

APACHE CORP  
Form PRE 14A  
March 04, 2014  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

**APACHE CORPORATION**

**(Name of registrant as specified in its charter)**

**(Name of person(s) filing proxy statement, if other than the registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**APACHE CORPORATION**

**One Post Oak Central**

**2000 Post Oak Boulevard, Suite 100**

**Houston, Texas 77056-4400**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The 2014 annual meeting of shareholders of Apache Corporation, a Delaware corporation, will be held on Thursday, May 15, 2014, at 10:00 a.m. (Houston time), at the Hilton Houston Post Oak, 2001 Post Oak Boulevard, Houston, Texas, for the following purposes:

1. Election of the three directors named in the attached proxy statement to serve until the Company's annual meeting in 2017;
  2. Ratification of appointment of Ernst & Young LLP as the Company's independent auditors for fiscal year 2014;
  3. Advisory vote to approve the compensation of the Company's named executive officers;
  4. Approval of an amendment to the Company's Restated Certificate of Incorporation to eliminate the classified Board of Directors to provide for the annual election of all directors; and
  5. Transaction of any other business that may properly come before the meeting or any adjournment thereof.
5. Transaction of any other business that may properly come before the meeting or any adjournment thereof. Holders of record of the Company's common stock as of the close of business on March 17, 2014, are entitled to notice of, and to vote at, the annual meeting.

It is important that your shares are represented at the meeting. We encourage you to designate the proxies named on the enclosed proxy card to vote your shares on your behalf and per your instructions. This action does not limit your

right to vote in person or to attend the meeting.

By order of the Board of Directors

Houston, Texas

April [3], 2014

C. L. PEPPER

*Corporate Secretary*

APACHE CORPORATION

**Important Notice Regarding the Availability of Proxy Materials**

**for the Annual Meeting of Shareholders to be held on May 15, 2014:**

**This proxy statement, along with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 with 2013 Summary Annual Report, are available free of charge on the Company's website at <http://www.apachecorp.com>**

---

**Table of Contents****PROXY STATEMENT TABLE OF CONTENTS**

	<b>Page</b>
<u>General</u>	1
<u>Purpose of the Annual Meeting</u>	1
<u>Who Can Vote</u>	1
<u>How to Vote</u>	2
<u>Voting 401(k) Savings Plan Shares</u>	3
<u>Revoking a Proxy</u>	3
<u>Quorum</u>	3
<u>Votes Needed</u>	3
<u>Who Counts the Votes</u>	4
<u>Election of Directors (Item Nos. 1 - 3)</u>	5
<u>Nominees for Election as Directors</u>	6
<u>Continuing Directors</u>	7
<u>Qualifications of Directors</u>	9
<u>Director Independence</u>	12
<u>Standing Committees and Meetings of the Board of Directors</u>	15
<u>Criteria for New Board Members and Re-Election of Board Members</u>	18
<u>Report of the Audit Committee</u>	19
<u>Director Compensation</u>	21
<u>Securities Ownership and Principal Holders</u>	25
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	26
<u>Equity Compensation Plan Information</u>	27
<u>Executive Officers of the Company</u>	28
<u>Compensation Discussion and Analysis</u>	32
<u>Management Development and Compensation Committee Report</u>	55
<u>Summary Compensation Table</u>	56
<u>Grants of Plan Based Awards Table</u>	61
<u>Outstanding Equity Awards at Fiscal Year-End Table</u>	64
<u>Option Exercises and Stock Vested Table</u>	65
<u>Non-Qualified Deferred Compensation Table</u>	66

<u>Employment Contracts and Termination of Employment and Change-in-Control Arrangements</u>	67
<u>Compensation Committee Interlocks and Insider Participation</u>	70
<u>Certain Business Relationships and Transactions</u>	71

**Table of Contents**

<u>Ratification of Appointment of Independent Auditors (Item No. 4)</u>	72
<u>Advisory Vote to Approve Compensation of Named Executive Officers (Item No. 5)</u>	74
<u>Approval of Amendment to Restated Certificate of Incorporation (Item No. 6)</u>	77
<u>Future Shareholder Proposals and Director Nominations</u>	78
<u>Shareholders with the Same Last Name and Address</u>	78
<u>Solicitation of Proxies</u>	79
<u>Annex A: Amendment to Article NINTH of Restated Certificate of Incorporation</u>	A-1

Note: Throughout this proxy statement, references to the stock split relate to the two-for-one stock split of Apache common stock distributed in shares of common stock on January 14, 2004, to shareholders of record on December 31, 2003, and references to the stock dividends relate to the five-percent stock dividend on Apache common stock distributed in shares of common stock on April 2, 2003, to shareholders of record on March 12, 2003, and to the ten-percent stock dividend on Apache common stock distributed in shares of common stock on January 21, 2002, to shareholders of record on December 31, 2001.

**Information on our website is not incorporated by reference into, and does not constitute a part of, this proxy statement.**



**Table of Contents**

**APACHE CORPORATION**

**One Post Oak Central**

**2000 Post Oak Boulevard, Suite 100**

**Houston, Texas 77056-4400**

April [3], 2014

**PROXY STATEMENT**

**GENERAL**

This proxy statement contains information about the 2014 annual meeting of shareholders of Apache Corporation. In this proxy statement both Apache and the Company refer to Apache Corporation. This proxy statement and the enclosed proxy card are being mailed to you by the Company's Board of Directors starting on or about April [3], 2014.

**Purpose of the Annual Meeting**

At the Company's annual meeting, shareholders will vote on the following matters:

Items 1- 3: election of directors;

Item 4: ratification of appointment of Ernst & Young LLP as the Company's independent auditors;

Item 5: advisory vote to approve the compensation of the Company's named executive officers;

Item 6: approval of an amendment of the Company's Restated Certificate of Incorporation to eliminate the classified Board of Directors to provide for the annual election of all directors; and

Transaction of any other business that properly comes before the meeting. As of the date of this proxy statement, the Company is not aware of any other business to come before the meeting.

There are no rights of appraisal or similar rights of dissenters arising from matters to be acted on at the meeting.

**Who Can Vote**

Only shareholders of record holding shares of Apache common stock at the close of business on the record date, March 17, 2014, are entitled to receive notice of the annual meeting and to vote the shares of Apache common stock they held on that date. The Company's stock transfer books will not be closed. A complete list of shareholders entitled to vote at the annual meeting will be available for examination by any Apache shareholder at 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400, for purposes relating to the annual meeting, during normal

business hours for a period of ten days before the meeting.

As of January 31, 2014, there were 394,724,983 shares of Apache common stock issued and outstanding. Holders of Apache common stock are entitled to one vote per share and are not allowed to cumulate votes in the election of directors. The enclosed proxy card shows the number of shares that you are entitled to vote.

## Table of Contents

### How to Vote

If your shares of Apache common stock are held by a broker, bank or other nominee (in street name), you will receive instructions from them on how to vote your shares. If your shares are held by a broker and you do not give the broker specific instructions on how to vote your shares, your broker may vote your shares at its discretion on routine matters to be acted upon at the annual meeting. However, your shares will not be voted on any of the non-routine matters described below. An absence of voting instructions on any non-routine matters will result in a broker non-vote.

The only routine matter to be acted upon at the annual meeting is Item 4 ratification of appointment of Ernst & Young LLP as the Company's independent auditors. All other matters to be acted upon at the annual meeting are non-routine matters and, as such, if you hold all or any portion of your shares in street name and you do not give your broker or bank specific instructions on how to vote your shares, your shares will not be voted on any of the following non-routine matters:

Items 1-3 the election of directors;

Item 5 advisory vote to approve the compensation of the Company's named executive officers; and

Item 6 approval of an amendment of the Company's Restated Certificate of Incorporation to eliminate the classified Board of Directors to provide for the annual election of all directors.

If you hold shares of Apache common stock in your own name (as a shareholder of record), you may give the Company instructions on how your shares are to be voted by:

- (1) using the internet voting site listed on the enclosed proxy card or scanning the QR code on the enclosed proxy card with your mobile device (specific directions for using the internet/mobile voting system are shown on the proxy card); or
- (2) using the toll-free telephone number listed on the enclosed proxy card (specific directions for using the telephone voting system are included on the proxy card); or

(3) marking, signing, dating, and returning the enclosed proxy card in the postage-paid envelope provided. When using internet/mobile or telephone voting, the voting systems will verify that you are a shareholder through the use of a company number for Apache and a unique control number for you. ***If you vote by internet/mobile or telephone, please do not also mail the enclosed proxy card.***

Whichever method you use to transmit your instructions, your shares of Apache common stock will be voted as you direct. If you sign and return the enclosed proxy card or otherwise designate the proxies named on the proxy card to vote on your behalf, but do not specify how to vote your shares, they will be voted:

**FOR** the election of the nominees for director,

**FOR** the ratification of appointment of Ernst & Young LLP as the Company's independent auditors,

**FOR** the advisory vote to approve the compensation of the Company's named executive officers,

**FOR** approval of an amendment of the Company's Restated Certificate of Incorporation to eliminate the classified Board of Directors to provide for the annual election of all directors, and

In accordance with the judgment of the persons voting the proxy on any other matter properly brought before the meeting, if any are properly raised at the meeting.

## **Table of Contents**

### **Voting 401(k) Savings Plan Shares**

If you are an employee or former employee participating in the Apache 401(k) Savings Plan and have shares of Apache common stock credited to your plan account as of the record date, such shares are shown on the enclosed proxy card, and you have the right to direct the plan trustee regarding how to vote those shares. The trustee for the 401(k) Savings Plan is Fidelity Management Trust Company.

The trustee will vote the shares in your plan account in accordance with your instructions. If you do not send instructions (in the manner described under **How to Vote** above) or if your proxy card is not received by May 12, 2014, the shares credited to your account will be voted by the trustee in the same proportion as it votes shares for which it did receive timely instructions.

### **Revoking a Proxy**

You may revoke a proxy before it is voted by submitting a new proxy with a later date (by internet, telephone or mail), by voting at the meeting, or by filing a written revocation with Apache's corporate secretary. Your attendance at the annual meeting alone will not automatically revoke your proxy.

### **Quorum**

The presence at the annual meeting, in person or by proxy, of the holders of a majority of the shares of Apache common stock outstanding on the record date will constitute a quorum, permitting the business of the meeting to be conducted.

### **Votes Needed**

***Election of Directors.*** The affirmative vote of a majority of the votes cast at the annual meeting is required for the election of directors. You may vote FOR or AGAINST any or all director nominees or you may ABSTAIN as to one or more director nominees. As set forth in our bylaws, only votes FOR or AGAINST the election of a director nominee will be counted. Abstentions and broker non-votes count for quorum purposes, but not for purposes of the election of directors. A vote to ABSTAIN is not treated as a vote FOR or AGAINST and thus, will have no effect on the outcome of the vote.

***Ratification of the Appointment of Independent Auditors.*** The affirmative vote of a majority of the votes cast at the annual meeting is required for ratification of Ernst & Young LLP as the Company's independent auditors. You may vote FOR or AGAINST the ratification of appointment of Ernst & Young LLP as the Company's independent auditors or you may ABSTAIN. Votes cast FOR or AGAINST and ABSTENTIONS with respect to this matter will be counted as shares entitled to vote on the matter. Broker non-votes will be counted as shares entitled to vote on this matter. A vote to ABSTAIN will have the effect of a vote AGAINST ratification of the appointment of our independent registered public accounting