

PACIFIC GAS & ELECTRIC Co  
Form 424B2  
March 08, 2017  
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**Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-215427**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated January 25, 2017)**

**\$600,000,000**

**\$400,000,000 3.30% Senior Notes due March 15, 2027**

**\$200,000,000 4.00% Senior Notes due December 1, 2046**

We are offering \$400,000,000 principal amount of our 3.30% Senior Notes due March 15, 2027, which we refer to in this prospectus supplement as our 2027 notes and an additional \$200,000,000 principal amount of our 4.00% Senior Notes due December 1, 2046, which we refer to in this prospectus supplement as our 2046 notes. The 2027 notes and the 2046 notes are collectively referred to in this prospectus supplement as the senior notes.

We will pay interest on our 2027 notes offered hereby on each March 15 and September 15, commencing September 15, 2017. We will pay interest on our 2046 notes offered hereby on each June 1 and December 1, commencing June 1, 2017. The senior notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The terms of the 2046 notes, other than their issue date and public offering price, will be identical to the terms of the \$400,000,000 principal amount of 4.00% Senior Notes due December 1, 2046 offered and sold by our prospectus supplement dated November 28, 2016 and the accompanying prospectus. The 2046 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 4.00% Senior Notes due December 1, 2046, including the 2046 notes offered hereby, will be \$600,000,000.

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

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 apply 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.**

	<b>Per 2027 Note</b>	<b>Total</b>	<b>Per 2046 Note</b>	<b>Total</b>
Public Offering Price <sup>(1)</sup>	99.645%	\$ 398,580,000	97.932%	\$ 195,864,000
Underwriting Discounts and Commissions	0.650%	\$ 2,600,000	0.875%	\$ 1,750,000
Proceeds to Pacific Gas and Electric Company (before expenses) <sup>(1)</sup>	98.995%	\$ 395,980,000	97.057%	\$ 194,114,000

<sup>(1)</sup> Plus accrued interest, (i) with respect to the 2027 notes, from and including original issuance of the 2027 notes, and (ii) with respect to the 2046 notes, from and including December 1, 2016 to but excluding the delivery date (totaling \$2,200,000). Accrued interest on the 2046 notes must be paid by the purchasers of the 2046 notes, and must be paid by the purchasers of the 2027 notes in the event the 2027 notes are delivered after March 10, 2017.

**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 March 10, 2017 through the book-entry facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V.

*Joint Book-Running Managers*

**BNP PARIBAS**

**Goldman, Sachs & Co.**

**RBC Capital Markets**

**Wells Fargo Securities**

*Co-Managers*

**BNY Mellon Capital Markets, LLC**

**TD Securities**

**Blaylock Beal Van, LLC**

**MFR Securities, Inc.**

March 7, 2017

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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 into this prospectus supplement and the accompanying prospectus 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, us and the Company refer to Pacific Gas and Electric Company and its subsidiaries, and the term Corp refers to our parent, PG&E Corporation.

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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, 2016, 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. These statements are subject to various risks and uncertainties, the realization or resolution of which may be outside of management's control. 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 and proceedings; forecasts of pipeline-related expenses 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, estimate, predict, anticipate, may, could, potential and similar expressions. We are not able to predict all the factors that may 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 outcomes of the Butte fire litigation, and whether our insurance is sufficient to cover our liability resulting therefrom or whether insurance is otherwise available; and whether additional investigations and proceedings in connection with the Butte fire will be opened;

the timing and outcomes of the 2017 general rate case, transmission owner rate case, cost of capital proceeding, and other ratemaking and regulatory proceedings;

the terms of probation and the monitorship imposed in the sentencing phase of our federal criminal trial on January 26, 2017, the timing and outcomes of the debarment proceeding and potential remedial and other measures that could be imposed on us as a result of that proceeding, the Safety Enforcement Division of the California Public Utilities Commission's ( SED ) unresolved enforcement matters relating to our compliance with natural gas-related laws and regulations, and other investigations that have been or may be commenced relating to our compliance with natural gas-related laws and regulations, and the ultimate amount of fines, penalties, and remedial costs that we may incur in connection with the outcomes;

the timing and outcomes of the California Public Utilities Commission's ( CPUC ) investigation of communications between us and the CPUC that may have violated the CPUC's rules regarding ex parte communications or are otherwise alleged to be improper, or of a potential settlement, and of the U.S. Attorney's Office in San Francisco and the California Attorney General's office investigations in connection with communications between our personnel and CPUC officials, whether additional criminal or regulatory investigations or enforcement actions are commenced with respect to allegedly improper communications, and the extent to which such matters negatively affect the final decisions to be issued in our ratemaking proceedings;

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whether we are able to repair the harm to our reputation caused by our conviction in the federal criminal trial, the state and federal investigations of natural gas incidents, matters relating to the criminal federal trial, improper communications between the CPUC and us, and our ongoing work to remove encroachments from transmission pipeline rights-of-way;

whether we can control our costs within the authorized levels of spending, and successfully implement a streamlined organizational structure and achieve project savings, the extent to which we incur unrecoverable costs that are higher than the forecasts of such costs, and changes in cost forecasts or the scope and timing of planned work resulting from changes in customer demand for electricity and natural gas or other reasons;

the timing and outcome of the complaint filed by the CPUC and certain other parties with the Federal Energy Regulatory Commission on February 2, 2017; the complaint requests we provide an open and transparent planning process for our capital transmission projects that do not go through the California Independent System Operator's Transmission Planning Process in order to allow for participation and input from interested parties. The planning process that may result from the outcome of the proceeding may impact the scope and timing of capital transmission projects that we will execute in the future;

the outcome of the CPUC's investigation into our safety culture, and future legislative or regulatory actions that may be taken to require us to separate our electric and natural gas businesses, restructure into separate entities, undertake some other corporate restructuring, or implement corporate governance changes;

the outcomes of the SED's investigations of potential violations identified through audits, investigations, or self-reports including in connection with our February 2017 self-report related to our customer service representatives' drug and alcohol testing program;

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

the impact of environmental remediation laws, regulations, and orders; the ultimate amount of costs incurred to discharge our known and unknown remediation obligations; and the extent to which we are able to recover environmental costs in rates or from other sources;

the ultimate amount of unrecoverable environmental costs we incur associated with the our natural gas compressor station site located near Hinkley, California;

the impact of maintenance costs of our electric transmission facilities;

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; the impact of actions taken by state agencies that may affect our ability to continue operating Diablo Canyon nuclear power plant ( Diablo Canyon ); whether the CPUC approves the joint proposal that will phase out our Diablo Canyon nuclear units at the expiration of their licenses in 2024 and 2025; whether we obtain the approvals required to withdraw our NRC application to renew the two Diablo Canyon operating licenses; whether the State Lands Commission could be required to perform an environmental review of the new lands lease as a result of the World Business Academy s assertion that the State Lands Commission committed legal error when it determined that the short term lease extension for an existing facility was exempt from review under the California Environmental Quality Act; and whether we will be able to successfully implement our retention and retraining and development programs for Diablo Canyon employees, and whether these programs will be recovered in rates;

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whether we are successful in ensuring physical security of our critical assets and whether our information technology, operating systems and networks, including the advanced metering system infrastructure, customer billing, financial, records management, and other systems, can continue to function accurately while meeting regulatory requirements; whether we and our third party vendors and contractors (who host, maintain, modify and update some of our systems) 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, including confidential proprietary information and the personal information of customers; and whether we can continue to rely on third-party vendors and contractors that maintain and support some of our information technology and operating systems;

the impact of droughts or other weather-related conditions or events, wildfires (such as the Butte fire), climate change, natural disasters, acts of terrorism, war, 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; whether we incur liability to third parties for property damage or personal injury caused by such events; whether we are subject to civil, criminal, or regulatory penalties in connection with such events; and whether our insurance coverage is available for these types of claims and sufficient to cover our liability;

how the CPUC and the California Air Resources Board ( CARB ) implement state environmental laws relating to greenhouse gas, renewable energy targets, energy efficiency standards, distributed energy resources, electric vehicles, and similar matters, including 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 whether we are able to timely recover our associated investment costs;

the impact of the Senate Bill 887 directing Division of Oil, Gas and Geothermal Resources and CARB to develop permanent regulations for gas storage facility operations in California to comply with new safety and reliability measures, as well the impact of the Pipeline and Hazardous Materials Safety Administration rules effective January 18, 2017 regulating gas storage facilities at the federal level;

whether our climate change adaptation strategies are successful;

the impact that reductions in customer demand for electricity and natural gas have on our ability to make and recover our investments through rates and earn our authorized return on equity, and whether we are successful in addressing the impact of growing distributed and renewable generation resources, changing customer demand for natural gas and electric services, and an increasing number of customers departing for Community Choice Aggregators;

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; our ability and the ability of 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, including our renewable energy procurement costs;

disruptions and delays in nuclear fuel supply and related services by our sole source of nuclear fuel assemblies Westinghouse Electric Company, LLC ( WEC ), delays in connection with the Diablo Canyon outage and refueling, and adverse changes in contracts with WEC, as a result of which we could incur additional costs and expenses that could be material and there is no assurance that they would be recoverable in rates;

the amount and timing of charges reflecting probable liabilities for third-party claims; 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; and whether we can continue to obtain adequate insurance coverage for future losses or claims, especially following a major event that causes widespread third-party losses;

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our ability 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 we 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;

the impact of the corporate tax reform considered by the new federal administration and 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;

changes in the regulatory and economic environment, including potential changes affecting renewable energy sources and associated tax credits, as a result of the new federal administration; 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.

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.

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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 16 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.

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
2.04x	1.67x	2.55x	2.23x	2.24x

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 \$588.7 million (excluding accrued interest), after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We expect to use the net proceeds from the offering for general corporate purposes, including to repay our outstanding commercial paper. At March 6, 2017, the outstanding commercial paper was approximately \$954 million, the weighted average yield on our outstanding commercial paper was approximately 0.91% per annum and the weighted average maturity on our outstanding commercial paper was approximately 14 days.

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The following table sets forth our consolidated capitalization as of December 31, 2016, as adjusted to give effect to (i) the issuance and sale of the senior notes, and (ii) 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 fiscal year ended December 31, 2016, incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in the accompanying prospectus.

	<b>As of December 31, 2016</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(in millions)</b>	
<b>Current Liabilities:</b>		
Short-term borrowings(1)	\$ 1,516	\$ 927
Total long-term debt classified as current	\$ 700	\$ 700
<b>Capitalization:</b>		
Long-term debt(2)	\$ 15,872	\$ 16,466
Shareholders' equity(3)	18,395	18,395
<b>Total capitalization</b>	<b>\$ 34,267</b>	<b>\$ 34,861</b>

- (1) Actual short-term borrowings primarily included commercial paper and a \$250 million floating rate note 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 \$1,108 million of pollution control bonds and \$14,764 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 2027 notes are being offered in the aggregate principal amount of \$400,000,000 and will mature on March 15, 2027.

The 2046 notes are being offered in the aggregate principal amount of \$200,000,000 and will mature on December 1, 2046.

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 2046 notes form a part of the series of our 4.00% Senior Notes due December 1, 2046 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 2046 notes are sold by this prospectus supplement and the accompanying prospectus. We first issued our 4.00% Senior Notes due December 1, 2046 on December 1, 2016. The 2046 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 4.00% Senior Notes due December 1, 2046, including the 2046 notes offered hereby, will be \$600,000,000.

We may, without consent of the holders of senior notes, issue additional notes under the indenture, having the same terms in all respects to either series of senior notes (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 such series.

The 2027 notes will bear interest from March 10, 2017 at 3.30% per annum, payable semiannually on each March 15 and September 15, commencing on September 15, 2017 to holders of record at the close of business on March 1 and September 1 immediately preceding the interest payment date.

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The 2046 notes offered hereby will bear interest from December 1, 2016 at 4.00% per annum, payable semiannually on each June 1 and December 1, commencing on June 1, 2017, to holders of record on May 15 and November 15 immediately preceding the interest payment date.

We will issue the senior notes in minimum denominations of \$2,000 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 2027 Notes** and **Optional Redemption for Senior Notes**, **Optional Redemption for 2046 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 December 31, 2016, we had approximately \$15.9 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 December 31, 2016, we did not have any outstanding secured debt for borrowed money.

## **Optional Redemption for Senior Notes**

### ***Optional Redemption for 2027 Notes***

At any time prior to December 15, 2026 (the date that is three months prior to the maturity date), we may, at our option, redeem the 2027 notes in whole or in part at a redemption price equal to the greater of:

100% of the principal amount of the 2027 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 2027 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 the 2027 notes was December 15, 2026 (the date that is three months prior to the maturity date), discounted to the redemption date on a semiannual basis at the Adjusted Treasury Rate plus 15 basis points, plus, in either case, accrued and unpaid interest to, but not including, the redemption date.

At any time on or after December 15, 2026 (the date that is three months prior to the maturity date), we may redeem the 2027 notes, in whole or in part, at 100% of the principal amount of the 2027 notes being redeemed plus accrued and unpaid interest to, but not including, the redemption date.

As used in this section **Optional Redemption for 2027 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 2027 notes to be redeemed, assuming, for such purpose, that the 2027 notes matured on December 15, 2026 (the date that is three months prior to the maturity date (the remaining term )), 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 2027 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 2027 notes.

**Reference Treasury Dealer** means (1) each of BNP Paribas Securities Corp., Goldman, Sachs & Co., 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 2046 Notes***

At any time prior to June 1, 2046 (the date that is six months prior to the maturity date), we may, at our option, redeem the 2046 notes in whole or in part at a redemption price equal to the greater of:

100% of the principal amount of the 2046 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 2046 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 the 2046 notes was June 1, 2046 (the date that is six months prior to the maturity 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 June 1, 2046 (the date that is six months prior to the maturity date), we may redeem the 2046 notes, in whole or in part, at 100% of the principal amount of the 2046 notes being redeemed plus accrued and unpaid

interest to, but not including, the redemption date.

As used in this section Optional Redemption for 2046 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.

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**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.

**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 2046 notes to be redeemed, assuming, for such purpose, that the 2046 notes matured on June 1, 2046 (the date that is six months prior to the maturity date (the remaining term)), 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 2046 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 2046 notes.

**Reference Treasury Dealer** means (1) each of Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Mizuho Securities USA 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 of the senior notes will be calculated assuming a 360-day year consisting of twelve 30-day months.

We will send notice of any redemption of the senior notes 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 of the senior notes, 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.

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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 for Senior Notes**

There is no provision for a sinking fund for the senior notes.

## **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**

Each series of senior notes will initially be issued in the form of one or more global notes. Each series of 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 series of senior notes in the aggregate principal amount of such series of senior notes, 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 a series exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount of such series and an additional certificate will be issued with respect to any remaining principal amount of such series. 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 2046 notes as being issued in a qualified reopening for United States federal income tax purposes. Consequently, we intend to treat the 2046 notes as part of the same issue for United States federal income tax purposes as the 4.00% Senior Notes due December 1, 2046. The aggregate price paid for the 2046 notes will include pre-issuance accrued interest from and including December 1, 2016. Such pre-issuance accrued interest will be included in the first interest payment that will be made on June 1, 2017 to the holders of the 2046 notes. We will exclude the pre-issuance accrued interest in determining the issue price of the 2046 notes and, in accordance with this treatment, holders of the 2046 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 2046 notes.

There are certain tax reform proposals currently being considered in connection with the recent United States elections. While it is uncertain whether any such proposals would be enacted into law, and it is impossible to predict whether this will be the case, if any such proposals were to become law, they could materially change the United States federal income tax consequences described below.

**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.

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### ***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.

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

Upon the sale, exchange, retirement or other taxable disposition 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 taxable 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 2046 note for an amount that is greater than the stated principal amount (in excess of pre-issuance accrued interest) on the 2046 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 2046 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 2046 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 2046 note for an amount that is greater than the stated principal amount (in excess of pre-issuance accrued interest) on the 2046 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

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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, 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 percent 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 and applicable guidance provide that FATCA withholding generally applies to payments of interest, and will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2018, and (ii) certain pass-thru payments received with respect to debt obligations held through foreign financial institutions beginning on the later of January 1, 2019 and the date that applicable final regulations are issued. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

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**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

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 BNP Paribas Securities Corp., Goldman, Sachs & Co., 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.

**Underwriter**

**Princi**