

Americas Credit Derivatives Determinations Committee Statement – February 18, 2025

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Apache Corporation Successor Determination

DC Issue Number 2025012201

The Americas DC considered whether there is a Successor to Apache Corporation (**Apache**) under the 2014 ISDA Credit Derivatives Definitions published by the International Swaps and Derivatives Association, Inc. (**ISDA**) (the **2014 Definitions**) and is issuing the following statement in connection with such question. This statement applies solely to Credit Derivative Transactions that incorporate the 2014 Definitions.²

The Americas DC is providing the following statement in connection with its Successor determination.

1. SUMMARY OF EVENTS

On January 8, 2025, APA Corporation (**APA**) issued a press release announcing the final results of its offers to purchase for cash (the **Tender Offers**) and offers to exchange certain Apache notes and debentures (**Apache Notes**) for new notes to be issued by APA (**APA Notes**) (the **Exchange Offers**).³ The press release stated that, in addition to the Apache Notes exchanged under the Exchange Offers, certain Apache Notes that were validly tendered and not accepted for purchase under the Tender Offers were instead exchanged for APA Notes because of applicable series caps or the maximum purchase amount was exceeded. The Apache Notes subject to the exchange are listed in the table below.⁴ APA settled its Tender Offers and Exchange Offers on January 10, 2025 (the **Settlement Date**).⁵ On the Settlement Date, the total amount of Apache Notes exchanged was U.S. \$2,740,475,000.⁶

¹ The Americas DC has amended its original statement to correct numerical errors; however, the corrections do not alter the conclusion of the Americas DC.

² Each capitalized term used but not defined in this Statement shall have the meaning given to it in (a) the 2014 Definitions, or (b) the Credit Derivatives Determinations Committees Rules (as amended as of the date hereof) (the **DC Rules**), as applicable.

³ See the January 8, 2025 Press Release (the **Jan 8 Press Release**) issued by APA Corporation, "APA Corporation Announces Expiration and Final Results of Private Exchange Offers, Tender Offers, and Consent Solicitations and Waiver of Financing Condition": <https://investor.apacorp.com/news-releases/news-release-details/apa-corporation-announces-expiration-and-final-results-private>.

⁴ See APA Corporation's Form 8-K filing on January 10, 2025: <https://www.sec.gov/ix?doc=/Archives/edgar/data/1841666/000119312525004548/d784970d8k.htm>.

⁵ See APA Corporation's Form 8-K filing on January 10, 2025: <https://www.sec.gov/ix?doc=/Archives/edgar/data/1841666/000119312525004548/d784970d8k.htm>.

⁶ See APA Corporation's Form 8-K filing on January 10, 2025: <https://www.sec.gov/ix?doc=/Archives/edgar/data/1841666/000119312525004548/d784970d8k.htm>. Section 2.2(g) of the 2014 Definitions ("In the case of an exchange offer, the determination . . . shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.").

Note	Principal amount tendered under Exchange Offers	Principal amount tendered/not accepted for purchase, and instead exchanged	Total amount exchanged
March 2026 Notes	\$57,743,000	—	\$57,743,000
April 2026 Notes	\$55,695,000	—	\$55,695,000
2027 Notes	\$38,782,000	—	\$38,782,000
2028 Notes	\$238,850,000	—	\$238,850,000
2029 Notes	\$163,831,000	—	\$163,831,000
2030 Notes	\$373,774,000	—	\$373,774,000
2037 Notes	\$271,354,000	\$69,897,000	\$341,251,000
2040 Notes	\$538,520,000	\$0	\$538,520,000
2042 Notes	\$116,736,000	\$92,149,000	\$208,885,000
2043 Notes	\$111,741,000	\$40,945,000	\$152,868,000
2044 Notes	\$76,614,000	\$0	\$76,614,000
2047 Debentures	\$126,160,000	—	\$126,160,000
2049 Notes	\$330,094,000	—	\$330,094,000
2096 Debentures	\$37,408,000	—	\$37,408,000
Total of Apache Notes Exchanged for APA Notes on the Settlement Date			\$2,740,475,000

In addition to the Exchange Offers, the Apache Notes that were redeemed under the Tender Offers are listed in the table below and amounted to U.S. \$1,000,000,000.⁷

Note	Total Amount Accepted for Purchase in the Tender Offers
2037 Notes	\$0
2040 Notes	\$568,960,000
2042 Notes	\$124,995,000
2043 Notes	\$196,043,000
2044 Notes	\$110,002,000
Total of Apache Notes validly tendered and accepted for purchase on the Settlement Date	\$1,000,000,000

⁷ See APA Corporation's Form 8-K filing on January 10, 2025:
<https://www.sec.gov/ix?doc=/Archives/edgar/data/1841666/000119312525004548/d784970d8k.htm>.

The payment for each series of the APA Notes issued in the Exchange Offers will be guaranteed by Apache (the **Apache Guarantee**).⁸ Apache is a wholly owned subsidiary of APA.⁹

2. ANALYSIS UNDER THE 2014 DEFINITIONS

a. Relevant Obligations – Redeemed Apache Notes

Under the 2014 Definitions, the determination of a Successor focuses on whether a given entity "succeeds" to the "Relevant Obligations" of the Reference Entity. An entity "succeeds" to a Reference Entity and its Relevant Obligations when it "(ii) issues Bonds or incurs Loans (the 'Exchanged Bonds or Loans') that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans."¹⁰ In the case of an exchange, the determination is based on the proportion of Relevant Obligations that the new entity succeeded to relative to the outstanding balance of the exchanged bonds at the time of the exchange.¹¹

Further, Relevant Obligations are "the Obligations of the Reference Entity which fall within the Obligation Category 'Bond or Loan' and which are outstanding immediately prior to the Succession Date."¹² An "Obligation" means "any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee), excluding any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates [...]."¹³

Given that the Tender Offers and Exchange Offers were part of the same overall transaction and settled on the same day,¹⁴ the question arose as to whether the notes redeemed under the Tender Offers were obligations that were outstanding immediately prior to the exchange.

The Americas DC identified the outstanding obligations immediately prior to the Settlement Date listed in Annex A. Annex A includes the Apache Notes that were redeemed via the Tender Offers. Using the total amount listed in Annex A as the basis for Apache's Relevant Obligations, APA succeeded to 56.7% of Apache's Relevant Obligations. This percentage is based on the ratio of the notes and debentures subject to the exchange (U.S. \$2,740,475,000) to Apache's total Relevant Obligations (including the redeemed Apache Notes) (U.S. \$4,834,911,000), a percentage equal to: 56.7%.

If the Apache Notes redeemed via the Tender Offers were treated as obligations that were not "outstanding immediately prior to the Succession Date", APA would have succeeded to 71.5% of Apache's Relevant Obligations. This percentage is based on the ratio of the notes and debentures subject

⁸ See APA Corporation's Form 8-K filing on January 10, 2025: <https://www.sec.gov/ix?doc=/Archives/edgar/data/1841666/000119312525004548/d784970d8k.htm>.

⁹ See APA Corporation's Form 8-K filed on March 1, 2021: <https://www.sec.gov/ix?doc=/Archives/edgar/data/1841666/000119312521063695/d127090d8k12b.htm>.

¹⁰ Section 2.2(d)(ii) of the 2014 Definitions.

¹¹ Section 2.2(a) of the 2014 Definitions.

¹² Section 2.2(f) of the 2014 Definitions; see also Section 2.2(j) of the 2014 Definitions ("Succession Date" means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity . . .").

¹³ Section 3.1(a) of the 2014 Definitions; see also Section 2.2(f)(i) of the 2014 Definitions.

¹⁴ See the Jan 8 Press Release.

to the exchange (U.S. \$2,740,475,000) to Apache's total Relevant Obligations (not including the redeemed Apache Notes) (U.S. \$3,834,911,000), a percentage equal to: 71.5%.

Therefore, regardless of whether the redeemed Apache Notes are considered Relevant Obligations, the portion of Relevant Obligations succeeded to by APA is above 25% and below 75%.

b. Relevant Guarantee Analysis

Relevant Obligations may also include obligations of the Reference Entity where it is a provider of a Relevant Guarantee.¹⁵ The Transaction Type applicable to Apache is Standard North American Corporate. All guarantees are not applicable for credit derivatives transactions with a Transaction Type of Standard North American Corporate, and therefore, only a Qualifying Affiliate Guarantee is a Relevant Guarantee for purposes of Apache. A "Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity."¹⁶ The Americas DC reviewed the terms of the Form of Guarantee Apache would be providing for the APA Notes, and it guarantees the APA Notes until the first time that the aggregate principal amount of indebtedness under senior notes and debentures outstanding under Apache's existing indentures is less than U.S. \$1,000,000,000.¹⁷ This limitation in the guarantee causes it to not qualify as a Qualifying Guarantee and it therefore cannot be a Qualifying Affiliate Guarantee. Additionally, as a wholly owned subsidiary of APA, the guarantee is not a Qualifying Affiliate Guarantee since APA is not a Downstream Affiliate of Apache. The Americas DC concluded that the Apache Guarantee is not Relevant Guarantee, and therefore, not a Relevant Obligation of Apache prior to the exchange.

* * *

On the basis of Eligible Information, the Americas DC determined that (i) APA succeeded to more than 25% of the Relevant Obligations of Apache and (ii) more than 25% of Apache's Relevant Obligations remained with Apache. Given these determinations, both Apache and APA are Successors under Section 2.2(a)(iv) of the 2014 Definitions.¹⁸ Pursuant to Section 2.2(n) of the 2014 Definitions, each existing Credit Derivative Transaction specifying the Reference Entity would be divided into two, equally sized New Credit Derivative Transactions, and each Successor would be Reference Entity for the purposes of one of these New Credit Derivative Transactions.¹⁹ The Americas DC therefore Resolved that Apache and APA are joint Successors to Apache with respect to Credit Derivative Transactions, and that the Succession Date is January 10, 2025.

¹⁵ Section 3.1(a) of the 2014 Definitions; Section 3.22 of the 2014 Definitions.

¹⁶ Section 3.21 of the 2014 Definitions ("A Qualifying Guarantee means a guarantee evidenced by a written instrument . . . pursuant to which the Reference entity irrevocably agrees, undertakes, or is otherwise obliged to pay all amounts of principal and interest . . .").

¹⁷ See APA Corporation's Form 8-K filing on January 10, 2025:

<https://www.sec.gov/ix?doc=/Archives/edgar/data/1841666/000119312525004548/d784970d8k.htm>.

¹⁸ Section 2.2(a)(iv) of the 2014 Definitions.

¹⁹ Section 2.2(n) of the 2014 Definitions.

ANNEX A

Relevant Obligation	Description	Aggregate Principal Amount Outstanding
2025 Notes	4.625% Notes due November 15, 2025 CUSIP: 037411 BH7	\$51,000,000
March 2026 Notes	7.70% Notes due 2026 CUSIP: 037411 AJ4	\$78,588,000
April 2026 Notes	7.95% Notes due 2026 CUSIP: 037411 AK1	\$132,118,000
2027 Notes	4.875% Notes due 2027 CUSIP: 037411 BJ3	\$107,724,000
2028 Notes	4.375% Notes due 2028 CUSIP: 037411 BE4	\$324,715,000
2029 Notes	7.75% Notes due December 15, 2029 CUSIP: 03746AAA8	\$235,407,000
2030 Notes	4.250% Notes due 2030 CUSIP: 037411 BF1	\$515,917,000
2037 Notes	6.000% Notes due 2037 CUSIP: 037411 AR6	\$443,223,000
2040 Notes	5.100% Notes due 2040 CUSIP: 037411 AW5	\$1,332,639,000
2042 Notes	5.250% Notes due 2042 CUSIP: 037411 AY1	\$399,131,000
2043 Notes	4.750% Notes due 2043 CUSIP: 037411 BA2	\$427,662,000
2044 Notes	4.250% Notes due 2044 CUSIP: 037411 BC8	\$210,863,000
2047 Debentures	7.375% Debentures due 2047 CUSIP: 037411 AM7	\$150,000,000
2049 Notes	5.350% Notes due 2049 CUSIP: 037411 BG9	\$386,754,000
2096 Debentures	7.625% Debentures due 2096 CUSIP: 037411 AL9	\$39,170,000
Total of Outstanding Relevant Obligations as of January 10, 2025		\$4,834,911,000²⁰

²⁰ Includes the redeemed Apache Notes.