) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016, and (iii) certain foreign pass-thru payments received with respect to debt obligations held through foreign financial institutions after the later of December 31, 2016 and the date that final regulations defining the term foreign pass-thru payments are issued. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

### ***Backup Withholding and Information Reporting***

In general, payments of interest and the proceeds of sale, exchange, retirement or other disposition of the senior notes payable by a United States paying agent or other United States intermediary will be subject to information reporting. With respect to a non-United States holder, we must report annually to the Internal Revenue Service and to each non-United States holder the amount of any interest paid to such holder regardless of whether any tax was actually withheld. Copies of the information returns reporting such interest payments to a non-United States holder and the amount of any tax withheld also may be made available to the tax authorities in the country in which the non-United States holder resides under the provisions of an applicable income tax treaty. In addition, backup withholding at the then applicable rate (currently 28 percent) will generally apply to these payments if:

in the case of a United States holder, the holder fails to provide an accurate taxpayer identification number, fails to certify that the holder is not subject to backup withholding or fails to report all interest and dividends required to be shown on its United States federal income tax returns; or

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in the case of a non-United States holder, the holder fails to provide the certification on Internal Revenue Service Form W-8BEN, Form W-8BEN-E or other applicable form or otherwise does not provide evidence of exempt status. Certain United States holders (including, among others, corporations) are not subject to information reporting or backup withholding. Any amount paid as backup withholding will be creditable against the holder's United States federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service. Holders of the senior notes should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

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**UNDERWRITING**

Subject to the terms and conditions set forth in an underwriting agreement between us and the underwriters named below, for whom Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and Wells Fargo Securities, LLC are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally and not jointly agreed to purchase from us, the principal amount of senior notes set forth opposite its name below.