UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended *December 31, 2002*
or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission File Number 1-1204

Amerada Hess Corporation

(Exact name of Registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)
13-4921002
(I.R.S. Employer Identification Number)

1185 AVENUE OF THE AMERICAS, NEW YORK, N.Y. (Address of principal executive offices)	**10036** (Zip Code)

(Registrant's telephone number, including area code, is (212) 997-8500)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock (par value $1.00)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ü No _

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ü No _

The aggregate market value of voting stock held by non-affiliates of the Registrant amounted to $3,415,000,000 as of February 28, 2003.

At February 28, 2003, 89,935,430 shares of Common Stock were outstanding.

Certain items in Parts I and II incorporate information by reference from the 2002 Annual Report to Stockholders and Part III is incorporated by reference from the Proxy Statement for the annual meeting of stockholders to be held on May 7, 2003.

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AMERADA HESS CORPORATION

Form 10-K

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PART I

Item 1. *Business*

Amerada Hess Corporation (the “Registrant”) is a Delaware corporation, incorporated in 1920. The Registrant and its subsidiaries (collectively referred to as the “Corporation”) explore for, produce, purchase, transport and sell crude oil and natural gas. These exploration and production activities take place in the United States, United Kingdom, Norway, Denmark, Equatorial Guinea, Gabon, Indonesia, Thailand, Azerbaijan, Algeria, Malaysia, Colombia and other countries. The Corporation also manufactures, purchases, transports, trades and markets refined petroleum and other energy products. The Corporation owns 50% of a refinery joint venture in the United States Virgin Islands, and another refining facility, terminals and retail gasoline stations located on the East Coast of the United States.

Exploration and Production

At December 31, 2002, the Corporation had 782 million barrels of proved crude oil and natural gas liquids reserves compared with 955 million barrels at the end of 2001. Proved natural gas reserves were 2,477 million Mcf at December 31, 2002 compared with 2,881 million Mcf at December 31, 2001. These crude oil and natural gas reserves include the Corporation’s proportionate share of the reserves of equity investees. Proved reserves at December 31, 2002 include 27% and 33%, respectively, of crude oil and natural gas held under production sharing contracts. Of the total proved reserves (on a barrel of oil equivalent basis), 19% are located in the United States, 42% are located in the United Kingdom, Norwegian and Danish sectors of the North Sea and the remainder are located in Algeria, Azerbaijan, Equatorial Guinea, Gabon, Indonesia, Thailand, Malaysia and Colombia. On a barrel of oil equivalent basis, 33% of the Corporation’s December 31, 2002 worldwide proved reserves are undeveloped (35% in 2001). Subsequent to year-end, the Corporation exchanged its producing properties in Colombia for an additional 25% interest in a block with proved reserves in the Joint Development Area between Malaysia and Thailand (“JDA”). The Corporation has also agreed to exchange its 25% interest in Premier Oil plc, an oil and gas exploration and production company, for an interest in a producing gas field in Indonesia.

Worldwide crude oil and natural gas liquids production amounted to 325,000 barrels per day in 2002 compared with 298,000 barrels per day in 2001. Worldwide natural gas production was 754,000 Mcf per day in 2002 compared with 812,000 Mcf per day in 2001. The Corporation presently estimates that its 2003 barrel of oil equivalent production will be approximately 20% less than its 2002 production. The Corporation is developing a number of oil and gas fields and also has an inventory of domestic and foreign drillable prospects.

United States. Amerada Hess Corporation operates mainly offshore in the Gulf of Mexico and onshore in Texas, Louisiana and North Dakota. During 2002, 20% of the Corporation’s crude oil and natural gas liquids production and 49% of its natural gas production were from United States operations.

The table below sets forth the Corporation’s average daily net production by area in the United States:

	2002	2001
Crude Oil, Including Condensate and Natural Gas Liquids (thousands of barrels per day)		
Gulf of Mexico	31	41
North Dakota	14	14
Texas	12	13
Louisiana	6	6
New Mexico	3	3
Total	66	77

	2002	2001
Natural Gas (thousands of Mcf per day)		
Gulf of Mexico	208	233
Louisiana	84	104
North Dakota	57	61
Texas	14	15
New Mexico	10	11
Total	373	424
Barrels of Oil Equivalent* (thousands of barrels per day)	128	148

* Reflects natural gas production converted on the basis of relative energy content (six Mcf equals one barrel).

The Llano Field (AHC 27.50%) on Garden Banks Blocks 385 and 386 in the Gulf of Mexico is currently being developed with initial production expected in 2004. Appraisal drilling is planned for the Shenzi prospect (AHC 28%) on Green Canyon Block 654 in the deepwater Gulf of Mexico.

At December 31, 2002, the Corporation has an interest in 318 exploration blocks in the Gulf of Mexico of which it operates 206. The Corporation has 668,000 net undeveloped acres in the Gulf of Mexico.

United Kingdom. The Corporation's activities in the United Kingdom are conducted by its wholly-owned subsidiary, Amerada Hess Limited. During 2002, 36% of the Corporation's crude oil and natural gas liquids production and 37% of its natural gas production were from United Kingdom operations.

The table below sets forth the Corporation's average daily net production in the United Kingdom by field and the Corporation's interest in each at December 31, 2002:

Producing Field	Interest	2002	2001
Crude Oil, Including Condensate and Natural Gas Liquids (thousands of barrels per day)			
Scott/Telford	34.95/31.42%	21	25
Beryl/Ness/Nevis/Buckland/Skene	22.22/22.22/37.35/14.07/9.07	20	22
Fife/Fergus/Flora/Angus	85.00/65.00/85.00/85.00	19	17
Bittern	28.28	15	15
Schiehallion	15.67	15	14
Ivanhoe/Rob Roy/Hamish	76.56	8	8
Arbroath/Montrose/Arkwright	28.21	6	7
Hudson	28.00	4	5
Other	Various	10	13
Total		118	126
Natural Gas (thousands of Mcf per day)			
Beryl/Ness/Nevis/Buckland	22.22/22.22/37.35/14.07%	54	56
Easington Catchment Area	23.84	47	56
Everest/Lomond	18.67/16.67	59	53
Indefatigable/Leman	23.08/21.74	46	52
Davy/Bessemer	27.78/23.08	27	28
Scott/Telford	34.95/31.42	20	19
Other	Various	24	27
Total		277	291
Barrels of Oil Equivalent (thousands of barrels per day)		164	175

During 2002, the Halley Field (AHC 40%) was brought onstream. Development of the Clair Field (AHC 9.29%) is proceeding and it is expected to begin production in 2004. The Atlantic (AHC 25%) and Cromarty (AHC 90%) fields are awaiting approval for development.

Amerada Hess Limited has entered into an agreement with Premier Oil plc, a United Kingdom company with international exploration and production interests, to exchange its 25% shareholding interest in Premier for a 23% interest in Natuna Sea Block A in Indonesia.

Norway. The Corporation's activities in Norway are conducted through its wholly-owned Norwegian subsidiary, Amerada Hess Norge A/S. Norwegian operations accounted for crude oil and natural gas liquids production of 25,000 and 26,000 barrels per day respectively, in 2002 and 2001. Natural gas production averaged 25,000 Mcf per day in both 2002 and 2001. Substantially all of the Norwegian production is from the Corporation's 28.09% interest in the Valhall Field. An enhanced-recovery waterflood project for the Valhall Field has been approved and initial water injection is scheduled for late 2003.

Denmark. Amerada Hess ApS, the Corporation's Danish subsidiary, operates the South Arne Field. Net crude oil production from the Corporation's 57.48% interest in the South Arne Field was 23,000 barrels of crude oil per day in 2002 compared to 20,000 barrels of oil per day in 2001. Natural gas production was 37,000 Mcf and 43,000 Mcf of natural gas per day in 2002 and 2001, respectively.

Equatorial Guinea. The Corporation has interests in production sharing contracts covering three offshore blocks, acquired in August 2001. Net crude oil production from the Corporation's 85% interest in the Ceiba Field averaged 37,000 barrels of crude oil per day in 2002 and 6,000 barrels per day in 2001 at an annualized rate. Development plans for the Okume, Oveng and Elon fields (AHC 85%) in the Rio Muni Basin offshore Equatorial Guinea were submitted for approval to the Government of Equatorial Guinea late in 2002. Exploration discoveries in 2002 included the Ebano, Elon, Akom and Abang fields (AHC 85%). Additional appraisal drilling is planned for these discoveries and development plans are being considered. An appraisal well was drilled in early 2003 that confirmed an earlier discovery well in 2002 and further appraisal drilling is planned.

Gabon. Amerada Hess Production Gabon, the Corporation's 77.5% owned Gabonese subsidiary, has a 10% interest in the Rabi Kounga Field and a 40% interest in the Atora Field. The Corporation's share of production averaged 9,000 net barrels of crude oil per day in 2002 and 2001.

Indonesia. The Corporation has a 30% interest in the Jabung production sharing contract, which includes the North Geragai and Makmur fields. Net production from these fields averaged 4,000 barrels of oil per day in 2002 and 6,000 barrels of oil per day in 2001. The Jabung production sharing contract area is currently being considered for sale. The Corporation has agreed to acquire a 23% interest in the Natuna Sea Block A production sharing contract from Premier Oil plc in exchange for its 25% shareholding in Premier. A natural gas discovery in the Pangkah production sharing contract area is currently being developed and other discoveries in Indonesia are being evaluated.

Thailand. The Corporation has a 15% interest in the Pailin gas field offshore Thailand. Net production from the Corporation's interest averaged 35,000 Mcf and 20,000 Mcf of natural gas per day in 2002 and 2001, respectively.

Algeria. The Corporation has a 49% interest in a venture with the Algerian national oil company, which is redeveloping three Algerian oil fields. The Corporation's share of production averaged 15,000 and 13,000 barrels of crude oil per day in 2002 and 2001, respectively.

Azerbaijan. The Corporation has a 2.72% interest in the AIOC Consortium in the Caspian Sea. Net production from its interest averaged 4,000 barrels of oil per day in 2002 and 2001, respectively.

Malaysia — Thailand. At year-end 2002, the Corporation owned a 25% interest in a production sharing contract in Block A-18 of the Joint Development Area ("JDA") of Malaysia and Thailand through its 50% interest in an equity investee.

In the first quarter of 2003, the Corporation acquired an additional 25% interest in the Block A-18 reserves in the JDA. The production sharing contract has a gas sales agreement for the sale of the first phase of gas production. Commencement of production is subject to completion of pipeline facilities to be constructed by the gas purchaser.

Colombia. The Corporation's share of production averaged 22,000 barrels of crude oil per day in 2002 and 10,000 barrels per day in 2001 at an annualized rate. In February 2003, the Corporation exchanged its crude oil producing properties in Colombia, plus $10 million in cash, for an additional 25% interest in Block A-18 of the JDA.

Refining and Marketing

Refining. The Corporation owns a 50% interest in the HOVENSA refining joint venture in the United States Virgin Islands. In addition, it owns and operates a refining facility in Port Reading, New Jersey.

HOVENSA. The refinery is a joint venture with a subsidiary of Petroleos de Venezuela S.A. (PDVSA). In 2002, the Corporation's share of refinery crude runs averaged 181,000 barrels per day compared with 202,000 barrels per day in 2001. During 2002, the 58,000 barrel per day coking unit at the refinery became operational. The coker permits HOVENSA to run lower-cost heavy crude oil. PDVSA supplies 155,000 barrels per day of Venezuelan Mesa crude oil to HOVENSA under a long-term crude oil supply contract. HOVENSA has a second long-term supply contract with PDVSA to purchase 115,000 barrels per day of Venezuelan Merey heavy crude oil. The remaining crude oil is purchased mainly under contracts of one year or less from third parties and through spot purchases on the open market. After sales of refined products by HOVENSA to third parties, the Corporation purchases 50% of HOVENSA's remaining production at market prices.

Port Reading Facility. The Corporation owns and operates a fluid catalytic cracking facility in Port Reading, New Jersey. This facility processes vacuum gas oil and residual fuel oil. It currently operates at a rate of approximately 55,000 barrels per day and substantially all of its production is gasoline and heating oil.

Marketing. The Corporation markets refined petroleum products on the East Coast of the United States to the motoring public, wholesale distributors, industrial and commercial users, other petroleum companies, governmental agencies and public utilities. It also markets natural gas to utilities and other industrial, commercial customers. The Corporation's energy marketing activities include the sale of electricity. The Corporation has a 50% voting interest in a consolidated partnership that trades energy commodities and derivatives. The Corporation also takes trading positions for its own account.

The Corporation has 1,187 HESS® gasoline stations at December 31, 2002, of which approximately 67% are company operated. Most of the gasoline stations are concentrated in densely populated areas, principally in New York, New Jersey, Pennsylvania, Florida, Massachusetts and North and South Carolina, and 836 have convenience stores. The Corporation owns approximately 50% of the properties on which the stations are located.

The Corporation has a wholly-owned subsidiary which provides distributed electricity generating equipment to industrial and commercial customers as an alternative to purchasing electricity from local utilities. The Corporation also has invested in long-term technology to develop fuel cells for electricity generation through a venture with other parties.

The Corporation has 22 terminals with an aggregate storage capacity of 22 million barrels in its East Coast marketing areas. Refined product sales averaged 383,000 barrels per day in 2002 and 387,000 barrels per day in 2001. Of total refined products sold in 2002, approximately 46% was obtained from HOVENSA and Port Reading. The Corporation purchased the balance from others under short-term supply contracts and by spot purchases from various sources.

Competition and Market Conditions

The petroleum industry is highly competitive. The Corporation encounters competition from numerous companies in each of its activities, particularly in acquiring rights to explore for crude oil and natural gas and in the purchasing and marketing of refined products and natural gas. Many competitors are larger and have substantially greater resources than the Corporation. The Corporation is also in competition with producers and marketers of other forms of energy.

The petroleum business involves large-scale capital expenditures and risk-taking. In the search for new oil and gas reserves, long lead times are often required from successful exploration to subsequent production. Operations in the petroleum industry depend on a depleting natural resource. The number of areas where it can be expected that hydrocarbons will be discovered in commercial quantities is constantly diminishing and exploration risks are high. Areas where hydrocarbons may be found are often in remote locations or offshore where exploration and development activities are capital intensive and operating costs are high.

The major foreign oil producing countries, including members of the Organization of Petroleum Exporting Countries ("OPEC"), exert considerable influence over the supply and price of crude oil and refined petroleum products. Their ability or inability to agree on a common policy on rates of production and other matters has a significant impact on oil markets and the Corporation. The derivatives markets are also important in influencing the selling prices of crude oil, natural gas and refined products. The Corporation cannot predict the extent to which future market conditions may be affected by foreign oil producing countries, the derivatives markets or other external influences.

Other Items

The Corporation's operations may be affected by federal, state, local, territorial and foreign laws and regulations relating to tax increases and retroactive tax claims, expropriation of property, cancellation of contract rights, and changes in import regulations, as well as other political developments. The Corporation has been affected by certain of these events in various countries in which it operates. The Corporation markets motor fuels through lessee-dealers and wholesalers in certain states where legislation prohibits producers or refiners of crude oil from directly engaging in retail marketing of motor fuels. Similar legislation has been periodically proposed in the U.S. Congress and in various other states. The Corporation, at this time, cannot predict the effect of any of the foregoing on its future operations.

Compliance with various environmental and pollution control regulations imposed by federal, state and local governments is not expected to have a materially adverse effect on the Corporation's earnings and competitive position within the industry. The Corporation spent $9 million in 2002 for environmental remediation, with a comparable amount anticipated for 2003. Capital expenditures for facilities, primarily to comply with federal, state and local environmental standards, were $5 million in 2002 and the Corporation anticipates $15 million in 2003. Regulatory changes already made or anticipated in the United States will alter the composition and emissions characteristics of motor fuels. Future capital expenditures necessary to comply with these regulations will be substantial. The Environmental Protection Agency has adopted rules that limit the amount of sulfur in gasoline and diesel fuel. These rules phase in beginning in 2004. Capital expenditures necessary to comply with the low-sulfur gasoline requirements at Port Reading are expected to be approximately $70 million over the next four years. Capital expenditures to comply with low-sulfur gasoline and diesel fuel requirements at HOVENSA are currently expected to be approximately $450 million over the next four years. HOVENSA expects to finance these capital expenditures through cash flow and, if necessary, future borrowings.

The number of persons employed by the Corporation averaged 11,662 in 2002 and 10,838 in 2001.

Additional operating and financial information relating to the business and properties of the Corporation appears in the text on pages 10 and 11 under the heading "Exploration & Production," on page 12 under the heading "Refining & Marketing," on pages 14 through 25 under the heading "Financial Review" and on pages 26 through 57 of the accompanying 2002 Annual Report to Stockholders, which information is incorporated herein by reference.*

The Corporation’s Internet address is www.hess.com. The Corporation makes available free of charge on its Internet website its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after the Corporation electronically files with or furnishes such material to the Securities and Exchange Commission.

Item 2. *Properties*

Reference is made to Item 1 and the operating and financial information relating to the business and properties of the Corporation which is incorporated in Item 1 by reference.

Additional information relating to the Corporation’s oil and gas operations follows:

1. Oil and gas reserves

The Corporation’s net proved oil and gas reserves at the end of 2002, 2001 and 2000 are presented under Supplementary Oil and Gas Data in the accompanying 2002 Annual Report to Stockholders, which has been incorporated herein by reference.

During 2002, the Corporation provided oil and gas reserve estimates for 2001 to the Department of Energy. Such estimates are compatible with the information furnished to the SEC on Form 10-K, although not necessarily directly comparable due to the requirements of the individual requests. There were no differences in excess of 5%.

The Corporation has no contracts or agreements to sell fixed quantities of its crude oil production, although derivative instruments are used to reduce the effects of changes in selling prices. In the United States, natural gas is sold to local distribution companies, and commercial, industrial, and other purchasers, on a spot basis and under contracts for varying periods. The Corporation’s United States production is expected to approximate 60% of its 2003 commitments under these contracts which total approximately 345,000 Mcf per day. Natural gas sales commitments for 2004 are comparable. The Corporation attempts to minimize price and supply risks associated with its United States natural gas supply commitments by entering into purchase contracts with third parties having adequate sources of supply, on terms substantially similar to those under its commitments.

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* Except as to information specifically incorporated herein by reference under Items 1, 2, 5, 6, 7, 7A and 8, no other information or data appearing in the 2002 Annual Report to Stockholders is deemed to be filed with the Securities and Exchange Commission (SEC) as part of this Annual Report on Form 10-K, or otherwise subject to the SEC’s regulations or the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

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2. Average selling prices and average production costs

	2002	2001	2000
Average selling prices (Note A)			
Crude oil, including condensate and natural gas liquids (per barrel)			
United States	$22.58	$22.44	$23.66
Europe	24.84	24.49	25.28
Africa, Asia and other	24.53	23.76	27.06
Average	24.30	23.83	24.99
Natural gas (per Mcf)			
United States	$ 3.65	$ 3.99	$ 3.74
Europe	2.16	2.51	2.18
Africa, Asia and other	3.08	2.94	2.45
Average	2.92	3.27	2.82
Average production (lifting) costs per barrel of oil equivalent produced (Note B)			
United States	$5.15	$3.95	$3.52
Europe	4.99	4.40	4.17
Africa, Asia and other (Note C)	4.83	6.45	5.78
Average	5.00	4.50	4.07

Note A: Includes inter-company transfers valued at approximate market prices and the effect of the Corporation’s hedging activities.

Note B: Production (lifting) costs consist of amounts incurred to operate and maintain the Corporation’s producing oil and gas wells, related equipment and facilities (including lease costs of floating production and storage facilities) and production and severance taxes. The average production costs per barrel of oil equivalent reflect the crude oil equivalent of natural gas production converted on the basis of relative energy content (six Mcf equals one barrel).

Note C: Variations in production costs reflect changes in the mix of the Corporation’s producing fields in Africa and Asia, including fields held under production sharing contracts.

The foregoing tabulation does not include substantial costs and charges applicable to finding and developing proved oil and gas reserves, nor does it reflect significant outlays for related general and administrative expenses, interest expense and income taxes.

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3. Gross and net undeveloped acreage at December 31, 2002

	Undeveloped acreage (Note A) (in thousands)	
	Gross	Net
United States	1,304	743
Europe	5,220	1,733
Africa, Asia and other	25,322	10,491
Total (Note B)	31,846	12,967

Note A: Includes acreage held under production sharing contracts.

Note B: Approximately one-third of net undeveloped acreage held at December 31, 2002 will expire during the next three years.

4. Gross and net developed acreage and productive wells at December 31, 2002

	Developed acreage applicable to productive wells (in thousands)		Productive wells (Note A)			
			Oil		Gas	
	Gross	Net	Gross	Net	Gross	Net
United States	1,871	547	2,147	624	301	177
Europe	690	185	310	79	169	35
Africa, Asia and other	775	179	280	57	166	25
Total	3,336	911	2,737	760	636	237

Note A: Includes multiple completion wells (wells producing from different formations in the same bore hole) totaling 158 gross wells and 43 net wells.

5. Number of net exploratory and development wells drilled

	Net exploratory wells			Net development wells		
	2002	2001	2000	2002	2001	2000
Productive wells						
United States	11	7	2	26	46	19
Europe	2	3	1	5	6	6
Africa, Asia and other	8	4	1	25	15	11
Total	21	14	4	56	67	36
Dry holes						
United States	3	7	9	4	2	3
Europe	1	2	3	–	–	–
Africa, Asia and other	7	4	3	1	–	–
Total	11	13	15	5	2	3
Total	32	27	19	61	69	39

6. Number of wells in process of drilling at December 31, 2002

	Gross wells	Net wells
United States	1	1
Europe	5	2

Africa, Asia and other	7	2
Total	13	5

7. Number of waterfloods and pressure maintenance projects in process of installation at December 31, 2002 — 2

Item 3. ***Legal Proceedings***

Two actions, which have been consolidated in United States District Court for the District of New Jersey, have been commenced against certain executive officers and former executive officers of the Registrant alleging that these individuals sold shares of the Registrant's common stock in advance of the Registrant's acquisition of Triton Energy Limited ("Triton") in 2001 in violation of federal securities laws. In addition to the federal actions, four derivative actions seeking damages on behalf of the Registrant, all of which have been consolidated as a derivative action in the Superior Court of the State of New Jersey, have been commenced against certain executive officers and former executive officers of the Registrant, some of whom are also directors, alleging, among other things, that the officers breached their fiduciary duties by misusing material non-public information of the Registrant to personally profit from sales of the Registrant's common stock. The Registrant believes that these actions are without merit and is advancing expenses to these individuals in accordance with the By-Laws of the Registrant to defend these actions. The Registrant believes that these actions will not have a material adverse effect on the Registrant.

In July through October 1998, eight lawsuits were filed against Registrant's subsidiary, Triton and Thomas G. Finck and Peter Rugg, in their capacities as former officers of Triton. The lawsuits were filed in the United States District Court for the Eastern District of Texas, Texarkana Division, and have been consolidated and are styled In re: Triton Energy Limited Securities Litigation. The consolidated complaint alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, in connection with disclosures concerning its properties, operations, and value relating to a prospective sale in 1998 of Triton or of all or a part of its assets. The lawsuits sought recovery of an unspecified amount of compensatory damages, fees and costs.

On July 29, 2002, Triton, together with Messrs. Finck and Rugg entered into a Stipulation and Agreement of Settlement with the lead plaintiffs and class members (respectively, the "Lead Plaintiffs" and "Class Members") involved in *In Re Triton Energy Limited Securities Litigation* pursuant to which Triton agreed to pay a total of $42,000,000 to $49,500,000, depending on proofs of claims submitted by Class Members, to settle all claims asserted by the Lead Plaintiffs and the Class Members against the Defendants. Of this amount, $20,000,000 is covered by Registrant's insurance. On September 23, 2002 the United States District Court for the Eastern District of Texas, Texarkana Division, entered an Order and Final Judgment approving the settlement. As of the date hereof, Triton and its insurers have paid a total of $42,000,000.

Registrant has been served with a complaint from the New York State Department of Environmental Conservation ("DEC") relating to alleged violations at its petroleum terminal in Brooklyn, New York. The complaint, which seeks an order to shut down the terminal and penalties in unspecified amounts, alleges violations involving the structural integrity of certain tanks, the erosion of shorelines and bulkheads, petroleum discharges and improper certification of tank repairs. DEC is also seeking relief relating to remediation of certain gasoline stations in the New York metropolitan area. Registrant believes that many of the allegations are factually inaccurate or based on an incorrect interpretation of applicable law. Registrant has already undertaken efforts to address certain conditions discussed in the complaint. Registrant intends to vigorously contest the complaint, but is involved in settlement discussions with DEC.

Over the last five years, many refiners have entered into consent agreements to resolve EPA's assertions that these facilities were modified or expanded without complying with New Source Review regulations that require permits and new emission controls in certain circumstances and other regulations which impose emissions control requirements. These consent agreements, which arise out of an EPA enforcement initiative focusing on petroleum refiners and utilities, have typically imposed substantial civil fines and penalties and required significant capital expenditures to install emissions control equipment. EPA's enforcement initiative is expected to continue in the refining sector. However, no enforcement action has been threatened or instituted against the Corporation or HOVENSA.

The Corporation periodically receives notices from EPA that the Corporation is a "potentially responsible party" under the Superfund legislation with respect to various waste disposal sites. Under this legislation, all potentially responsible parties are jointly and severally liable. For certain sites, EPA's claims or assertions of liability against the Corporation relating to these sites have not been fully developed. With respect to the remaining sites, EPA's claims have been settled, or a proposed settlement is under consideration, in all cases for amounts which are not material. The ultimate impact of these proceedings, and of any related proceedings by private parties, on the business or accounts of the Corporation cannot be predicted at this time due to the large number of other potentially responsible parties and the speculative nature of clean-up cost estimates, but is not expected to be material.

The Corporation is from time to time involved in other judicial and administrative proceedings, including proceedings relating to other environmental matters. Although the ultimate outcome of these proceedings cannot be ascertained at this time and some of them may be resolved adversely to the Corporation, no such proceeding is required to be disclosed under applicable rules of the Securities and Exchange Commission. In management's opinion, based upon currently known facts and circumstances, such proceedings in the aggregate will not have a material adverse effect on the financial condition of the Corporation.

Item 4. ***Submission of Matters to a Vote of Security Holders***

During the fourth quarter of 2002, no matter was submitted to a vote of security holders through the solicitation of proxies or otherwise.

Executive Officers of the Registrant

The following table presents information as of February 1, 2003 regarding executive officers of the Registrant:

Name	Age	Office Held*	Year individual became an executive officer
John B. Hess	48	Chairman of the Board, Chief Executive Officer and Director	1983
J. Barclay Collins II	58	Executive Vice President, General Counsel and Director	1986
John J. O'Connor	56	Executive Vice President, President of Worldwide Exploration and Production and Director	2001
John Y. Schreyer	63	Executive Vice President, Chief Financial Officer and Director	1990
F. Borden Walker	49	Executive Vice President and President of Refining and Marketing	1996
Brent Cheshire	47	Senior Vice President	2002
John A. Gartman	55	Senior Vice President	1997
Neal Gelfand	58	Senior Vice President	1980
Gerald A. Jamin	61	Senior Vice President and Treasurer	1985
Brian F. Maxted	45	Senior Vice President	2002
Lawrence H. Ornstein	51	Senior Vice President	1995
Howard Paver	52	Senior Vice President	2002
John P. Rielly	40	Vice President and Controller	2002
Robert P. Strode	46	Senior Vice President	2000

* All officers referred to herein hold office in accordance with the By-Laws until the first meeting of the Directors following the annual meeting of stockholders of the Registrant and until their successors shall have been duly chosen and qualified. Each of said officers was elected to the office set forth opposite his name on May 1, 2002. The first meeting of Directors following the next annual meeting of stockholders of the Registrant is scheduled to be held May 7, 2003.

Except for Messrs. O'Connor, Maxted, Paver, Rielly and Strode, each of the above officers has been employed by the Registrant or its subsidiaries in various managerial and executive capacities for more than five years. Mr. O'Connor had served in senior executive positions at Texaco Inc. and BHP Petroleum prior to his employment with the Registrant in October 2001. Prior to the acquisition by Registrant of Triton Energy Limited ("Triton") in 2001, Mr. Maxted served in a senior executive position at Triton. Mr. Paver had served in a senior executive position at BHP Petroleum prior to his employment with a subsidiary of Registrant in October 2002. Mr. Rielly had been a partner of Ernst & Young LLP prior to his employment with the Registrant in April 2001. Prior to his employment with the Registrant in April 2000, Mr. Strode had served in senior executive positions in the area of exploration at Vastar Resources, Inc. and Atlantic Richfield Company.

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PART II

Item 5. ***Market for the Registrant's Common Stock and Related Stockholder Matters***

Information pertaining to the market for the Registrant's Common Stock, high and low sales prices of the Common Stock in 2002 and 2001, dividend payments and restrictions thereon and the number of holders of Common Stock is presented on page 25 (Financial Review), page 36 (Long-Term Debt) and on page 54 (Ten-Year Summary of Financial Data) of the accompanying 2002 Annual Report to Stockholders, which has been incorporated herein by reference.

Item 6. ***Selected Financial Data***

A Ten-Year Summary of Financial Data is presented on pages 52 through 55 of the accompanying 2002 Annual Report to Stockholders, which has been incorporated herein by reference.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The information required by this item is presented on pages 14 through 25 of the accompanying 2002 Annual Report to Stockholders, which has been incorporated herein by reference.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

The information required by this item is presented under "Market Risk Disclosure" on pages 20 through 23 and in Footnote 15 on pages 41 and 42 of the accompanying 2002 Annual Report to Stockholders, which has been incorporated herein by reference.

Item 8. ***Financial Statements and Supplementary Data***

The consolidated financial statements, including the Report of Ernst & Young LLP, Independent Auditors, the Supplementary Oil and Gas Data (unaudited) and the Quarterly Financial Data (unaudited) are presented on pages 25 through 51 of the accompanying 2002 Annual Report to Stockholders, which has been incorporated herein by reference.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

Information relating to Directors is incorporated herein by reference to "Election of Directors" from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 7, 2003.

Information regarding executive officers is included in Part I hereof.

Item 11. ***Executive Compensation***

Information relating to executive compensation is incorporated herein by reference to "Election of Directors–Executive Compensation and Other Information," other than information under "Compensation Committee Report on Executive Compensation" and "Performance Graph" included therein, from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 7, 2003.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information pertaining to security ownership of certain beneficial owners and management is incorporated herein by reference to "Election of Directors–Ownership of Voting Securities by Certain Beneficial Owners" and "Election of Directors–Ownership of Equity Securities by Management" from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 7, 2003.

Following is information on the Registrant's equity compensation plans at December 31, 2002:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	4,390,000	$59.06	937,000*
Equity compensation plans not approved by security holders	—	—	—

* In February 2003, the Corporation awarded 742,500 shares of non-vested common stock.

Item 13. ***Certain Relationships and Related Transactions***

Information relating to this item is incorporated herein by reference to "Election of Directors" from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 7, 2003.

Item 14. ***Controls and Procedures***

Based upon their evaluation of the Corporation's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15d-14(c)) as of December 31, 2002, John B. Hess, Chief Executive Officer, and John Y. Schreyer, Chief Financial Officer, concluded that these disclosure controls and procedures were effective as of December 31, 2002.

There have been no significant changes in the Corporation's internal controls or in other factors that could significantly affect internal controls after December 31, 2002.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

(a) 1. and 2. Financial statements and financial statement schedules

The financial statements filed as part of this Annual Report on Form 10-K are listed in the accompanying index to financial statements and schedules.

3. Exhibits

3(1)	–Restated Certificate of Incorporation of Registrant incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1988.
3(2)	–By-Laws of Registrant incorporated by reference to Exhibit 3 of Form 10-Q of Registrant for the three months ended June 30, 2002.
4(1)	–Certificate of designations, preferences and rights of 3% cumulative convertible preferred stock of Registrant incorporated by reference to Exhibit 4 of Form 10-Q of Registrant for the three months ended June 30, 2000.
4(2)	–Third Amended and Restated Credit Agreement (“Facility B”) dated as of January 23, 2001 among Amerada Hess Corporation, the lenders party thereto and JP Morgan Chase Bank (formerly, The Chase Manhattan Bank, N.A.), as Administrative Agent, incorporated by reference to Exhibit 4(2) of Form 10-K of Registrant for the fiscal year ended December 31, 2001.
4(3)	–Indenture dated as of October 1, 1999 between Registrant and The Chase Manhattan Bank, as Trustee, incorporated by reference to Exhibit 4(1) of Form 10-Q of Registrant for the three months ended September 30, 1999.
4(4)	–First Supplemental Indenture dated as of October 1, 1999 between Registrant and The Chase Manhattan Bank, as Trustee, relating to Registrant’s 7 3/8% Notes due 2009 and 7 7/8% Notes due 2029, incorporated by reference to Exhibit 4(2) to Form 10-Q of Registrant for the three months ended September 30, 1999.
4(5)	–Prospectus Supplement dated August 8, 2001 to Prospectus dated July 27, 2001 relating to Registrant’s 5.30% Notes due 2004, 5.90% Notes due 2006, 6.65% Notes due 2011 and 7.30% Notes due 2031, incorporated by reference to Registrant’s prospectus filed pursuant to Rule 424(b)(2) under the Securities Act of 1933 on August 9, 2001.
4(6)	–Prospectus Supplement dated February 28, 2002 to Prospectus dated July 27, 2001 relating to Registrant’s 7.125% Notes due 2033, incorporated by reference to Registrant’s prospectus filed pursuant to Rule 424(b)(2) under the Securities Act of 1933 on February 28, 2002.
	–Other instruments defining the rights of holders of long-term debt of Registrant and its consolidated subsidiaries are not being filed since the total amount of securities authorized under each such instrument does not exceed 10 percent of the total assets of Registrant and its subsidiaries on a consolidated basis. Registrant agrees to furnish to the Commission a copy of any instruments defining the rights of holders of long-term debt of Registrant and its subsidiaries upon request.
10(1)	–Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(4) of Form 10-Q of Registrant for the three months ended June 30, 1981.
10(2)	–Restated Second Extension and Amendment Agreement dated July 27, 1990 between Hess Oil Virgin Islands Corp. and the Government of the Virgin Islands incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1990.

3. Exhibits (continued)

10(3)	–Technical Clarifying Amendment dated as of November 17, 1993 to Restated Second Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(3) of Form 10-K of Registrant for the fiscal year ended December 31, 1993.
10(4)	–Third Extension and Amendment Agreement dated April 15, 1998 and effective October 30, 1998 among Hess Oil Virgin Islands Corp., PDVSA V.I., Inc., HOVENSA L.L.C. and the Government of the Virgin Islands incorporated by reference to Exhibit 10(4) of Form 10-K of Registrant for the fiscal year ended December 31, 1998.
10(5)*	–Incentive Compensation Award Plan for Key Employees of Amerada Hess Corporation and its subsidiaries incorporated by reference to Exhibit 10(2) of Form 10-K of Registrant for the fiscal year ended December 31, 1980.
10(6)*	–Financial Counseling Program description incorporated by reference to Exhibit 10(3) of Form 10-K of Registrant for the fiscal year ended December 31, 1980.
10(7)*	–Amerada Hess Corporation Savings and Stock Bonus Plan.
10(8)*	–Amerada Hess Corporation Savings and Stock Bonus Plan for Retail Operations Employees.
10(9)*	–Amerada Hess Corporation Pension Restoration Plan dated January 19, 1990 incorporated by reference to Exhibit 10(9) of Form 10-K of Registrant for the fiscal year ended December 31, 1989.
10(10)*	–Letter Agreement dated August 8, 1990 between Registrant and Mr. John Y. Schreyer relating to Mr. Schreyer’s participation in the Amerada Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(11) of Form 10-K of Registrant for the fiscal year ended December 31, 1991.
10(11)*	–Amended and Restated 1995 Long-Term Incentive Plan incorporated by reference to Form 10-Q of Registrant for the three months ended June 30, 2000.
10(12)*	–Stock Award Program for non-employee directors dated August 6, 1997 incorporated by reference to Exhibit 10(11) of Form 10-K of Registrant for the fiscal year ended December 31, 1997.
10(13)*	–Change of Control Termination Benefits Agreement dated as of September 1, 1999 between Registrant and John B. Hess, incorporated by reference to Exhibit 10(1) of Form 10-Q of Registrant for the three months ended September 30, 1999. Substantially identical agreements (differing only in the signatories thereto) were entered into between Registrant and J. Barclay Collins, John J. O’Connor, John Y. Schreyer and F. Borden Walker.
10(14)*	–Change of Control Termination Benefits Agreement dated as of September 1, 1999 between Registrant and John A. Gartman incorporated by reference to Exhibit 10(14) of Form 10-K of Registrant for the fiscal year ended December 31, 2001. Substantially identical agreements (differing only in the signatories thereto) were entered into between Registrant and other executive officers (other than the named executive officers referred to in Exhibit 10(13)).
10(15)*	–Letter Agreement dated March 18, 2002 between Registrant and John J. O’Connor relating to Mr. O’Connor’s participation in the Amerada Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(15) of Form 10-K of Registrant for the fiscal year ended December 31, 2001.

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3. Exhibits (continued)

10(16)*	–Letter Agreement dated March 18, 2002 between Registrant and F. Borden Walker relating to Mr. Walker's participation in the Amerada Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(16) of Form 10-K of Registrant for the fiscal year ended December 31, 2001.
10(17)*	–Deferred Compensation Plan of Registrant dated December 1, 1999 incorporated by reference to Exhibit 10(16) of Form 10-K of Registrant for the fiscal year ended December 31, 1999.
10(18)*	–Letter Agreement dated May 17, 2001 between Registrant and John P. Rielly relating to Mr. Rielly's participation in the Amerada Hess Corporation Pension Restoration Plan.
10(19)	–Asset Purchase and Contribution Agreement dated as of October 26, 1998, among PDVSA V.I., Inc., Hess Oil Virgin Islands Corp. and HOVENSA L.L.C. (including Glossary of definitions) incorporated by reference to Exhibit 2.1 of Form 8-K of Registrant dated October 30, 1998.
10(20)	–Amended and Restated Limited Liability Company Agreement of HOVENSA L.L.C. dated as of October 30, 1998 incorporated by reference to Exhibit 10.1 of Form 8-K of Registrant dated October 30, 1998.
13	–2002 Annual Report to Stockholders of Registrant.
21	–Subsidiaries of Registrant.
23	–Consent of Ernst & Young LLP, Independent Auditors, dated March 26, 2003, to the incorporation by reference in Registrant's Registration Statements on Form S-8 (Nos. 333-94851, 333-43569, 333-43571 and 33-65115), of its report relating to Registrant's financial statements, which consent appears on page F-2 herein.
99(1)	–Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99(2)	–Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* These exhibits relate to executive compensation plans and arrangements.

(b) Reports on Form 8-K

During the three months ended December 31, 2002, Registrant filed or furnished the following reports on Form 8-K: i) report on October 24, 2002 furnishing under Item 9 the prepared remarks of the Chairman of the Board of Registrant at a public conference call held on that date, and (ii) a filing on December 5, 2002 reporting under Item 5 the election of Craig G. Matthews as a member of the Registrant's Board of Directors.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 26th day of March 2003.

AMERADA HESS CORPORATION
(Registrant)

By /s/ JOHN Y. SCHREYER
....
(John Y. Schreyer)
Executive Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOHN B. HESS .... **(John B. Hess)**	Director, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 26, 2003
/s/ NICHOLAS F. BRADY .... **(Nicholas F. Brady)**	Director	March 26, 2003
/s/ J. BARCLAY COLLINS II .... **(J. Barclay Collins II)**	Director	March 26, 2003
/s/ EDITH E. HOLIDAY .... **(Edith E. Holiday)**	Director	March 26, 2003
/s/ THOMAS H. KEAN .... **(Thomas H. Kean)**	Director	March 26, 2003
/s/ CRAIG G. MATTHEWS .... **(Craig G. Matthews)**	Director	March 26, 2003
/s/ JOHN J. O'CONNOR .... **(John J. O'Connor)**	Director	March 26, 2003
/s/ FRANK A. OLSON .... **(Frank A. Olson)**	Director	March 26, 2003
/s/ JOHN P. RIELLY .... **(John P. Rielly)**	Vice President and Controller (Principal Accounting Officer)	March 26, 2003
/s/ JOHN Y. SCHREYER .... **(John Y. Schreyer)**	Director, Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 26, 2003
/s/ ERNST H. VON METZSCH .... **(Ernst H. von Metzsch)**	Director	March 26, 2003
/s/ ROBERT N. WILSON .... **(Robert N. Wilson)**	Director	March 26, 2003

I, John B. Hess, certify that:

1. I have reviewed this annual report on Form 10-K of Amerada Hess Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By /s/ JOHN B. HESS

....

John B. Hess
Chairman of the Board and
Chief Executive Officer

Date: March 26, 2003

I, John Y. Schreyer, certify that:

1. I have reviewed this annual report on Form 10-K of Amerada Hess Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By /s/ JOHN Y. SCHREYER

....

John Y. Schreyer
Executive Vice President and
Chief Financial Officer

Date: March 26, 2003

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

* The financial statements and notes thereto together with the Report of Ernst & Young LLP, Independent Auditors, on pages 26 through 46, the Quarterly Financial Data (unaudited) on page 25, and the Supplementary Oil and Gas Data (unaudited) on pages 47 through 51 of the accompanying 2002 Annual Report to Stockholders are incorporated herein by reference.

** Schedules other than Schedule II have been omitted because of the absence of the conditions under which they are required or because the required information is presented in the financial statements or the notes thereto.

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CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Amerada Hess Corporation of our report dated February 21, 2003, included in the 2002 Annual Report to Stockholders of Amerada Hess Corporation.

Our audits also included the financial statement schedule of Amerada Hess Corporation listed in Item 14(a). This schedule is the responsibility of the Corporation's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statements (Form S-8, Nos. 333-94851, 333-43569, 333-43571 and 33-65115) pertaining to the Amerada Hess Corporation Employees' Savings and Stock Bonus Plan, Amerada Hess Corporation Savings and Stock Bonus Plan for Retail Operations Employees and the 1995 Long-Term Incentive Plan.

Ernst & Young LLP

New York, N.Y.

March 26, 2003

Schedule II

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2002, 2001 and 2000

(in millions)

Description	Balance January 1	Additions: Charged to costs and expenses	Additions: Charged to other accounts	Deductions from reserves	Balance December 31
2002					
Losses on receivables	$ 15	$ 7	$ 4	$13	$ 13
Deferred income tax valuation	$ 93	$ 2	$ —	$—	$ 95
Major maintenance	$ 19	$ 19	$ —	$18	$ 20
2001					
Losses on receivables	$ 34	$ 10	$ 3	$32(A)	$ 15
Deferred income tax valuation	$111	$ —	$ —	$18	$ 93
Major maintenance	$ 19	$ 16	$ —	$16	$ 19
2000					
Losses on receivables	$ 6	$ 33	$ —	$ 5	$ 34
Deferred income tax valuation	$182	$ —	$ —	$71(B)	$111
Major maintenance	$ 36	$ 14	$ —	$31(C)	$ 19

(A) Reflects write-off of uncollectible accounts.

(B) Primarily reflects use of tax loss carryforward.

(C) Primarily represents cost of turnaround at refining facility.

HOVENSA L.L.C

FINANCIAL STATEMENTS

As of December 31, 2002

REPORT OF INDEPENDENT AUDITORS

Executive Committee and Members
HOVENSA L.L.C.

We have audited the accompanying balance sheet of HOVENSA L.L.C. (the "Company") as of December 31, 2002 and 2001, and the related statements of operations and cumulative earnings, cash flows and comprehensive income (loss) for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HOVENSA L.L.C. at December 31, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

Ernst + Young LLP

February 21, 2003

HOVENSA L.L.C.

BALANCE SHEET

at December 31,

(Thousands of Dollars)

	2002	2001
ASSETS		
Current Assets		
Cash and cash equivalents	$ 11,103	$ 24,880
Restricted cash	52,657	10,502
Accounts receivable		
Members and affiliates	67,762	73,293
Trade	68,823	49,344
Other	19,845	534
Inventories	250,349	323,748
Deposits and prepaid expenses	49,547	8,304
Total Current Assets	520,086	490,605
Property, Plant and Equipment		
Land	19,315	19,315
Refinery facilities	2,054,994	1,333,732
Other	42,880	37,010
Construction in progress	23,733	640,937
Total — at cost	2,140,922	2,030,994
Less accumulated depreciation	(245,936)	(184,497)
Property, Plant and Equipment — Net	1,894,986	1,846,497
Other Assets	40,353	34,962
Total Assets	$2,455,425	$2,372,064
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable		
Members and affiliates	$ 116,873	$ 121,158
Trade	148,768	110,706
Other	74	12
Accrued liabilities	27,965	30,866
Taxes payable	1,278	1,090
Current maturities of long-term debt	39,500	30,000
Total Current Liabilities	334,458	293,832
Long-Term Debt	467,253	365,000
Other Liabilities	45,581	23,252
Members' Equity		
Members' initial investment	1,343,429	1,343,429
Cumulative earnings	264,704	353,506
Accumulated other comprehensive income	—	(6,955)
Total Members' Equity	1,608,133	1,689,980
Total Liabilities and Members' Equity	$2,455,425	$2,372,064

See accompanying notes to financial statements.

HOVENSA L.L.C.

STATEMENT OF INCOME AND CUMULATIVE EARNINGS

For the Years Ended December 31,

(Thousands of Dollars)

	2002	2001	2000
Sales	$3,783,348	$4,208,658	$5,242,739
Cost of Sales			
Product costs	3,453,026	3,654,980	4,636,468
Operating expenses	359,939	365,538	289,393
Depreciation	65,345	56,647	59,140
Total Cost of Sales	3,878,310	4,077,165	4,985,001
Margin	(94,962)	131,493	257,738
Other			
Interest expense	(8,951)	—	(4,187)
Other income (expense)	15,111	(11,573)	(6,852)
Net Income (Loss)	$ (88,802)	$ 119,920	$ 246,699
Cumulative Earnings			
Opening balance	$ 353,506	$ 233,586	$ (13,113)
Net income (loss) for the period	(88,802)	119,920	246,699
Closing balance	$ 264,704	$ 353,506	$ 233,586

See accompanying notes to the financial statements.

HOVENSA L.L.C.

STATEMENT OF CASH FLOWS

For the Years Ended December 31,

(Thousands of Dollars)

	2002	2001	2000
Cash Flows from Operating Activities			
Net income (loss)	$ (88,802)	$ 119,920	$ 246,699
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	65,345	56,647	59,140
(Increase) decrease in accounts receivable	(33,259)	90,743	(50,093)
(Increase) decrease in inventories	73,399	(25,039)	(42,912)
(Increase) decrease in prepaid expenses	(41,243)	436	(731)
(Increase) decrease in other assets	(5,391)	1,624	(9,492)
Increase (decrease) in accounts payable and accrued liabilities	37,893	(166,184)	140,773
Increase (decrease) in taxes payable	188	(89)	66
Increase (decrease) in other liabilities	22,329	1,012	(3,510)
Net cash provided by operating activities	30,459	79,070	339,940
Cash Flows from Investing Activities			
Capital expenditures			
Coker	(85,960)	(236,982)	(309,465)
All other	(27,874)	(70,748)	(16,683)
Net cash used in investing activities	(113,834)	(307,730)	(326,148)
Cash Flows from Financing Activities			
Long-term borrowing	226,753	264,000	—
Repayment of long-term debt	(115,000)	—	(19,000)
Short-term borrowing	—	—	2,000
Repayment of short-term debt	—	(2,000)	—
Increase in restricted cash	(42,155)	(10,502)	—
Net cash provided by (used in) financing activities	69,598	251,498	(17,000)
Increase (Decrease) in Cash and Cash Equivalents	(13,777)	22,838	(3,208)
Cash and Cash Equivalents — Beginning of the Year	24,880	2,042	5,250
Cash and Cash Equivalents — End of the Year	$ 11,103	$ 24,880	$ 2,042

See accompanying notes to the financial statements.

HOVENSA L.L.C.

STATEMENT OF COMPREHENSIVE INCOME

For the Years Ended December 31,

(Thousands of Dollars)

	2002	2001	2000
Components of Comprehensive Income (Loss)			
Net Income (loss)	$(88,802)	$119,920	$246,699
Unrealized gains (losses) on cash flow hedges	—	(4,045)	—
Reclassification of cash flow hedges to income	6,955	—	—
FAS 133 transition adjustment	—	(2,910)	—
Comprehensive Income (Loss)	$(81,847)	$112,965	$246,699

See accompanying notes to the financial statements.

HOVENSA L.L.C.

NOTES TO THE FINANCIAL STATEMENTS

(Thousands of Dollars)

Note 1: Basis of Financial Statements and Significant Accounting Policies

Nature of Business: HOVENSA L.L.C. (Company) was formed as a joint venture between Petroleos de Venezuela, SA. (PDVSA) and Amerada Hess Corporation (AHC) to operate the Company's refinery. The Company purchases crude oil from PDVSA, AHC and third parties. It manufactures and sells petroleum products primarily to PDVSA and AHC. In preparing financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenues and expenses in the statement of income. Actual results could differ from those estimates. Estimates made by management include: inventory and other asset valuations, environmental obligations, depreciable lives and turnaround accruals.

The Company is jointly owned by PDVSA V.I., Inc. (PDVSA V.I.), a subsidiary of PDVSA, and Hess Oil Virgin Islands Corp. (HOVIC), a subsidiary of AHC.

A summary of all material transactions between the Company, its members and affiliates follows:

	2002	2001	2000
Sale of petroleum products:			
AHC	$1,283,433	$1,499,540	$2,080,286
PDVSA	1,346,879	1,498,636	1,954,918
Purchases of crude oil and products:			
AHC	78,582	109,598	97,858
PDVSA	2,046,769	1,619,781	1,926,486
Administrative service agreement fee paid to AHC	7,829	8,737	8,422
Marine revenues received from PDVSA and AHC	1,416	1,443	754
Freight expenses paid to AHC related to purchases from affiliates	4,881	6,457	5,426
Storage expenses paid to AHC	—	—	1,795

The Company has a product sales agreement with AHC and Petroleum Marketing International (Petromar), a subsidiary of PDVSA. After any sales of refined products by HOVENSA to third parties, Petromar and AHC each must purchase 50% of HOVENSA's gasoline, distillate, residual fuel and other products at market prices. The Company also has long-term crude oil supply agreements with Petromar, by which Petromar agrees to sell to HOVENSA a monthly average of 155,000 barrels per day of Mesa crude oil and 115,000 barrels per day of Merey crude oil. Because of civil unrest in Venezuela, PDVSA invoked force majeure under its crude oil supply agreements in December 2002 and curtailed delivery of crude oil. Consequently, the Company reduced its crude oil charge rate and began purchasing crude oil from other sources. In March 2003, the force majeure was lifted and crude oil supplies from PDVSA have returned to normal.

HOVENSA L.L.C.

NOTES TO THE FINANCIAL STATEMENTS

(Thousands of Dollars) — (Continued)

PDVSA and AHC each guarantee the payment of up to 50% of the value of the crude oil purchases from third parties. In addition, PDVSA and AHC have agreed to provide funding (50% each) to the extent that the Company does not have funds to meet its senior debt obligations due prior to completion of coker construction, as defined to include specified post-construction performance tests. After completion of the coker construction project, this amount decreases to $ 40,000 each, until completion of construction required to meet final low sulfur fuel regulations, after which the amount becomes $ 15,000 each.

Cash and Cash Equivalents: Cash equivalents consist of highly liquid investments, which are readily convertible into cash and have maturities of three months or less when acquired.

Restricted Cash: Restricted cash at December 31 was as follows:

	2002	2001
Funds reserved for construction of the Coker facilities	$ —	$10,502
Debt service reserve fund	52,657	—
Total restricted cash	$52,657	$10,502

Restricted Cash at December 31, 2001 related to funds associated with tax exempt financing. Use of these funds was limited to the construction of the Company’s delayed coking unit and related facilities only. These funds were used in 2002. In November 2002, the Company established a Debt Service Reserve Fund under the terms of its loan agreements. This fund represents 75% of the total estimated debt service for the next 12 month period.

Inventories: Inventories of crude oil and refined products are valued at the lower of last-in, first-out (LIFO) cost or market. During 2002, a reduction of inventory quantities resulted in a liquidation of LIFO inventories carried at below market costs, which increased net income by approximately $ 30,900. At December 31, 2002, LIFO inventory cost was $178,803 lower than it would have been using the average cost method.

Inventories of materials and supplies are valued at the lower of cost or market.

Revenue Recognition: The Company recognizes revenues from the sale of petroleum products when title passes to the customer.

HOVENSA L.L.C.

NOTES TO THE FINANCIAL STATEMENTS

(Thousands of Dollars) — (Continued)

Depreciation: Depreciation of refinery facilities is determined principally on the units-of-production method based on estimated production volumes. Depreciation of all other equipment is determined on the straight-line method based on estimated useful lives.

Maintenance and Repairs: The estimated cost of major maintenance (turnarounds) is accrued. Other expenditures for maintenance and repairs are charged against income as incurred. Renewals and improvements are treated as additions to property, plant and equipment, and items replaced are treated as retirements.

Environmental Policy: The Company capitalizes environmental expenditures that increase the life or efficiency of property or that reduce or prevent environmental contamination. The Company accrues for environmental expenses resulting from existing conditions that relate to past operations when the future costs are probable and reasonably estimable.

Income Taxes: The Company is a limited liability company and, as a result, income taxes are the responsibility of the members.

Interest Hedges: In 2001, under the terms of its bank credit agreement, the Company was required to use interest rate collars to reduce the effects of fluctuations in interest expense related to long-term debt. These derivatives were designated as hedges of future cash flow (cash flow hedges) and the gains or losses were recorded in other comprehensive income until the related transactions were expensed in 2002. The company's obligation to maintain these hedges was completed in 2002.

Note 2: Inventories as of December 31 were as follows:

	2002	2001
Crude oil	$ 148,540	$136,948
Refined and other finished products	224,496	185,619
Less: LIFO adjustment	(178,803)	(52,745)
	194,233	269,822
Materials and supplies	56,116	53,926
Total	$ 250,349	$323,748

(Thousands of Dollars) — (Continued)

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Note 3: Other income and expense in the income statement included the following:

	2002	2001	2000
Settlement of business interruption claims	$ 23,100	$ —	$ —
Settlement of crude quality claims	13,400	—	—
Repairs related to 2002 FCC outage	(14,320)	—	—
Repairs related to 2001 fire damage	—	(9,000)	—
V.I. Gross Receipts tax & export fee	(4,626)	(5,303)	(5,734)
Other	(2,443)	2,730	(1,118)
Total other income (expense)	$ 15,111	$(11,573)	$(6,852)

Note 4: Insurance Proceeds: The Company recognized insurance proceeds in 2002 related to the settlement of two business interruption claims:

Settlement — 2001 fire at Platformer No. 4	$ 4,100
Partial settlement — 2002 outage at the FCC complex	19,000
Total Insurance settlements recognized	$23,100

The cash related to the FCC settlement was received in the 1st quarter of 2003.

Note 5: Long-Term Debt

Long-term debt at December 31 was as follows:

	2002	2001
Term loan facility with banks, weighted average rate of 4.77%	$350,000	$250,000
General purpose revolving credit facility with banks, weighted average rate of 4.49%	30,000	145,000
Tax-Exempt Revenue Bonds at a rate of 6.50%	126,753	—
	506,753	395,000
Less amount included in current maturities	(39,500)	(30,000)
	$467,253	$365,000

The Company has a $ 546,000 credit agreement with banks. This agreement consists of a $ 396,000 term loan facility to finance the construction of a 58,000 barrel per day delayed coking unit and related facilities and to refinance outstanding amounts under a previous credit agreement. The term debt is scheduled to be repaid in semi-annual installments beginning December 2003 and will be fully amortized by June 2008. The agreement also includes a $ 150,000 general purposes revolving credit facility, due to be repaid by 2007. Borrowings under this agreement bear interest at a margin of 3.00% above the London Interbank Offered Rate (LIBOR). At completion of the Coker Project, this margin will increase by 0.25%. Although operational, completion of the Coker Project, as defined in the loan agreements, including post-construction performance testing, has not yet been achieved. Commitment fees of .375% per annum are payable on the unused portion of the facilities. The agreement is collateralized by the physical assets and certain material contracts of the Company.

HOVENSA L.L.C.

NOTES TO THE FINANCIAL STATEMENTS

(Thousands of Dollars) — (Continued)

In November 2002, the Company issued $ 126,753 of Senior Secured Tax-Exempt Revenue Bonds under the authority of the Government of the U.S. Virgin Islands and the Virgin Islands Public Finance Authority. The Bonds begin to amortize in 2014 and will be fully amortized by July 1, 2021.

The debt agreements contain various restrictions and conditions with respect to incurrence of additional debt as well as cash distributions, with cash distributions prohibited until the completion of the Coker Project and restricted by means of cash flow coverage ratio covenants until completion of construction required to meet final low sulfur fuel regulations.

In accordance with the debt agreements, long-term debt is scheduled to be repaid as follows:

Year	Debt Repayment
2003	$ 39,500
2004	72,000
2005	47,250
2006	65,250
2007	76,500
Subsequent years	176,253
Totals	$476,753

The general purpose revolving credit facility reduces by $ 50,000 at December 31 in each of the years 2005, 2006 and 2007.

In 2002, the Company capitalized interest of $18,901 on the delayed coker unit ($21,232 in 2001). The interest paid (net of amounts capitalized) was $8,619 in 2002, $0 in 2001 and $3,232 in 2000.

HOVENSA L.L.C.

NOTES TO THE FINANCIAL STATEMENTS

(Thousands of Dollars) — (Continued)

Note 6: Pension plan

The Company has a defined benefit pension plan for substantially all of its employees. The following table reconciles the pension benefit obligation and fair value of plan assets and shows the funded status:

	2002	2001
Reconciliation of pension benefit obligation		
Benefit obligation at January 1	$ 9,858	$ 6,156
Service costs	3,293	2,879
Interest costs	756	473
Actuarial loss	1,889	393
Benefit payments	(75)	(43)
Pension benefit obligation at December 31	15,721	9,858
Reconciliation of fair value of plan assets		
Fair value of plan assets at January 1	6,216	2,880
Actual return on plan assets	(781)	(191)
Employer contributions	2,936	3,570
Benefit payments	(75)	(43)
Fair value of plan assets at December 31	8,296	6,216
Funded status at December 31		
Funded status	(7,425)	(3,642)
Unrecognized loss	4,904	1,663
Accrued pension liability	$ (2,521)	$(1,979)

Pension expense consisted of the following:

	2002	2001	2000
Service cost	$3,293	$2,879	$2,549
Interest cost	756	473	234
Expected return on plan assets	(709)	(411)	(113)
Recognized loss	136	53	—
Pension expense	$3,476	$2,994	$2,670

(Thousands of Dollars) — (Continued)

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The actuarial assumptions used by the Company's pension plan at December 31 were as follows:

	2002	2001
Discount rate	6.8%	7.3%
Expected long-term rate of return on plan assets	9.0%*	9.0%
Rate of compensation increases	4.5%	4.5%

* Reduced to 8.5% effective January 1, 2003.

Note 7: Interest Hedges

On January 1, 2001, the Company adopted FAS No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement required that the Company recognize all derivatives on the balance sheet at fair value and established criteria for using derivatives as hedges.

The Company used interest rate collars to reduce the effects of fluctuations in interest expense related to long-term debt.

The January 1, 2001 transition adjustment from adopting FAS No. 133 resulted from these hedges and was a cumulative decrease in accumulated other comprehensive income of $2,910. The accounting change also affected current liabilities. The adoption of FAS No. 133 did not affect net income or cumulative earnings.

The interest rate collars and the hedged transactions matured in 2002. These interest rate collars were designated as hedges of expected future cash flows (cash flow hedges), and the losses were recorded in other comprehensive income until the hedged interest was recognized. At December 31, 2001, deferred losses from interest hedging were $6,955.

The Company reclassified hedging gains and losses on interest rate collars from accumulated other comprehensive income to interest expense (portions of which were capitalized) over the period hedged. Hedging increased interest expense in 2001 by $3,415 (including $1,360 associated with the transition adjustment at the beginning of the year) and $6,955 in 2002. The ineffective portion of hedges is included in current earnings. The amount of hedge ineffectiveness was not material during the years ended December 31, 2002 and 2001.

Note 8: Environmental Requirements

In December 1999, the United States Environmental Protection Agency (EPA) adopted rules that phase in limitation on the sulfur content of gasoline beginning in 2004. In December 2000, the EPA adopted regulations to reduce substantially the allowable sulfur content of diesel fuel by 2006. The EPA and individual states are also considering restriction or a prohibition on the use of MTBE, a gasoline additive that the Company produces and uses to meet United States regulations requiring oxygenation of reformulated gasoline.

The Company is reviewing options to determine the most cost effective compliance strategies for these new fuel regulations. The costs to comply will depend on a variety of factors, including the availability of suitable technology and contractors and whether the minimum oxygen content requirement for reformulated gasoline remains in place if MTBE is banned. Capital Expenditures necessary to comply with the low sulfur gasoline and diesel fuel requirements are estimated to be $450,000 over the next four years.

EXHIBIT INDEX

Exhibit Number	Description
3(1)	–Restated Certificate of Incorporation of Registrant incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1988.
3(2)	–By-Laws of Registrant incorporated by reference to Exhibit 3 of Form 10-Q of Registrant for the three months ended June 30, 2002.
4(1)	–Certificate of designations, preferences and rights of 3% cumulative convertible preferred stock of Registrant incorporated by reference to Exhibit 4 of Form 10-Q of Registrant for the three months ended June 30, 2000.
4(2)	–Third Amended and Restated Credit Agreement (“Facility B”) dated as of January 23, 2001 among Amerada Hess Corporation, the lenders party thereto and JP Morgan Chase Bank (formerly, The Chase Manhattan Bank, N.A.), as Administrative Agent, incorporated by reference to Exhibit 4(2) of Form 10-K of Registrant for the fiscal year ended December 31, 2001.
4(3)	–Indenture dated as of October 1, 1999 between Registrant and The Chase Manhattan Bank, as Trustee, incorporated by reference to Exhibit 4(1) of Form 10-Q of Registrant for the three months ended September 30, 1999.
4(4)	–First Supplemental Indenture dated as of October 1, 1999 between Registrant and The Chase Manhattan Bank, as Trustee, relating to Registrant’s 7 3/8% Notes due 2009 and 7 7/8% Notes due 2029, incorporated by reference to Exhibit 4(2) to Form 10-Q of Registrant for the three months ended September 30, 1999.
4(5)	–Prospectus Supplement dated August 8, 2001 to Prospectus dated July 27, 2001 relating to Registrant’s 5.30% Notes due 2004, 5.90% Notes due 2006, 6.65% Notes due 2011 and 7.30% Notes due 2031, incorporated by reference to Registrant’s prospectus filed pursuant to Rule 424(b)(2) under the Securities Act of 1933 on August 9, 2001.
4(6)	–Prospectus Supplement dated February 28, 2002 to Prospectus dated July 27, 2001 relating to Registrant’s 7.125% Notes due 2033, incorporated by reference to Registrant’s prospectus filed pursuant to Rule 424(b)(2) under the Securities Act of 1933 on February 28, 2002.
	–Other instruments defining the rights of holders of long-term debt of Registrant and its consolidated subsidiaries are not being filed since the total amount of securities authorized under each such instrument does not exceed 10 percent of the total assets of Registrant and its subsidiaries on a consolidated basis. Registrant agrees to furnish to the Commission a copy of any instruments defining the rights of holders of long-term debt of Registrant and its subsidiaries upon request.
10(1)	–Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(4) of Form 10-Q of Registrant for the three months ended June 30, 1981.

Exhibit Number	Description
10(2)	–Restated Second Extension and Amendment Agreement dated July 27, 1990 between Hess Oil Virgin Islands Corp. and the Government of the Virgin Islands incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1990.
10(3)	–Technical Clarifying Amendment dated as of November 17, 1993 to Restated Second Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(3) of Form 10-K of Registrant for the fiscal year ended December 31, 1993.
10(4)	–Third Extension and Amendment Agreement dated April 15, 1998 and effective October 30, 1998 among Hess Oil Virgin Islands Corp., PDVSA V.I., Inc., HOVENSA L.L.C. and the Government of the Virgin Islands incorporated by reference to Exhibit 10(4) of Form 10-K of Registrant for the fiscal year ended December 31, 1998.
10(5)*	–Incentive Compensation Award Plan for Key Employees of Amerada Hess Corporation and its subsidiaries incorporated by reference to Exhibit 10(2) of Form 10-K of Registrant for the fiscal year ended December 31, 1980.
10(6)*	–Financial Counseling Program description incorporated by reference to Exhibit 10(3) of Form 10-K of Registrant for the fiscal year ended December 31, 1980.
10(7)*	–Amerada Hess Corporation Savings and Stock Bonus Plan.
10(8)*	–Amerada Hess Corporation Savings and Stock Bonus Plan for Retail Operations Employees.
10(9)*	–Amerada Hess Corporation Pension Restoration Plan dated January 19, 1990 incorporated by reference to Exhibit 10(9) of Form 10-K of Registrant for the fiscal year ended December 31, 1989.
10(10)*	–Letter Agreement dated August 8, 1990 between Registrant and Mr. John Y. Schreyer relating to Mr. Schreyer's participation in the Amerada Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(11) of Form 10-K of Registrant for the fiscal year ended December 31, 1991.
10(11)*	–Amended and Restated 1995 Long-Term Incentive Plan incorporated by reference to Form 10-Q of Registrant for the three months ended June 30, 2000.
10(12)*	–Stock Award Program for non-employee directors dated August 6, 1997 incorporated by reference to Exhibit 10(11) of Form 10-K of Registrant for the fiscal year ended December 31, 1997.
10(13)*	–Change of Control Termination Benefits Agreement dated as of September 1, 1999 between Registrant and John B. Hess, incorporated by reference to Exhibit 10(1) of Form 10-Q of Registrant for the three months ended September 30, 1999. Substantially identical agreements (differing only in the signatories thereto) were entered into between Registrant and J. Barclay Collins, John J. O'Connor, John Y. Schreyer and F. Borden Walker.

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Exhibit Number	Description
10(14)*	–Change of Control Termination Benefits Agreement dated as of September 1, 1999 between Registrant and John A. Gartman incorporated by reference to Exhibit 10(14) of Form 10-K of Registrant for the fiscal year ended December 31, 2001. Substantially identical agreements (differing only in the signatories thereto) were entered into between Registrant and other executive officers (other than the named executive officers referred to in Exhibit 10(13)).
10(15)*	–Letter Agreement dated March 18, 2002 between Registrant and John J. O'Connor relating to Mr. O'Connor's participation in the Amerada Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(15) of Form 10-K of Registrant for the fiscal year ended December 31, 2001.
10(16)*	–Letter Agreement dated March 18, 2002 between Registrant and F. Borden Walker relating to Mr. Walker's participation in the Amerada Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(16) of Form 10-K of Registrant for the fiscal year ended December 31, 2001.
10(17)*	–Deferred Compensation Plan of Registrant dated December 1, 1999 incorporated by reference to Exhibit 10(16) of Form 10-K of Registrant for the fiscal year ended December 31, 1999.
10(18)*	–Letter Agreement dated May 17, 2001 between Registrant and J.P. Rielly relating to Mr. Rielly's participation in the Amerada Hess Corporation Pension Restoration Plan.
10(19)	–Asset Purchase and Contribution Agreement dated as of October 26, 1998, among PDVSA V.I., Inc., Hess Oil Virgin Islands Corp. and HOVENSA L.L.C. (including Glossary of definitions) incorporated by reference to Exhibit 2.1 of Form 8-K of Registrant dated October 30, 1998.
10(20)	–Amended and Restated Limited Liability Company Agreement of HOVENSA L.L.C. dated as of October 30, 1998 incorporated by reference to Exhibit 10.1 of Form 8-K of Registrant dated October 30, 1998.
13	–2002 Annual Report to Stockholders of Registrant.
21	–Subsidiaries of Registrant.
23	–Consent of Ernst & Young LLP, Independent Auditors, dated March 26, 2003, to the incorporation by reference in Registrant's Registration Statements on Form S-8 (Nos. 333-94851, 333-43569, 333-43571 and 33-65115), of its report relating to Registrant's financial statements, which consent appears on page F-2 herein.
99(1)	–Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99(2)	–Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* These exhibits relate to executive compensation plans and arrangements.

Exhibit 10(7)

AMERADA HESS CORPORATION
EMPLOYEES' SAVINGS AND STOCK BONUS PLAN

Restated as of July 1, 2002

WHEREAS, AMERADA HESS CORPORATION as Principal Company established the AMERADA HESS CORPORATION EMPLOYEES' SAVINGS AND STOCK BONUS PLAN (the "Plan") effective February 1, 1972; and

WHEREAS, Section 12.1 of the Plan provides for the amendment thereof by the Principal Company; and

WHEREAS, the Plan has been amended from time to time in accordance with Section 12.1; and

WHEREAS, the Employee Benefit Plans Committee of the Principal Company has authorized the restatement of the Plan to incorporate all prior amendments;

NOW, THEREFORE, the Principal Company does hereby restate the AMERADA HESS CORPORATION EMPLOYEES' SAVINGS AND STOCK BONUS PLAN, effective July 1, 2002, and does hereby declare the same to be as follows:

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ARTICLE 1

DEFINITIONS

When used in this instrument, the following words and phrases shall have the meanings hereinafter stated unless a different meaning is plainly required by the context:

1.1 Acquired Employee: "Acquired Employee" shall mean a Member who is a former employee of Phillips Petroleum Company or of any of its subsidiaries and who became an Employee of the Principal Company on July 1, 1988, pursuant to an agreement dated as of April 1, 1988 between the Principal Company and Phillips 66 Natural Gas Company relating to the sale of such company's 50% interest in the Tioga Gas Gathering System and Tioga Plant to the Principal Company and an agreement dated as of April 1, 1988 between the Principal Company and Phillips Investment Company relating to the sale by such company of 50% of the outstanding capital stock of Solar Gas, Inc. to the Principal Company.

1.1A Acquired Merit Employee: "Acquired Merit Employee" shall mean a Member who is a former employee of Merit Oil Corporation, who became an Employee of a Company in connection with the merger of the Meadville Corporation into the Principal Company in accordance with the terms of an agreement between said companies executed in 2000, and who was an Employee on January 1, 2001.

1.1B Acquired Pick Kwik Employee: "Acquired Pick Kwik Employee" shall mean a Member who is a former employee of Pick Kwik Corporation, who became an Employee of a Company in connection with the acquisition of that corporation by the Principal Company from Pick Kwik Holdings Incorporated in accordance with the terms of an agreement between said companies executed in 1997, and who either was a Member of the Plan on December 31, 1997, or was an Employee on January 1, 1998.

1.2 Acquired Transco Employee: "Acquired Transco Employee" shall mean a Member who is a former employee of Transco Energy Company or of any of its subsidiaries and who became an Employee of the Principal Company in connection with the acquisition by the Principal Company from TXP Operating Company, a Texas Limited Partnership, of certain oil and gas producing and developing properties located in the Gulf of Mexico offshore Louisiana and Texas and related shore based facilities in accordance with the terms of an agreement between said companies executed in 1989.

1.3 Actual Deferral Percentage: "Actual Deferral Percentage" ("ADP") shall mean, for a specified group of Members for a Plan Year, the average of the ratios (calculated separately for each Member in such group) of (1) the amount of Company contributions actually paid over to the Trust on behalf of such Member for the Plan Year to (2) the Member's compensation for the portion of the Plan Year during which he was eligible to participate. Company contributions on behalf of any Member shall include: any Elective Deferrals made pursuant to the Member's deferral election (including Excess Elective Deferrals of Highly Compensated Employees), but excluding (a) Excess Elective Deferrals of Non-highly Compensated Employees that arise solely from Elective Deferrals made under the Plan or other plans of the Company and (b) Elective Deferrals that are taken into account in the Contribution Percentage test (provided the ADP test is satisfied both with and without exclusion of these Elective Deferrals). For purposes of computing Actual Deferral Percentages, an Employee who would be a Member but for the failure to make Elective Deferrals shall be treated as a Member on whose behalf no Elective Deferrals are made.

1.4 Administrator: "Administrator" of the Plan shall mean the Committee.

1.5 Affiliated Company: "Affiliated Company" shall mean the Principal Company and any corporation which is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) which includes the Principal Company; any trade or business (whether or not incorporated) which is under common control (as defined in Section 414(c) of the Code) with the Principal Company; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Principal Company; and any other entity required to be aggregated with the Principal Company pursuant to regulations under Section 414(o) of the Code.

1.6 Aggregate Limit: "Aggregate Limit" shall mean the sum of (i) 125 percent of the greater of the ADP of the Non-highly Compensated Employees for the Plan Year or the ACP of Non-highly Compensated Employees under the Plan subject to Code Section 401(m) for the Plan Year and (ii) the lesser of 200% or two plus the lesser of such ADP or ACP. "Lesser" is substituted for "greater" in "(i)", above, and "greater" is substituted for "lesser" after "two plus the" in "(ii)" if it would result in a larger Aggregate Limit.

1.7 Associated Company: "Associated Company" shall mean OASIS OIL COMPANY OF LIBYA, INC., and any other corporation affiliated with a Company which is designated by the Committee as an "Associated Company."

1.8 Average Contribution Percentage: "Average Contribution Percentage" ("ACP") shall mean the average of the Contribution Percentages of the Eligible Members in a group.

1.9 Beneficiary: "Beneficiary" shall mean a person or persons designated in writing as such by a Member on a form prescribed by and filed with the Committee.

A designation of a Beneficiary other than a Member's Spouse shall not be effective unless (i) the Spouse of the Member consents in writing to such designation and the Spouse's consent acknowledges the effect of such designation and is witnessed by the Committee or a notary public, or (ii) it is established to the satisfaction of the Committee that the consent required by clause (i) may not be obtained because there is no Spouse, because the Spouse cannot be located, or because of such other circumstances as may be prescribed by regulations. The consent specified shall be effective only with respect to such Spouse.

If a Member shall fail to designate a Beneficiary, if the designation is ineffective due to lack of spousal consent or if no designated Beneficiary shall be living when a payment to a Beneficiary is required to be made, the payment shall be made to the person or persons in the first of the following classes of successive preference beneficiaries then living:

The Member's:

(1) Surviving Spouse,
(2) Children, equally,
(3) Parents, equally,
(4) Brothers and sisters, equally.

If none of the above-described persons shall then be living, the payment shall be made to the Member's estate. For the purposes of this Section, the term surviving Spouse shall mean the individual to whom the Member was legally married on the date of the Member's death, or a former spouse described in Section 1.48.

1.10 Board of Directors: "Board of Directors" shall mean the Board of Directors of the Principal Company.

1.11 Break in Service: Break in Service shall mean: The applicable 12-consecutive-month period which is used to determine Service, commencing on or after January 1, 1976, during which a Member shall not have completed more than 500 hours of Service. An unpaid leave of absence that qualifies under the Family and Medical Leave Act of 1993 and the regulations thereunder, shall not be deemed to be a Break in Service, but no credit for service shall be given for such leave of absence for any of the other purposes of the Plan. The period of military service of a Member who is reemployed by a Company in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 and the regulations thereunder, shall not be deemed to be a Break in Service.

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1.12 Business Day: “Business Day” shall mean a day when the New York Stock Exchange is open for business.

1.13 Code: “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.14 Committee: “Committee” shall mean the AMERADA HESS CORPORATION EMPLOYEE BENEFIT PLANS Committee consisting of three or more persons appointed by the Board of Directors to administer the Plan, as further described in Article 11.

1.15 Company: “Company” shall mean AMERADA HESS CORPORATION, any Participating Company, any Prior Company, and any Successor Company.

1.16 Compensation: “Compensation” shall mean the actual salary or wages received by a Member from a Company for personal services, determined as follows:

A. Compensation shall include:

1. Overtime.

2. Bonuses, except those granted on an *ad hoc* basis.

3. Incentive compensation, except amounts based on commodity trading activities.

4. Commissions.

5. Holidays (other than those falling during periods in which the Member is receiving no other Compensation).

6. Vacation (including vacation allowance on termination or retirement).

7. Bereavement pay.

8. Jury duty and witness pay.

9. Salary or wages and sick and injury benefits received in any period during which a Member shall be entitled to full-pay sick and injury benefits, including amounts offset by payments such as Workers’ Compensation benefits or accident and sickness benefits.

10. Allowance for Military Reserve training (limited to two calendar weeks a year) and full-pay benefits for Military Leave of Absence while on active service.

11. Premium pay for overseas service under letter agreements effective before July 1, 1998.

B. Compensation shall not include:

1. Contributions to any employee benefit deferred compensation plan, including awards made under plans such as the Amerada Hess Corporation

Executive Long-Term Incentive Compensation and Stock Ownership Plan and the Amerada Hess Corporation 1995 Long-term Incentive Plan.

2. Housing allowances.

3. Moving expenses.

4. Educational assistance benefits.

5. Severance pay.

6. Payments of premiums for life insurance or medical insurance.

7. Meal allowance.

8. Premium pay for overseas service under letter agreements effective on or after July 1, 1998.

C. Any other additional payments shall be determined to be includible or excludible by the Committee on a basis uniformly and consistently applied to all Employees. In the case of the simultaneous employment of a Member by more than one Company, the total Compensation received by such Member from all Companies shall be deemed his Compensation for purposes of the Plan. Actual salary or wages received by a Member from a Company for personal services shall be deemed to include any amounts contributed to this Plan as Elective Deferrals and any amounts contributed to a cafeteria plan by a Company pursuant to a salary or wage reduction election made by a Member. For this purpose, a cafeteria plan shall mean a plan described in Section 125 of the Code.

D. In addition to other applicable limitations which may be set forth in the Plan and notwithstanding any other contrary provision of the Plan, Compensation taken into account under the Plan shall not exceed $200,000, adjusted for changes in the cost of living as provided in Section 415(d) of the Code, for the purpose of calculating a Plan Member's accrued benefit (including the right to any optional benefit provided under the Plan) for any Plan Year commencing after December 31, 1988, and ending prior to January 1, 1994. However, the accrued benefit determined in accordance with this provision shall not be less than the accrued benefit determined on December 31, 1988 without regard to this provision.

E. In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, for Plan Years beginning on or after January 1, 1994, the annual Compensation of each Employee taken into account under the Plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is $150,000, as adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with Section 401(a)(17)(B) of the

Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12. For the purposes of this Paragraph E, compensation paid by HOVENSA shall be deemed to have been paid by a Company.

For plan years beginning on or after January 1, 1994, any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the OBRA '93 annual compensation limit set forth in this provision.

If Compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current plan year, the Compensation for that prior determination period is subject to the OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first plan year beginning on or after January 1, 1994, the OBRA '93 annual compensation limit is $150,000.

F. Compensation, when spelled without an initial capital throughout the Plan, shall mean the participant's compensation from a Company within the meaning of Code Section 415(c)(3).

1.17 Contribution Percentage: "Contribution Percentage" shall mean the ratio (expressed as a percentage) of the Member's Contribution Percentage Amounts to the Member's compensation for the Plan Year.

1.18 Contribution Percentage Amounts: "Contribution Percentage Amounts" shall mean the sum of the Employee Contributions (including recharacterized Elective Deferrals pursuant to Section 19.4) and Matching Contributions made under the Plan on behalf of the Member for the Plan Year. Such Contribution Percentage Amounts shall not include Matching Contributions that are forfeited either to correct Excess Aggregate Contributions or because the contributions to which they relate are Excess Deferrals, Excess Contributions or Excess Aggregate Contributions. The Company also may elect to use Elective Deferrals in the Contribution Percentage Amounts so long as the ADP test is met before the Elective Deferrals are used in the ACP test and continues to be met following the exclusion of those Elective Deferrals that are used to meet the ACP test.

1.19 Effective Date: "Effective Date" of the Plan shall mean February 1, 1972.

1.20 Elective Deferrals: "Elective Deferrals" shall mean any Company contributions made to the Plan at the election of the Member, in lieu of cash compensation, and shall include contributions made pursuant to a salary reduction agreement or other deferral mechanism. With respect to any taxable year, a Member's Elective Deferral is the sum of all employer contributions made on behalf of such Member pursuant to an election to defer under any qualified cash or deferred arrangement ("CODA") as described in Section 401(k) of the Code, any simplified employee pension cash or deferred arrangement as described in Section 402(h)(1)(B) of the Code, any eligible deferred compensation plan under Section 457 of the Code, any plan as described under Section 501(c)(18) of the Code, and any employer contributions made on behalf of a Member for the purchase of any annuity contract under Section 403(b) of the Code pursuant to a salary reduction agreement. Elective Deferrals shall not include any deferrals properly distributed as excess annual additions. A Member shall at all times be fully vested in his Elective Deferrals.

1.21 Eligible Member: "Eligible Member" shall mean any Employee who is eligible to make an Elective Deferral or to receive a Matching Contribution. If an Elective Deferral is required as a condition of participation in the Plan, any Employee who would be a Member of the Plan if such Employee made such a deferral shall be treated as an Eligible Member on behalf of whom no Elective Deferrals are made.

1.22 Employee: "Employee" shall mean any person who is employed by a Company (other than AMERADA HESS CANADA LTD., prior to the date of the sale of that Company by the Principal Company on April 29, 1996), except any person who is employed in a Company-operated gasoline station or convenience store other than as a manager and who is not a participant in any other funded employee pension benefit plan to which a Company makes or is obligated to make contributions on his behalf for the accrual of current benefits (other than contributions under the AMERADA HESS CORPORATION EMPLOYEES' PENSION PLAN and under Social Security or any other governmental pension plan).

The term "Employee" shall also include any leased employee deemed to be an employee of any Company as provided in Sections 414(n) or (o) of the Code.

The term "leased employee" means any person (other than an Employee of the Company) who pursuant to an agreement between the Company and any other person (leasing organization) has performed services for the Company (or for the Company and related persons determined in accordance with Section 414(n)(6) of the Code) on a substantially full-time basis for a period of at least one year, and such services are performed under primary direction or control by the Company. Contributions or benefits provided a leased employee by the leasing organization which are attributable to services performed for the Company shall be treated as provided by the Company.

A leased employee shall not be considered an employee of the Company if: (i) such employee is covered by a money purchase pension plan providing: (1) a nonintegrated employer contribution rate of at least 10 percent of compensation, as defined in Section 415(c)(3) of the Code, but including amounts contributed pursuant to a salary reduction agreement which are excludible from the employee's gross income under Section 125, Section 402(e)(3), Section 402(h)(1)(B) or Section 403(b) of the Code, (2) immediate participation, and (3) full and immediate vesting, and (ii) leased employees do not constitute more than 20 percent of the Company's nonhighly compensated workforce.

The term "Employee" shall not include a self-employed individual or independent contractor. The determination of the status of an individual as self-employed or as an independent contractor made in good faith by a Company shall not be subject to retroactive change for the purposes of the Plan if it subsequently is determined by the Internal Revenue Service, another federal agency, a state agency, or as the result of legal action that such individual should have been classified as an employee of a Company.

1.23 Employee Contribution: "Employee Contribution" shall mean any contribution made to the Plan by or on behalf of a Member that is included in the Member's gross income in the year in which made and that is maintained under a separate account to which earnings and losses are allocated. No Employee Contribution shall be made to the Plan after December 31, 2001.

1.24 ERISA: "ERISA" shall mean the Employee Retirement Income Security Act of 1974 and any amendments thereto.

1.25 Excess Aggregate Contributions: "Excess Aggregate Contributions" shall mean, with respect to any Plan Year, the excess of:

A. the aggregate Contribution Percentage Amounts taken into account in computing the numerator of the Contribution Percentage actually made on behalf of Highly Compensated Employees for such Plan Year, over

B. the maximum Contribution Percentage Amounts permitted by the ACP test (determined by reducing contributions made on behalf of Highly Compensated Employees in order of their Contribution Percentages beginning with the highest of such percentages).

Such determination shall be made after first determining Excess Elective Deferrals pursuant to Section 19.2 and then determining Excess Contributions pursuant to Section

19.4.

1.26 Excess Contributions: “Excess Contributions” shall mean, with respect to any Plan Year, the excess of:

A. the aggregate amount of Company contributions actually taken into account in computing the ADP of Highly Compensated Employees for such Plan Year, over

B. the maximum amount of such contributions permitted by the ADP test (determined by reducing contributions made on behalf of Highly Compensated Employees in order of the ADP’s, beginning with the highest of such percentages).

1.27 Excess Elective Deferrals: “Excess Elective Deferrals” shall mean those Elective Deferrals that are includible in a Member’s gross income under Section 402(g) of the Code to the extent such Member’s Elective Deferrals for a taxable year exceed the dollar limitation under such Code Section. Excess Elective Deferrals shall be treated as annual additions under the Plan unless such amounts are distributed no later than the first April 15 following the close of the Member’s taxable year. Determination of income or loss: Excess Elective Deferrals shall be adjusted for any income or loss. The income or loss allocable to Excess Elective Deferrals is the income or loss allocable to the Member’s Elective Deferral account for the taxable year multiplied by a fraction, the numerator of which is such Member’s Excess Elective Deferrals for the year and the denominator is the Member’s account balance attributable to Elective Deferrals without regard to any income or loss occurring during such taxable year.

1.28 Fiduciary: “Fiduciary” shall mean, for purposes of ERISA, the Committee as the named Fiduciary of the Plan.

1.29 Fund: “Fund” shall mean one of the separate investment accounts provided for in Section 5.1.

1.30 Highly Compensated Employee: “Highly Compensated Employee” shall mean a highly compensated active Employee and highly compensated former Employee. A highly compensated active Employee includes any Employee who performs service for the Company during the determination year and who: (i) was a 5-percent owner at any time during the year or the preceding year, or (ii) for the preceding year (A) received compensation from the Company in excess of $80,000 (as adjusted pursuant to Section 415(d) of the Code, except that the base period shall be the calendar quarter ending September 30, 1996); and (B) if the Company elects the application of this clause for such preceding year, was in the top-paid group of employees for such preceding year.

For this purpose, the determination year shall be the Plan Year.

A highly compensated former Employee includes any Employee who separated from service (or was deemed to have separated) prior to the determination year, performs no service for the Company during the determination year, and was a highly compensated active Employee for either the separation year or any determination year ending on or after the Employee's 55th birthday.

The determination of who is a Highly Compensated Employee, including the determinations of the number and identity of Employees in the top-paid group and the compensation that is considered, will be made in accordance with Section 414(q) of the Code and the regulations thereunder.

To the extent permitted under regulations, the Committee may elect to determine the status of Highly Compensated Employees on a current calendar year basis.

For the purposes of this Section 1.30, compensation paid by HOVENSA shall be deemed to have been paid by a Company.

1.30A HOVENSA: "HOVENSA" shall mean HOVENSA L.L.C., and any other business organization with employees eligible for participation in the HOVENSA Plan.

1.30B HOVENSA Plan: "HOVENSA Plan" shall mean the HOVENSA EMPLOYEES' SAVINGS PLAN.

1.31 Individual Retirement Plan: "Individual Retirement Plan" shall mean an individual retirement account (IRA) described in Section 408(a) of the Code or an individual retirement annuity (other than an endowment contract) described in Section 408(b) of the Code.

1.32 Investment Direction: "Investment Direction" shall mean a direction of a Member on a form or in a manner prescribed by the Committee, specifying the Fund or Funds and the percentages of his contributions to be invested in each, and changes to be made as to contributions previously invested. With respect to changes in amounts previously invested, an Investment Direction may be made either in terms of percentages of the total or in dollar amounts, at the option of the Member, subject to a minimum change of $250 with respect to investments in Funds A, B, D, E, F, G and H. The Committee shall cause confirmation to be provided to the Member of the receipt of such Investment Direction within a reasonable time thereafter. The Committee shall be obligated to comply with such Investment Direction except as otherwise provided in Paragraphs (b)(2)(ii)(B) and (d)(2)(ii) of Labor Department Regulations Section 2550.404c-1.

1.33 Layoff: "Layoff" shall mean a Company requested termination of employment: (a) in the case of an Employee who has contractual recall rights for the period covered by such rights; and (b) in the case of any other Employee for a period not to exceed 12 months.

1.34 Leave of Absence: “Leave of Absence” shall mean any period during which an Employee is authorized by a Company to be absent from his normal duties. For purposes of this Plan, an Employee shall not be deemed to be absent from his normal duties if his absence is for a period of 31 days or less, or is due to: vacation, jury duty, military service, or personal illness or injury. In the administration of this provision all Employees in similar circumstances shall be given similar treatment.

1.35 Limitation Year: “Limitation Year” shall mean the Plan Year.”

1.36 Matching Contribution: “Matching Contribution” shall mean a Company contribution made to this or any other defined contribution plan on behalf of a Member on account of a Member’s Elective Deferral, under a plan maintained by the Company.

1.37 Member: “Member” shall mean an Employee (excluding for this purpose, a leased employee) who has been admitted to participation, and who continues to participate in the Plan, including any former Employee who, while participating in the Plan, became employed by an Associated Company at the request of the Company. A Member who becomes employed by HOVENSA shall be controlled by Section 9.6.

1.37A Merit Plan: “Merit Plan” shall mean the Merit Oil Corporation and Affiliates Employees’ Thrift Plan.

1.37B Merit Plan Participant: “Merit Plan Participant” shall mean an Acquired Merit Employee who was a member of the Merit Plan on December 31, 2000, and whose Merit Plan account is transferred to the Plan as the result of the merger of the Merit Plan into the Plan on that date.

1.38 Non-highly Compensated Employee: “Non-highly Compensated Employee” shall mean any Employee who is not a Highly Compensated Employee.

1.39 Participating Company: “Participating Company” shall mean any business organization, which, by agreement with the Principal Company, shall become a party to the Plan, as provided in Article 14.

1.40 Phillips Plan: “Phillips Plan” shall mean the Thrift Plan of Phillips Petroleum Company and Subsidiary Companies.

1.40A Pick Kwik Plan: “Pick Kwik Plan” shall mean the Pick Kwik Holdings Incorporated Employees’ Profit Sharing and Investment Plan.

1.40B Pick Kwik Plan Participant: “Pick Kwik Plan Participant” shall mean an Acquired Pick Kwik Employee who was a member of the Pick Kwik Plan on December 31, 1997, and whose Pick Kwik Plan account is transferred to the Plan as the result of the merger of the Pick Kwik Plan into the Plan on that date.

1.41 Plan: “Plan” shall mean the AMERADA HESS CORPORATION EMPLOYEES’ SAVINGS AND STOCK BONUS PLAN as set forth in this instrument and all amendments hereto.

1.42 Plan Year: “Plan Year” shall mean the annual accounting period of the Plan and of the Trust Fund, beginning on the 1st day of January and ending on the 31st day of December.

1.43 Principal Company: “Principal Company” shall mean AMERADA HESS CORPORATION or any other corporation designated as Principal Company by the Committee.

1.44 Prior Company: “Prior Company” shall mean HESS OIL & CHEMICAL CORPORATION, and, if so designated by the Committee:

A. Any business organization (i) all or a substantial portion of whose outstanding capital stock or all or a substantial portion of whose assets shall be acquired by any Company on or after the Effective Date; or (ii) all or a substantial number of whose employees shall be employed by any Company on or after the Effective Date; or

B. Any other business organization affiliated or related through stock ownership with any Company which shall be designated as a Prior Company by the Committee.

1.45 Prior Plan: “Prior Plan” shall mean, where relevant, one of the following plans in effect on January 31, 1972:

A. “Prior Plan A” shall mean the AMERADA HESS CORPORATION EMPLOYEES’ SAVINGS AND STOCK BONUS PLAN.

B. “Prior Plan B” shall mean the HESS PROVIDENT SAVINGS FUND-GENERAL PLAN.

C. “Prior Plan C” shall mean the HESS PROVIDENT SAVINGS FUND-LOCAL 676 Teamsters Plan.

D. “Prior Plan D” shall mean the HESS PROVIDENT SAVINGS FUND-LOCAL 825 INTERNATIONAL UNION OF OPERATING ENGINEERS PLAN.

E. “Prior Plan E” shall mean the HESS PROVIDENT SAVINGS FUND-LOCAL 22026 FEDERAL LABOR UNION PLAN.

F. “Prior Plan F” shall mean the AMERADA HESS CORPORATION SAVINGS-STOCK PLAN.

1.46 Qualified Plan: “Qualified Plan” shall mean a qualified trust described in

Section 401(a) of the Code (with the limitations described in Section 401(a)(31)(D) of the Code) which is exempt from taxation under Section 501(a) of the Code, or an annuity plan described in Section 403(a) of the Code.

1.46A Retail Operations Plan: “Retail Operations Plan” shall mean the AMERADA HESS CORPORATION SAVINGS AND STOCK BONUS PLAN FOR RETAIL OPERATIONS EMPLOYEES.

1.47 Service: “Service”, as defined in Sections 2.6 and 2.7, shall mean, for the purposes of Article 2 (eligibility computation period) and Article 7 (vesting computation period) of the Plan, any period of employment:

A. With the Principal Company;

B. With a Prior Company whose employee pension plan is maintained by the Principal Company, or, as determined by the Committee, with any other Prior Company;

C. With a Participating Company following the adoption of the Plan by such Participating Company, or any prior period of employment with a Participating Company as determined by the Committee;

D. With any organization which is a member of a group of trades or businesses (whether or not incorporated) under common control (under Code Section 414(c)) of which the Principal Company is a member;

E. With any organization which is a member of an affiliated service group (under Code Section 414(m)) of which the Principal Company is a member;

F. With any organization which is a member of a controlled group of corporations of which the Principal Company is a member, or which is under common control with the Principal Company;

G. With a Prior Company (to the extent provided in Treasury Regulations) in any case in which the Principal Company maintains a plan which is not the plan maintained by the Prior Company;

H. In the case of an Acquired Employee, with Phillips Petroleum Company, any of its subsidiaries or any other prior employer to the extent that such period of employment was taken into account under the Phillips Plan;

I. With Transco Energy Company or any of its subsidiaries (“Transco”) in the case of an Acquired Transco Employee, including employment with other companies for which service was granted for Transco benefit plan purposes as determined by the records of Transco provided to the Principal Company;

J. With Hess Energy Trading Company, LLC, in the case of an Employee who was an employee of that company immediately preceding or following employment by a Company;

K. In the case of an Acquired Pick Kwik Employee, with Pick Kwik Corporation immediately preceding employment by a Company, as determined by the records of the Pick Kwik Plan provided to the Principal Company;

L. With the Company in a Company-operated gasoline station or convenience store immediately preceding or following employment by a Company in another position; and

M. With HOVENSA immediately preceding or following employment by a Company;

N. With Strategic Resource Solutions Corp. (“SRS”) immediately preceding employment by a Company in the case of an Employee hired in connection with the purchase by Hess Microgen LLC of the micro-generation business of SRS on February 2, 2000;

O. With Texaco Pipelines LLC (“Texaco”) immediately preceding employment by a Company in the case of an Employee hired in connection with the purchase by the Principal Company of the Sea Robin gas plant from Texaco on April 1, 2000;

P. With Statoil Energy Services, Inc. (“Statoil”), or an affiliate thereof immediately preceding employment by a Company in the case of an Employee hired in connection with the purchase by the Principal Company of Statoil on April 1, 2000’ and

Q. In the case of an Acquired Merit Employee, with Merit Oil Corporation as of December 31, 2000.

1.48 Spouse: “Spouse” shall mean the individual, if any, to whom the Member is legally married. However, a Member’s former spouse shall be treated as his Spouse in lieu of his current spouse to the extent required under any judgment, decree, or order which is determined by the Administrator in accordance with its procedures to be a qualified domestic relations order within the meaning of Section 414(p) of the Code.

1.49 Successor Company: “Successor Company” shall mean any business organization which shall acquire a substantial portion or all of the outstanding stock of, or a substantial portion or all of the assets of, or which shall employ a substantial number or all of the employees of, any Company, and which shall succeed such Company as a Company hereunder, or which shall be an employer participating in the AMERADA HESS CANADA LTD. EMPLOYEES’ DEFERRED SAVINGS PLAN until the date of the sale of

AMERADA HESS CANADA LTD., by the Principal Company on April 29, 1996.

1.49A Transfer Date: "Transfer Date" shall mean the Valuation Date on which assets are transferred to the HOVENSA Plan from the Plan with respect to those members of the Plan who become Members of the HOVENSA Plan on November 1, 1998, which shall be as soon as practicable following receipt by HOVENSA of a favorable determination letter from the Internal Revenue Service concerning the qualification of the HOVENSA Plan and the exemption of the HOVENSA Plan Trust from income taxes.

1.50 Trust Agreement: "Trust Agreement" shall mean an agreement between the Principal Company and a Trustee, entered into for purposes of the Plan.

1.51 Trustee: "Trustee" shall mean any bank, trust company, or other fiduciary holding funds or property under a Trust Agreement for the exclusive benefit of the Plan Members and subject to all provisions of the Plan.

1.52 Unit: "Unit" shall mean the basic measure of the Member's proportionate interest in the funds provided for in Section 5.1.

1.53 Valuation Date: "Valuation Date" shall mean the day on which the value of the Funds is determined as provided in Article 5, and shall be each Business Day, unless changed by the Committee.

1.54 Withdrawal Authorization: "Withdrawal Authorization" shall mean notice, on a form or in a manner prescribed by the Committee, provided by a Member, requesting a complete or partial withdrawal as provided in Sections 8.1 and 8.2, respectively.

1.55 Year of Service: "Year of Service" shall mean a 12 consecutive month period (computation period) during which an Employee completes at least 1,000 hours of Service.

ARTICLE 2
ELIGIBILITY AND MEMBERSHIP

2.1 A. Each Employee who on the Effective Date shall have completed one year of Service shall be eligible to become a Member of the Plan as of the Effective Date, provided, however, that any Employee who, during the 12-month period preceding the Effective Date made a complete withdrawal from any Prior Plan while still employed by a Company and who remained employed during said 12-month period, shall not be eligible to become a Member until the first day of the calendar month following the completion of such 12-month period.

B. Each Employee who on January 31, 1972 was a Member of Prior Plan A, Prior Plan B, Prior Plan C, Prior Plan D, Prior Plan E, or Prior Plan F, shall be eligible to become a Member of the Plan as of the Effective Date.

C. Each Employee who was a Member of the Plan on December 31, 1975 and who continued as an Employee on January 1, 1976 shall continue as a Member of the Plan on January 1, 1976. Every other Employee shall be eligible to become a Member of the Plan on his first day of employment by the Company.

D. Anything to the contrary herein notwithstanding, an Employee shall not be eligible for membership in the Plan if he is included in a unit of employees covered by a collective bargaining agreement between employee representatives and the Company if retirement benefits were the subject of good faith collective bargaining between such employee representatives and the Company, unless and until the Company and such employee representatives shall agree that such employees shall participate in the Plan, provided that he then meets the eligibility requirements herein above described in this Section 2.1, or if not, then he shall be eligible on the date following the date on which he first meets such eligibility requirements.

2.2 Any eligible Employee who does not elect to become a Member of the Plan on the earliest date when he is entitled to do so may thereafter elect to become a Member as of any future Valuation Date.

2.3 Each eligible Employee, as a condition for membership, must accept and agree to all provisions of the Plan on a form or in a manner prescribed by the Committee, which may include telephone or electronic communication. By so doing, he authorizes the sale or redemption of any securities purchased for his account when necessary or advisable in carrying out the provisions of the Plan.

2.4 An Employee may become temporarily ineligible to participate under the circumstances specified in Section 8.1 of the Plan.

2.5 If a Member shall cease to be an Employee within the meaning of Section 1.22 his membership shall forthwith terminate, except as described in Sections 9.5 or 9.6.

2.6 A. For the purposes of vesting under Paragraph 7.3E, an Employee or Member shall be credited with one full year of Service for each 12-consecutive-month period commencing on his first date of hire or anniversary thereof during which he completed at least 1,000 hours of Service. In the determination of Years of Service and Breaks in Service for purposes of eligibility, the initial eligibility computation period shall be the 12-consecutive month period beginning on the date the Employee first performs an hour of Service for a Company (employment commencement date). The succeeding 12-consecutive month periods shall be the Plan Years beginning with the Plan Year which includes the first anniversary of the Employee's employment commencement date, regardless of whether the Employee is entitled to be credited with 1,000 hours of Service during the initial eligibility computation period. An Employee who is credited with 1,000 hours of Service in both the initial eligibility computation period and the Plan Year which includes the first anniversary of the Employee's employment commencement date will be credited with two years of Service for purposes of eligibility to participate.

The foregoing is subject to the following rules:

1. Years of Service for periods of employment prior to January 1, 1976 shall be determined under the Plan in effect on December 31, 1975, without regard to the provisions of Section 2.7 (Break in Service rule). If, for any period prior to January 1, 1976, accessible records are insufficient to permit an approximation of the number of hours of Service for a particular employee or group of employees, a reasonable estimate of the hours of Service completed by such employee or employees during the particular period may be made. In making any such estimate, all persons employed under similar circumstances shall be given similar treatment.

2. Hours of Service after December 31, 1975, but before September 1996, shall be recorded on a monthly basis and, for the purpose of determining the total of an Employee's hours of Service during his initial eligibility computation period, all hours recorded during the month which includes the first anniversary of his employment commencement date shall be deemed to have been completed prior to said anniversary date. For the purpose of determining an Employee's hours of Service thereafter for periods prior to September 1996, each 12-consecutive-month period shall commence on the first

day of the month which includes the anniversary of such Employee's employment commencement date.

3. The provisions of Section 2.7 (Break in Service rule) shall apply in the determination of years of Service for periods of employment after December 31, 1975.

4. For the purposes of eligibility after September 4, 1996, an Employee who is not credited with 1,000 hours of Service during his initial eligibility computation period shall be deemed to have completed a Year of Service as soon as he is credited with 1,000 hours of Service in any Plan Year.

B. For the purposes of this Article 2, an Employee or Member will be deemed to have completed an hour of Service for each hour of Service:

1. for which he is paid, or entitled to payment, for the performance of duties for a Company during the applicable computation period;

2. for which he is paid, or entitled to payment, by a Company on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence, provided however, that

(a) No more than 501 hours of Service shall be credited under this subparagraph 2 to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period);

(b) An hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed shall not be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable workers' compensation, or unemployment compensation or disability insurance laws; and

(c) Hours of Service shall not be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee;

and for purposes of this subparagraph 2, a payment shall be deemed to be made by or due from a Company regardless of whether such payment is made by or due from the Company directly, or indirectly through, among others, a trust fund, or insurer, to which the Company contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer or other entity are for the benefit of particular

Employees or are on behalf of a group of Employees in the aggregate;

3. for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the Company, provided, however, that no credit shall be given for any hour which is credited under subparagraph 1 or subparagraph 2 of this Paragraph B, and crediting of hours of Service for back pay awarded or agreed to with respect to periods described in subparagraph 2 shall be subject to the limitations set forth in that subparagraph; and

4. The determination and crediting of hours where no duties are performed will be made in accordance with Department of Labor Regulations, Section 2530.200b-2(b) and (c).

C. Except as provided in subparagraph 2 of Paragraph B for the purposes of this Article 2 Service will not include any period of Layoff.

D. For the purposes of this Article 2, an Employee or Member who is a non-hourly employee exempt from the overtime provisions of the Fair Labor Standards Act and for whom no records of hours worked are maintained will be deemed to have completed 190 hours of Service in any calendar month in which he is paid Compensation. An Employee or Member employed by an Associated Company at the request of a Company shall be deemed to have completed 190 hours of Service in each calendar month of such employment.

2.7 Break in Service rule:

A. Years of Service credited in accordance with Section 2.6 prior to a Break in Service shall not be deemed to be years of Service for any of the purposes of the Plan unless and until the Employee or Member is credited with an hour of Service following such Break in Service.

B. Years of Service credited in accordance with Section 2.6 after five consecutive one-year Breaks in Service shall not be taken into account for the purpose of determining a Member's vested interest in the assets of the Plan derived from Company contributions credited to his account prior to such Breaks in Service.

C. In the case of a Member who does not have a nonforfeitable right to benefits in accordance with Section 7.3 at the time of a Break in Service, years of Service prior to such Break in Service shall not be taken into account for any of the purposes of the Plan if the number of consecutive Breaks in Service equals or exceeds the greater of (i) 5 or (ii) the aggregate number of years of Service credited to the Member prior to such Break in Service. In computing such aggregate number of years of Service prior to such Break in

Service, years of Service previously disregarded under this Section 2.7 shall not be taken into account.

D. The 12-consecutive month period beginning on an Employee's reemployment commencement date (and, if necessary, Plan Years beginning with the Plan Year that includes the first anniversary of the reemployment commencement date) shall be used to measure an Employee's completion of a year of Service for the purposes of eligibility upon his return to employment after a Break in Service. For this purpose an Employee's reemployment commencement date shall be the first day on which he is entitled to be credited with an hour of Service (within the meaning of Section 2.6B) after the first eligibility computation period in which he incurs a Break in Service.

The reemployment commencement date of a rehired Employee who has incurred a Break in Service and who is recalled from Layoff within the period specified in Section 1.33 shall be the first day on which he is entitled to be credited with an hour of Service (within the meaning of Section 2.6B) after such recall.

E. 1. In the case of a Member who is absent from work for any period (i) by reason of the pregnancy of the Member, (ii) by reason of the birth of a child of the Member, (iii) by reason of the placement of a child with the Member in connection with the adoption of such child by such Member, or (iv) for purposes of caring for such child for a period beginning immediately following such birth or placement, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Break in Service.

2. No credit will be given pursuant to this Paragraph unless the affected Member furnishes to the Committee (i) a copy of the birth certificate or proof of adoption of the child involved and (ii) a statement signed by the Member to the effect that the absence from work is for reasons referred to in subparagraph 1, and the number of days for which there was such an absence. To be effective, such statement must be received by the Committee no later than the first anniversary of the first day of such absence as specified in subparagraph 1.

3. The hours described in subparagraph 2 shall be treated as hours of Service as provided in this Paragraph, (i) only in the computation period in which the absence from work begins, if the crediting is necessary to prevent a Break in Service in such period, or (ii) in any other case, in the immediately following computation period.

4. No credit will be given pursuant to this Paragraph unless the affected Member furnishes to the Committee (i) a copy of the birth certificate or proof of

adoption of the child involved and (ii) a statement signed by the Member to the effect that the absence from work is for reasons referred to in subparagraph 1, and the number of days for which there was such an absence. To be effective, such statement must be received by the Committee no later than the end of the computation period specified in subparagraph 3.

2.8 Credit shall be given for Service with only one Company during any period of simultaneous employment with two or more Companies.

2.9 Notwithstanding any other provisions of the Plan, for the purposes of the pension requirements of Section 414(n)(3) of the Code, the employees of the Company shall include individuals defined as Employees in Section 1.22 of the Plan.

2.10 For the purposes of determining Years of Service and Breaks in Service under this Article 2, periods of employment with HOVENSA immediately preceding or following employment by a Company shall be treated as employment by a Company.

ARTICLE 3
MEMBER CONTRIBUTIONS

3.1 To become a Member of the Plan, an eligible Employee must authorize contributions to the Plan as he may designate on a form or in a manner prescribed by the Committee. Such contributions shall be designated in whole percentages, and may consist of any whole number percentage of Elective Deferrals at the election of the Employee between 2% and 25% of his Compensation.

For the purposes of the Plan, these Elective Deferrals and any after-tax contributions made under the Plan as it existed before January 1, 2002 shall be referred to as Member contributions, except as otherwise specifically indicated.

3.2 A Member may change the percentage of his Elective Deferrals on a form or in a manner prescribed by the Committee. Such change shall be effective as soon as practicable after it is elected.

3.3 A Member's contributions will be paid to the Trustee, for investment in accordance with the provisions of the Plan and in accordance with the requirements of U.S. Department of Labor regulations, as promptly as practicable following the deduction of his contributions by the Company.

3.4 A Member may voluntarily suspend and resume his contributions without affecting his membership in the Plan. The suspension and resumption of contributions shall be requested by the Member by executing a form or in a manner prescribed by the Committee, and shall be effective as soon as practicable after such request.

3.5 A Member's contribution will be suspended automatically, without affecting his membership in the Plan, for the period of any Leave of Absence, or employment with an Associated Company at the request of a Company.

ARTICLE 4
COMPANY CONTRIBUTIONS

4.1 A. Regular Contributions.

Each Company shall contribute for the account of each Member an amount equal to 100% of the Member's Elective Deferrals, but not exceeding 6% of his Compensation.

B. The Company reserves the right to make a Qualified Non-Elective Contribution on behalf of any affected Plan Member to correct an operational failure of the Plan as permitted under the applicable Treasury rules. Qualified Non-elective Contributions shall mean contributions (other than Matching Contributions or Qualified Matching Contributions) made by the Company and allocated to Members' accounts that the Members may not elect to receive in cash until distributed from the Plan; that are nonforfeitable when made; and that are distributable only in accordance with the distribution provisions that are applicable to Elective Deferrals and Qualified Matching Contributions. Qualified Matching Contributions shall mean Matching Contributions which are subject to the distribution and nonforfeitability requirements under section 401(k) of the Code when made.

4.2 Regular Company contributions shall be paid to the Trustee at the same time as the Member contributions to which they relate, except as described in Section 19.14. Company contributions are subject to the limitations of Paragraphs 4.4A and 4.4E.

4.3 While a Member's contributions are suspended, Company contributions for the account of such Member will also be suspended, unless they are being continued in accordance with Section 4.2. Such suspended contributions may not be made up later.

4.4 A. If a Member does not participate in, and has never participated in another Qualified Plan maintained by the Company or a welfare benefit fund, as defined in Section 419(e) of the Code maintained by the Company, or an individual medical account, as defined in Section 415(l)(2) of the Code, maintained by the Company, or a simplified employee pension plan, as defined in Section 408(k) of the Code, maintained by the Company, which provides an annual addition as defined in Paragraph D of this Section 4.4, the amount of annual additions which may be credited to the Member's account for any Limitation Year will not exceed the lesser of the maximum annual addition or any other limitation contained in this Plan. If the Company contribution that would otherwise be contributed or allocated to the member's account would cause the annual additions for the

Limitation Year to exceed the maximum annual addition, the amount contributed or allocated will be reduced so that the annual addition for the Limitation Year will equal the maximum annual addition.

B. The maximum annual addition that may be contributed or allocated to a Member's account under the Plan for any Limitation Year shall not exceed the lesser of:

1. the defined contribution dollar limitation, or

2. 25 percent of the Member's compensation for the Limitation Year.

C. The defined contribution dollar limitation is $30,000, adjusted for changes in the cost of living as provided in Section 415(d) of the Code.

D. "Annual addition" shall mean the amount allocated to a Member's account during the Limitation Year as a result of:

(i) Company contributions,

(ii) Employee contributions,

(iii) forfeitures, and

(iv) amounts described in Sections 415(l)(1) and 419A(d)(2) of the Code.

E. The Committee may direct that Company contributions be reduced in any Plan Year to the extent necessary to prevent the annual addition for such Plan Year from exceeding the limitation described in Paragraph B, above.

4.5 A. In case of a Member of the Plan who is also a Member of a defined benefit plan maintained by the Company, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any Limitation Year shall not exceed l.0. If in any Limitation Year it appears that the limitations of this Section shall be exceeded for any reason with respect to any Member, the Company contribution required to be made under the Plan on behalf of such Member shall be reduced to the extent necessary to prevent such result, after the reduction first of the benefit under any defined benefit plans maintained by the Company and then of the Company contribution to any other defined contribution plans maintained by the Company on behalf of such Member.

B. The defined benefit plan fraction for any Limitation Year shall mean a fraction of which the numerator is the total projected annual retirement benefits of a Member from all defined benefit plans (whether or not terminated) maintained by the Company and of which the denominator is the lesser of:

(a) 125 percent of the dollar limitation in effect for the Limitation Year under Section 415(b) and (d) of the Code,

or

(b) 140 percent of the Member’s highest average compensation for the three consecutive years of Service with the Company that produce the highest average, including any adjustments under Section 415(b) of the Code.

If the Member was a Member as of January 1, 1987 of one or more defined benefit plans maintained by the Company which were in existence on May 6, 1986, the denominator of this fraction will not be less than 125 percent of the sum of the annual benefits under such plans which the Member had accrued as of December 31, 1986, disregarding any changes in the terms and conditions of the plans after May 5, 1986. The preceding sentence shall apply only if the defined benefit plans individually and in the aggregate satisfied the requirements of Section 415 of the Code for all Limitation Years before January 1, 1987.

C. The defined contribution fraction for any Limitation Year shall mean a fraction, the numerator of which is the sum of the annual additions to a Member’s account under all the defined contribution plans (whether or not terminated) maintained by the Company, for the current and all prior Limitation Years (including the annual additions attributable to the Member’s nondeductible Employee contributions to all defined benefit plans, whether or not terminated, maintained by the Company), and the denominator of which is the sum of the maximum aggregate amounts for the current and all prior Limitation Years of Service with the Company (regardless of whether a defined contribution plan was maintained by the Company). The maximum aggregate amount in any Limitation Year is the lesser of 125 percent of the dollar limitation in effect under Section 415(b) and (d) of the Code or 35 percent of the Member’s Compensation for such year.

If the Employee was a Member as of January 1, 1987 in one or more defined contribution plans maintained by the Company which were in existence on May 6, 1986, the numerator of this fraction will be adjusted if the sum of this fraction and the defined benefit fraction would otherwise exceed 1.0 under the terms of this Plan. Under the adjustment, an amount equal to the product of (1) the excess of the sum of the fractions over 1.0 times (2) the denominator of this fraction, will be permanently subtracted from the numerator of this fraction. The adjustment is calculated using the fractions as they would be computed as of December 31, 1986, and disregarding any changes in the terms and conditions of the plans made after May 5, 1986, but using the Code Section 415 limitation applicable to the Limitation Year beginning on January 1, 1987.

The annual addition for any Limitation Year beginning before January 1, 1987, shall not be recomputed to treat all Employee contributions as annual additions.

D. The provisions of this Section 4.5 shall not be effective for Plan Years beginning on or after January 1, 2000.

4.6 A. As soon as is administratively feasible after the end of the Limitation Year, the maximum annual addition for the Limitation Year will be determined on the basis of the Member's actual compensation for the Limitation Year.

B. If there is an excess amount the excess will be disposed of as follows:

1. Any nondeductible voluntary Employee contributions, to the extent they would reduce the excess amount, will be returned to the Member.

2. If after the application of subparagraph 1 an excess amount still exists, and the Member is covered by the Plan at the end of the Limitation Year, the excess amount in the Member's account will be used to reduce Company contributions (including any allocation of forfeitures) for such Member in the next Limitation Year, and each succeeding Limitation Year if necessary.

3. If after the application of subparagraph 2 an excess amount still exists, and the Member is not covered by the Plan at the end of the Limitation Year, the excess amount will be held unallocated in a suspense account. The suspense account will be applied to reduce future Company contributions (including allocation of any forfeitures) for all remaining Members in the next Limitation Year, and each succeeding Limitation Year if necessary.

4. If a suspense account is in existence at any time during the Limitation Year pursuant to this Section, it will not participate in the allocation of the Trust's investment gains and losses.

C. This Section applies if, in addition to this Plan, the Member is covered under another qualified defined contribution plan maintained by the Company during any Limitation Year. The annual additions which may be credited to a Member's account under this Plan for any such Limitation Year will not exceed the maximum annual additions reduced by the annual additions credited to a Member's account under the other plans for the same Limitation Year. If the annual additions with respect to the Member under other defined contribution plans maintained by the Company are less than the maximum annual additions and the Company contribution that would otherwise be contributed or allocated to the Member's account under this Plan would cause the annual additions for the Limitation Year to exceed this limitation, the amount contributed or allocated will be reduced so that the annual additions under all such plans for the Limitation Year will equal the maximum annual additions. If the annual additions with respect to the Member under such other defined contribution plans in the aggregate are equal to or greater than the maximum annual additions, no amount will be contributed or allocated to the Member's account under this Plan for the Limitation Year.

4.7 Records of Member Elective Deferrals and after-tax contributions shall be maintained separately.

4.8 For the purposes of this Article, "Company" shall include any Affiliated Company as defined in Section 1.5 of this Plan.

ARTICLE 5
INVESTMENT OF CONTRIBUTIONS

5.1 Member Contributions

A. Member contributions received by the Trustee for each Member's account will be invested by the Trustee on the next Valuation Date in one or more of the following Funds, in accordance with the Member's Investment Direction, in multiples of 1%:

Fund A: the Fidelity Retirement Money Market Portfolio — an unsegregated fund invested and reinvested primarily in short term fixed income securities, including those issued or guaranteed by the Government of the United States or its agencies (excluding Series EE and Series HH bonds), or collective or mutual funds primarily invested in such securities.

Fund B: the Fidelity Growth & Income Portfolio — an unsegregated fund invested and reinvested primarily in equity securities of corporations, or collective or mutual funds primarily invested in such securities.

Fund C: A fund consisting primarily of common stock of AMERADA HESS CORPORATION purchased on the open market and apportioned to the accounts of Members. Dividends received on investments made in accordance with the preceding sentence shall be similarly invested and apportioned.

Fund D: the Fidelity U.S. Bond Index Fund — an unsegregated fund invested and reinvested primarily in bonds included in the Lehman Brothers Aggregate Bond Index or other fixed income securities of corporations, or collective or mutual funds primarily invested in such securities, designed to replicate the performance of specified indices of market performance.

Fund E: the Fidelity Asset Manager — an unsegregated fund invested and reinvested primarily in fixed income securities, including those issued or guaranteed by the Government of the United States or its agencies (excluding Series EE and Series HH bonds), and equity securities of corporations, or collective or mutual funds primarily invested in such securities.

Fund F: the Fidelity Overseas Fund — an unsegregated fund invested and reinvested primarily in equity securities of foreign corporations, or collective or mutual funds primarily invested in such securities.

Fund G: the Fidelity Equity Index Commingled Pool — an unsegregated fund invested and reinvested primarily in equity securities of corporations, or collective or mutual funds primarily invested in such securities, designed to replicate the performance of specified indices of market performance.

Fund H: the Fidelity Aggressive Growth Fund — an unsegregated fund invested and reinvested primarily in equity securities of corporations, or collective or mutual funds primarily invested in such securities.

Fund I: the Fidelity Low Priced Stock fund — an unsegregated fund invested and reinvested primarily in low-priced equity securities, which can lead to investments in small or medium-sized companies, or collective or mutual funds primarily invested in such securities.

With the exception of Fund C, the Compensation and Management Development Committee of the Board of Directors of the Principal Company may authorize changes in each of the above Funds, and may establish such additional funds as they may deem necessary to ensure that Members are afforded the opportunity to choose from among a broad range of investment alternatives, provided, however, that any such changes be announced to all eligible Employees in advance.

Portions of each of the Funds may be held in cash or invested in short term securities or collective or mutual funds primarily invested in short term securities to meet the cash requirements for Plan withdrawals, transfers and refunds, and the investment objectives of the particular funds.

B. The account of each Member who was a member of a Prior Plan (other than Prior Plan F) on January 31, 1972 shall be credited as of the Effective Date of this Plan (or, in the case of an Employee described in Section 2.1D, as of the date he becomes a Member) with the balance in his Prior Plan account as of January 31, 1972 (or, in the case of an Employee described in Section 2.1D, as of the date he becomes a Member) attributable to his contributions, as follows:

1. That portion of such balance in funds A, B, and C of Prior Plan A, and in Prior Plans B, C, D, and E shall be invested by the Trustee in accordance with such Member's initial Investment Direction under this Plan.

2. That portion of such balance in Prior Plan A which is represented by U.S. Savings Bonds (Series E) shall be redeemed and the proceeds invested in accordance with the Member's Investment Direction.

C. Fund A, Fund B, Fund D and Fund E shall be divided into units. Each Unit of a Fund shall have an equal beneficial interest in such Fund and no Unit of any Fund shall have priority or preference over any other Unit of such Fund. Each Member's interest in

Fund A, Fund B, Fund D and Fund E shall be represented by the number of Units of each such Fund in his account.

D. The original value of each Unit of Fund A, Fund B, Fund D and Fund E shall be one dollar. The number of Units, and fractions thereof, of each Fund allocated to a Member's account on the first Valuation Date occurring after February 1, 1972 shall be equal to the number of dollars, and fractions thereof, invested on such Date in such Fund for such Member's account. The number of Units of each such Fund to be allocated on each Valuation Date thereafter to a Member's account shall be equal to the amount invested on such Date in such Fund for such Member's account divided by the value of one Unit of the Fund (determined as provided in Paragraph F of this Section 5.1) on such Valuation Date. On and after the date determined by the Committee as specified in Paragraph F of this Section 5.1, the number of Units of each such Fund to be allocated on each Valuation Date thereafter to a Member's account shall be equal to: (i) the amount invested as of the immediately preceding Valuation Date in such Fund for such Member's account adjusted to reflect the investment gains or losses of each such Fund occurring during the period since the immediately preceding Valuation Date, plus; (ii) the amounts contributed by the Member to each such Fund during such period, plus; (iii) the amounts transferred into each such Fund during such period, less; (iv) the amounts transferred from each such Fund during such period, and less; (v) the amounts withdrawn from each such Fund during such period.

E. In the event a Member makes a withdrawal, or a transfer from one Fund to another Fund or Funds, the number of Units in his account of the Fund from which the withdrawal or transfer is made shall be reduced by a number of Units determined by dividing the amount so withdrawn or transferred by the value of one Unit of such Fund on the Valuation Date on which the withdrawal or transfer is effective.

F. The value of one Unit of Fund A, Fund B, Fund D and Fund E on each Valuation Date (after the first Valuation Date occurring after February, 1972) shall be the value of each such Fund at the close of business on such Date (determined as provided in Paragraph G of this Section 5.1) divided by the total number of Units of such Fund in all Members' accounts on such Date (prior to any allocation of Units to or subtraction of Units from Members' accounts on such Date). On the first day of such month as may be determined in advance by the Committee, the number of Units in Fund A, Fund B, Fund D and Fund E of each Member on such date shall be multiplied by the Unit value (determined on the Valuation Date immediately preceding such date) for Fund A, Fund B, Fund D and

Fund E, respectively, and the resulting dollar value shall be recorded as the new number of Units, each of which will therefore equal $1.00. As the result of this redetermination of the number of Units in Fund A, Fund B, Fund D and Fund E, there will be no change in the total value of a Member's interest in each of said Funds. From and after said date, the value of one Unit of Fund A, Fund B, Fund D and Fund E on each subsequent Valuation Date shall be $1.00.

G. The value of Fund A, Fund B, Fund D and Fund E for the purpose of Paragraph F of this Section 5.1 shall be the value of the investments of such Fund plus all cash held by such Fund at the close of business on the Valuation Date (exclusive of any cash invested in or added to the assets of such Fund on such Date) less any liabilities of such Fund properly accrued on such Date (exclusive of withdrawals or transfers which become effective on such Date).

H. Anything herein to the contrary notwithstanding, no investment in Fund C pursuant to a Member's Investment Direction submitted prior to the effective date of a registration statement in respect of the Plan under the Securities Act of 1933, as amended, shall be made until the Valuation Date next following such date as said registration statement shall have become effective and the Company shall thereafter have notified the Member of the acceptance of such Investment Direction. Notwithstanding the provisions of Section 6.4, a Member shall have the right to change such Investment Direction at any time prior to his receipt of such notice.

I. Accounting for the Funds which are invested in collective or mutual funds will be changed from a unit to a share basis on July 29, 1996. Each Unit will thenceforth be equal to one share in the underlying collective or mutual fund. There will be no change in the total value of a Member's interest in any of said Funds as the result of any such change in accounting. Accounting for collective or mutual funds added after July 29, 1996 as investment options for Member contributions will be on a share basis.

J. Accounting for Fund C and the Company matching contribution fund will be changed from a share to a unit basis on July 29, 1996. There will be no change in the total value of a Member's interest in either of said funds as the result of any such change in accounting.

5.2 Company Contributions

A. Prior to the assumption of Plan recordkeeping responsibilities by Fidelity Institutional Retirement Services Company on July 29, 1996, Company contributions shall be invested in common stock of AMERADA HESS CORPORATION purchased in the open market and shall be apportioned to the Fund C accounts of Members in whole and fractional shares. Portions of Company contributions may be held in cash or invested in short term investment funds or in mutual funds consisting primarily of short term investment securities pending investment in Company common stock or to meet the cash requirements for Plan withdrawals and transfers. On July 29, 1996, the whole and fractional shares and cash balance in each Member's account representing Company contributions in Fund C shall be unitized and future transactions will be recorded on the basis of units of participation rather than in shares, subject to the following provisions.

1. Company contributions made with respect to Plan Years ending before January 1, 2002 shall remain invested in Fund C to the extent such amounts are not reinvested in other Funds in accordance with Section 6.3.

2. Company contributions made with respect to Plan Years beginning on or after January 1, 2002 shall be invested in Fund C to the extent such investments are not redirected by the Member in accordance with Section 6.3.

B. Dividends received on investments made in accordance with Paragraph A shall be similarly invested.

C. The account of each Member who was a member of a Prior Plan (other than Prior Plan F) on January 31, 1972 shall be credited as of the Effective Date of this Plan (or, in the case of an Employee described in Section 2.1D, as of the date he becomes a Member) with the balance in his Prior Plan account as of January 31, 1972 (or, in the case of an Employee described in Section 2.1D, as of the date he becomes a Member) attributable to Company contributions as follows:

1. That portion of such balance in Prior Plan A shall be transferred to the Trustee.

2. That portion of such balance in Prior Plans B, C, D, and E shall be invested by the Trustee in common stock of AMERADA HESS CORPORATION.

5.3 Separate records shall be maintained for Member Elective Deferrals invested in the various Funds, after-tax Member contributions invested in the various Funds, and Company contributions matching each such contribution.

ARTICLE 6
MEMBERS' INVESTMENT DIRECTIONS

6.1 A. Member contributions

Pursuant to Paragraph A of Section 5.1, a Member shall elect to invest his contributions in one or more of the Funds in multiples of 1% of the amount contributed, by providing an Investment Direction on a form or in a manner prescribed by the Committee. Such an Investment Direction shall relate to the percentage of his future contributions to be invested in each Fund, the percentage of his previous investments to be invested in each Fund, or both.

B. Company contributions

Pursuant to Paragraph A of Section 5.2, a Member shall elect to invest his Company contributions in one or more of the Funds specified in Paragraph A of Section 5.1 in multiples of 1% of the amount contributed, subject to the limitations of Section 6.3, by providing an Investment Direction on a form or in a manner prescribed by the Committee. Such an Investment Direction shall relate to the percentage of his future Company contributions to be invested in each Fund, the percentage of his previous investments to be invested in each Fund, or both.

6.2 An Investment Direction with respect to a Member's future contributions or future Company contributions will be given effect as soon as practicable after the date the request is made by the Member. An Investment direction with respect to a Member's past investments or past Company investments will be given effect on the Valuation Date coincident with or next following the date of the Member's request.

6.3 By submitting a new Investment Direction, a Member may make any or all of the following changes:

A. Change his direction as to the percentage of his future contributions to be invested in each Fund;

B. Change all or part of the amount previously invested in any Fund for his account to an investment for his account in one or more of the other Funds.

C. If the Member is less than 55 years of age on the date of his request:

1. Change his direction as to the percentage of his future Company contributions to be invested in each Fund, provided, however, that 50% of such contributions must be invested in Fund C.

2. Change all or part of the amount previously invested as Company contributions in any Fund for his account to an investment for his account in one or more of the other Funds, provided, however, that 50% of such contributions must remain invested in Fund C.

D. If the Member is 55 years of age or older on the date of his request:

1. Change his direction as to the percentage of his future Company contributions to be invested in each Fund.

2. Change all or part of the amount previously invested as Company contributions in any Fund for his account to an investment for his account in one or more of the other Funds.

6.4 The Committee shall establish such procedures and provide such forms as it shall deem necessary or desirable to comply with the provisions of Section 404(c) of ERISA and the Regulations issued thereunder.

ARTICLE 7
VESTING OF COMPANY CONTRIBUTIONS

7.1 The word “vest” with respect to contributions and income attributable thereto, means the granting to a Member, subject to the provisions of the Plan, of full rights to his interest in the assets of the Plan.

7.2 The interest of a Member derived from his Employee Contributions and Elective Deferrals shall at all times be vested.

7.3 The interest in the assets of the Plan derived from Company contributions made with respect to Plan Years beginning before December 31, 2001 on behalf of a Member who is an Employee of the Company on January 1, 2002 shall vest on January 1, 2002, if not already vested under the terms of the Plan in effect on December 31, 2001.

The interest in the assets of the Plan derived from Company contributions of a former Employee who has not received his Plan distribution before January 1, 2002 shall be determined in accordance with the provisions of the Plan in effect when his employment ended.

The interest in the assets of the Plan derived from Company contributions of a Member who withdrew from the Plan but who has not received his Plan distribution before January 1, 2002 shall be determined in accordance with the provisions of the Plan in effect when his withdrawal was requested.

The interest of a Member in the assets of the Plan derived from Company contributions made for Plan Years beginning on or after January 1, 2002 shall at all times be vested.

The interest of a Member in the assets of the Plan derived from Company contributions to the Retail Operations Plan shall be vested upon transfer to the Plan in accordance with the provisions of Paragraph 22.4 F.

ARTICLE 8
VOLUNTARY WITHDRAWALS

8.1 Complete Withdrawal.

A Member may at any time elect to withdraw his vested interest from the Plan attributable to his after-tax contributions and matching Company contributions, or his after-tax contributions, Elective Deferrals, if any, and matching contributions, subject to the limitations of Sections 8.5 (Early Voluntary Withdrawals) and 19.11 (Distribution Requirements). Upon withdrawal prior to January 1, 2002, such Member's contributions to the Plan shall terminate for a period of 6 months following the date of withdrawal, and will not resume unless and until such Member elects to resume contributions on a form or in a manner prescribed by the Committee. If a Member makes a complete withdrawal under the terms of the Retail Operations Plan the HOVENSA Plan or the Merit Plan prior to January 1, 2002, and less than six months prior to commencement of his membership in the Plan, contributions to the Plan shall not be permitted until the expiration of the six month period beginning on the date of such withdrawal, and will not be made unless and until such Member elects to make such contributions on a form or in a manner prescribed by the Committee.

8.2 A. At any time following his completion of one year of membership (including membership in a Prior Plan, the Retail Operations Plan, the HOVENSA Plan or the Merit Plan) a Member may elect to withdraw, without the penalty of suspension, a portion of his contributions, subject to the limitations of Section 19.11, as follows.

1. If he is at least age 59 1/2 at the time of the withdrawal, 50% of the sum of his total contributions including his Elective Deferrals less the sum of his prior withdrawals as of the effective date of the withdrawal.

2. If he is not at least age 59 1/2 at the time of the withdrawal, 50% of the sum of his total contributions excluding his Elective Deferrals less the sum of his prior withdrawals as of the effective date of the withdrawal.

In no event, however, may the amount withdrawn exceed the value of a Member's account attributable to the contributions to be withdrawn.

B. A period of at least 12 months must elapse between partial withdrawals. If a Member makes a partial withdrawal under the terms of the Retail Operations Plan, or the HOVENSA Plan or the Merit Plan less than twelve months prior to commencement of his membership in the Plan, a partial withdrawal shall not be permitted under the terms of the Plan until the expiration of the twelve month period beginning on the date of such withdrawal.

Notwithstanding the foregoing, a Member may make a partial withdrawal in June 1996, if he would have completed his first year of membership or 12 months would have elapsed since his last partial withdrawal during the months of July, August or September 1996.

8.3 Withdrawal Procedures.

A. An election to withdraw shall be made on a Withdrawal Authorization form or in a manner prescribed by the Committee.

B. All withdrawals shall be effective as of a Valuation Date.

C. To be effective as of a particular Valuation Date the Withdrawal Authorization must be received on behalf of the Committee not later than 4:00 PM Eastern Time on such Valuation Date; otherwise, the withdrawal will be effective on the next following Valuation Date.

8.4 Distribution of Withdrawals.

A. Distribution of a withdrawal shall be made as soon as practicable after the Valuation Date on which the withdrawal becomes effective.

B. A complete withdrawal shall be distributed as follows:

l. The Member’s interest in mutual funds in cash.

2. The Member’s interest in Fund C in whole shares of AMERADA HESS CORPORATION common stock plus the cash equivalent of any fractional shares and any cash balance, except that distributions made under Subparagraph 9.1B1 shall be made in cash, subject to the provisions of subparagraph 4 of this Paragraph.

3. The Member’s vested interest attributable to Company contributions in whole shares of AMERADA HESS CORPORATION common stock, plus the cash equivalent of any fractional shares of any cash balance, except that distributions made under Subparagraph 9.1B1 shall be made in cash, subject to the provisions of subparagraph 4 of this paragraph.

4. At the request of the Member, the Trustee shall distribute in cash the value of the total number of shares of AMERADA HESS CORPORATION common stock that would be issued to the Member in accordance with subparagraphs 2 and 3 of this Paragraph, or in the case of distributions made under Subparagraph 9.1B1, at the request of the Member, the Trustee shall distribute the total number of whole shares of AMERADA HESS CORPORATION common stock equivalent to the cash that would be paid to the Member in accordance with subparagraphs 2 and 3 of this Paragraph, plus the remaining

cash.

5. The Committee shall establish such procedures as it shall deem necessary or desirable to effectuate the distribution of cash or stock pursuant to the Member’s elections under subparagraph 4.

C. A partial withdrawal shall be distributed in cash on a pro rata basis, to the extent possible, in proportion to the amount of the Member’s contributions to each fund in which his contributions are invested that are attributable to the after-tax contributions (or after-tax contributions and elective Deferrals, if he is at least age 59 1/2 at the time of the withdrawal) to be withdrawn on the Valuation Date on which the withdrawal becomes effective.

D. A hardship distribution made under Section 19.12 which is less than the Member’s vested account balance attributable to Elective Deferrals shall be distributed in cash on a pro rata basis, to the extent possible, in proportion to the amount of the Member’s Elective Deferrals in each fund in which his Elective Deferrals are invested on the Valuation Date on which the withdrawal becomes effective.

8.5 Early Voluntary Withdrawal.

Notwithstanding the foregoing, if a Member elects to withdraw his total vested interest from the Plan during his continued employment by the Company prior to the fifth anniversary of the earliest of the date of his initial participation in the Plan, the Retail Operations Plan, the HOVENSA Plan or the Merit Plan:

A. The distribution of the Member’s interest in mutual funds and Fund C will be made as specified in Sections 8.3 and 8.4.

B. The distribution of the Member’s interest in the portion of the assets attributable to Company contributions (including employer matching contributions made to the HOVENSA Plan or the Merit Plan) will be limited to the portion of said assets which exceeds an amount equal to the Company contributions paid to the Trustee under the Plan (including employer matching contributions made to the HOVENSA Plan or the Merit Plan) on said Member’s behalf within two years of the date payment is requested by the Member.

8.6 Distribution Requirements

A. General Rules

1. The requirements of this Section shall apply to any distribution of a Member’s interest and will take precedence over any inconsistent provisions of this Plan. Unless otherwise specified, the provisions of this Section apply to calendar years beginning after December 31, 1984.

2. All distributions required under this Section shall be determined and made in accordance with the Proposed Income Tax Regulations under Section 401(a) (9) of the Code, including the minimum distribution incidental benefit requirement of Section 1.401(a) (9)-2 of the Proposed Income Tax Regulations.

B. Required Beginning Date

The entire interest of a Member must begin to be distributed no later than the Member's required beginning date, as defined in Subparagraph 8.6D4.

C. Death Distribution Provisions:

1. If the Member dies after distribution of his or her interest has begun, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Member's death.

2. If the Member dies before distribution of his or her interest begins, distribution of the Member's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death except to the extent that an election is made to receive distributions in accordance with (a) or (b) below:

(a) if any portion of the Member's interest is payable to a designated Beneficiary, distributions may be made over the life or over a period certain not greater than the life expectancy of the designated Beneficiary commencing on or before December 31 of the calendar year immediately following the calendar year in which the Member died;

(b) if the designated Beneficiary is the Member's surviving Spouse, the date distributions are required to begin in accordance with (a) above shall not be earlier than the later of (1) December 31 of the calendar year immediately following the calendar in which the Member died and (2) December 31 of the calendar year in which the Member would have attained age 70-1/2.

If the Member has not made an election pursuant to this Subparagraph 2 by the time of his or her death, the Member's designated Beneficiary must elect the method of distribution no later than the earlier of (1) December 31 of the calendar year in which distributions would be required to begin under this Section, or (2) December 31 of the calendar year which contains the fifth anniversary of the date of death of the Member. If the Member has no designated Beneficiary, or if the designated Beneficiary does not elect a method of distribution, distribution of the Member's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

3. For purposes of Subparagraph 2 above, if the surviving Spouse dies after

the Member, but before payments to such Spouse begin, the provisions of Subparagraph 2, with the exception of Subdivision (b) therein, shall be applied as if the surviving Spouse were the Member.

4. For purposes of this Paragraph C, any amount paid to a child of the Member will be treated as if it had been paid to the surviving Spouse if the amount becomes payable to the surviving Spouse when the child reaches the age of majority.

5. For the purposes of this Paragraph C, distribution of a Member's interest is considered to begin on the Member's required beginning date (or, if Subparagraph 3 above is applicable, the date distribution is required to begin to the surviving Spouse pursuant to Subparagraph 2 above).

D. Definitions:

1. Designated Beneficiary. The individual who is designated as the Beneficiary pursuant to Section 1.9 of this Plan.

2. Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's required beginning date. For distributions beginning after the Member's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Paragraph C above.

3. Member's benefit:

(a) The account balance as of the last Valuation Date in the calendar year immediately preceding the distribution year (valuation calendar year) increased by the amount of any contributions or forfeitures allocated to the account balance as of dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date.

(b) Exception for second distribution calendar year. For the purposes of subdivision (a) above, if any portion of the minimum distribution for the first distribution calendar year is made in the second distribution calendar year on or before the required beginning date, the amount of the minimum distribution made in the second distribution calendar year shall be treated as if it had been made in the immediately preceding distribution calendar year.

4. Required beginning date.

(a) General rule. The required beginning date of a Member shall be determined in accordance with (1) or (2) below:

(1) Non-5-percent owners. The required beginning date of a Member who is not a “5-percent owner” (as defined in (b) below) is the first day of April of the calendar year following the calendar year in which the later of retirement or attainment of age 70-1/2 occurs.

(2) 5-percent owners. The required beginning date of a Member who is a 5-percent owner during any year beginning after December 31, 1979, is the first day of April following the later of:

(i) the calendar year in which the Member attains age 70-1/2, or

(ii) the earlier of the calendar year with or within which ends the Plan Year in which the Member becomes a 5-percent owner, or the calendar year in which the Member retires.

(b) 5-percent owner. A Member is treated as a 5-percent owner for purposes of this Section if such Member is a 5-percent owner as defined in Section 416(i) of the Code (determined in accordance with Section 416 but without regard to whether the Plan is top-heavy) at any time during the Plan Year ending with or within the calendar year in which such owner attains age 70-1/2 or any subsequent Plan Year.

(c) Once distributions have begun to a 5-percent owner under this Section, they must continue to be distributed, even if the Member ceases to be a 5-percent owner in a subsequent year.

8.7 Anything to the contrary hereinabove notwithstanding, withdrawals of assets attributable to Elective Deferrals shall be subject to the limitations of Article 19.

8.8 Although the Code was amended to eliminate the requirement for commencement of benefit distributions during continued employment to non-5-percent owners who attained age 70 1/2 in years beginning after December 31, 1996, automatic distributions in the amounts that would have been required under prior law will continue to be made under the Plan with respect to such Employees if they attain age 70 1/2 before the Plan Year beginning after December 31, 1999. This Section does not apply to 5-percent owners as defined in subparagraph 8.6D4.

ARTICLE 9
TERMINATION OF EMPLOYMENT AND TERMINATION OF MEMBERSHIP

9.1 If a Member's employment by a Company shall terminate for any reason (other than by transfer to HOVENSA, another Company or to an Associated Company) or if his membership in the Plan shall terminate (other than pursuant to the provisions of Sections 8.1, 9.5, or 9.6) his vested interest in the Plan, determined as of the Valuation Date coincident with or next following the date his employment or membership is terminated, shall be distributed to him (or to his Beneficiary if his employment shall terminate because of his death), as follows:

A. If the Member's employment shall terminate because of his death his entire vested interest shall be distributed to his Beneficiary as soon as practicable after such Valuation Date in the manner specified in Section 8.4 B.

B. If the Member's employment shall terminate for a reason other than his death, or if his membership shall terminate (other than pursuant to the provisions of Section 8.1, 9.5 or 9.6), his entire vested interest, as determined above, shall be distributed to him. The Member's interest attributable to Employee Contributions and Elective Deferrals shall be distributed in the manner specified in subparagraphs 1 and 2 of Section 8.4B, and his vested interest attributable to Company contributions shall be distributed to him in the manner specified in subparagraph 3 of Section 8.4B, both as follows:

1. If the value of his entire vested interest shall not exceed $5,000 it shall be distributed to him as soon as practicable after such Valuation Date.

2. If the value of his entire vested interest shall exceed $5,000, it shall be distributed to him as soon as practicable following his attainment of age 65 (or to his Beneficiary on his death prior thereto), unless the Member shall, prior to any Valuation Date succeeding the Valuation Date described above, make a request on a form or in a manner prescribed by the Committee for earlier distribution, or for a later distribution as permitted under Section 9.4. On receipt of such request, the distribution of such vested interest shall be made to the Member at the appropriate time in the manner requested.

9.2 If a Member shall be fully vested in his account balances at the time he receives a distribution pursuant to the provisions of Section 8.1 or Section 9.1, then the service performed by him with respect to such distribution shall be disregarded for the purpose of determining the balance in his account on his reentry into the Plan and there shall be no restoration of his account balances.

9.3 Anything to the contrary hereinabove notwithstanding, distribution of assets attributable to Elective Deferrals shall be subject to the limitations of Article 19.

9.4 A. Distribution of benefits to a Member will be made no later than the 60th day after the close of the Plan Year in which the latest of the following events occurs:

1. the Member attains age 65 ;

2. the 10th anniversary of the date on which the Member commenced participation in the Plan;

3. the Member terminates employment with the Company;

4. the date specified in an election made pursuant to Paragraph B of this section, but no later than April 1 of the year following the year in which the Member will attain age 70 1/2.

B. Notwithstanding the provisions of Subparagraph 9.1B2, a Member may, on a statement signed by him and submitted to the Committee (or in a manner prescribed by the Committee), elect that the payment to him of any benefit under the Plan will be made in a lump sum at a date later than the dates specified under Subparagraphs 1, 2 and 3 of Paragraph A of this Section. The statement shall describe the benefit and specify the date on which payment of the benefit shall be made, subject, however, to the distribution requirements of Section 8.6 of the Plan.

9.5 Notwithstanding any provision of the Plan to the contrary, upon the establishment by the Principal Company of the Retail Operations Plan, which shall have essentially the same provisions as the Plan, the Committee shall direct the Trustee to allocate and segregate the portion of the assets of the Plan held for the benefit of all Members of the Plan who are employed in Company-operated gasoline stations or convenience stores. The Committee then shall direct the Trustee to transfer such assets and the accounts and records of such Members to the Retail Operations Plan. If any Members of the Plan subsequently become eligible for participation in the Retail Operations Plan, the assets, accounts and records of such Members shall be allocated, segregated and transferred in a similar manner. As the result of these transfers, all accrued rights and interests of such Members as of the date of such transfers shall be preserved under the Retail Operations Plan, and in no event shall any such Member be deprived of any benefits under the Plan which shall have accrued to him as of the effective date of the transfer.

9.6 Notwithstanding any provision of the Plan to the contrary, upon the establishment by HOVENSA of the HOVENSA Plan, which shall have essentially the same provisions as the Plan, the Committee shall direct the Trustee to allocate and segregate the portion of the assets of the Plan held for the benefit of all Members of the Plan employed by HESS OIL VIRGIN ISLANDS CORP., who become employees of HOVENSA on the date HOVENSA commences operations. The Committee then shall direct the Trustee to transfer such assets and the accounts and records of such Members to the HOVENSA Plan on the Transfer Date. If any Members of the Plan subsequently become employed by HOVENSA, the assets, accounts and records of such Members shall be allocated, segregated and transferred in a similar manner. As the result of these transfers, all accrued rights and interests of such Members as of the date of such transfers shall be preserved under the HOVENSA Plan, and in no event shall any such Member be deprived of any benefits under the Plan which shall have accrued to him as of the effective date of the transfer. Upon the transfer of a Member’s accounts and records to the HOVENSA Plan, such Member’s membership in the Plan shall terminate. Upon the transfer of a Member’s accounts and records to the Retail Operations Plan, such Member’s membership in the Plan shall terminate.

ARTICLE 10
FORFEITURES

10.1 The interest of a Member in the assets of the Plan derived from Company contributions which shall be unvested at the time of his termination of membership or termination of employment shall be forfeited and shall reduce the future contributions of the Company or Companies of which such Member was an Employee. If a Member shall make a complete withdrawal pursuant to Section 8.1 of his vested interest in the assets of the Plan attributable to his after-tax contributions and Elective Deferrals, if any, his unvested interests in the assets of the Plan derived from Company matching contributions attributable to the contributions withdrawn by the Member shall be forfeited. Forfeitures shall occur in a similar manner in the case of a complete withdrawal under Section 8.1 of the Member's account balances attributable to his after-tax contributions or his after-tax contributions and Elective Deferrals, if any, but shall apply to the interest of such Member in the assets of the Plan derived from Company contributions that matched the Member's contributions to the withdrawn accounts which shall be unvested at the time of his withdrawal. For the purposes of this Section 10.1, assets representing employer contributions to the HOVENSA Plan which are transferred to the Plan shall be treated as Company contributions.

10.2 In the event an Employee whose interest in the assets of the Plan has been forfeited in whole or in part upon withdrawal under Section 8.1 or termination of his membership during his continued employment shall continue or resume membership in the Plan, the value of his account balances shall be restored to their value as of the Valuation Date described in Section 8.3 if such Employee shall, within five years of the date of such withdrawal or termination, repay to the Plan the full amount of any distribution received by him upon such withdrawal or termination of membership.

10.3 In the event an Employee whose interest in the assets of the Plan has been forfeited in whole or in part on termination of his employment shall be reemployed and shall resume membership in the Plan, the value of his account balances shall be restored to their value as of the Valuation Date described in Section 9.1 if such Employee shall, within the earlier to occur of (i) his having incurred five consecutive one-year Breaks in Service and (ii) the fifth anniversary of his resumption of employment covered by the Plan, repay to the Plan the full amount of any distribution received by upon such termination.

10.4 If an Employee described in Section 10.2 or in Section 10.3 shall not make the repayments in the amounts and in the manner described therein then the service performed by him with respect to which he received a complete distribution of his account balances derived from both after-tax contributions and Elective Deferrals pursuant to the provisions of Section 8.1 or Section 9.1 shall be disregarded for the purpose of determining the balance in his account on his re-entry into the Plan or continuation of his membership in the Plan and there shall be no restoration of his account balances.

10.5 A. If a forfeiture occurs under the comparable terms of the Retail Operations Plan or the HOVENSA Plan with respect to a member of either of those plans who subsequently becomes a Member of the Plan, and such Member repays the full amount of his distribution to the Retail Operations Plan or the HOVENSA Plan in accordance with the terms of those plans, such repaid amount and the value of his account balances restored under the applicable plan shall be transferred to the Plan as soon as practicable after such repayment and restoration, and shall be invested in accordance with the Member's then current Investment Direction.

B. Notwithstanding any provisions of the Plan to the contrary, if a forfeiture occurs in accordance with the provisions of Section 10.1, and the individual involved subsequently becomes a member of the Retail Operations Plan or the HOVENSA Plan before repaying the full amount of his distribution to the Plan, such individual shall be deemed eligible for participation in the Plan for the sole purpose of repaying such distribution and restoring the value of his account balances under the Plan. Such repaid amount and the value of his account balances restored under the Plan shall be invested in accordance with the individual's then current Investment Direction in the Retail Operations Plan or the HOVENSA Plan, as the case may be, and transferred to the applicable plan as soon as practicable after such repayment and restoration.

10.6 For the purposes of this Article 10, the nonvested portion of the participating company contributions account under the Merit Plan of a Merit Plan Participant or a former employee of Merit Oil Corporation that was forfeited or scheduled to be forfeited under the terms of the Merit Plan shall be subject to restoration under the same terms that apply to other Members of the Plan under this Article.

10.7 Due to the change made on January 1, 2002 to provide for the immediate vesting of Company contributions to the Plan, there will be no forfeitures under this Article 10 on or after that date. The above provisions will remain in effect, however, to allow for the restoration of account balances forfeited before that date, and to provide for proper coordination with the Retail Plan and the HOVENSA Plan.

ARTICLE 11
ADMINISTRATION OF THE PLAN

11.1 The Plan shall be administered by a Committee consisting of three or more persons who shall be appointed by the Board of Directors.

11.2 The Committee shall have the authority to control and manage the operation and administration of the Plan, as set forth in Section 11.4.

11.3 The Committee shall act by a majority of its members, but a majority of the members may, at any time and from time to time, by an instrument in writing delivered to the Trustee and to the Board of Directors: (a) designate a Committee member to exercise the powers of the Committee at any time and from time to time in the administration of the Plan, and (b) appoint one or more persons to act as agent or agents of the Committee. Any agent or agents so appointed shall serve at the pleasure of the Committee.

11.4 The Committee shall have the power, duty, and responsibility to direct the administration of the Plan, including the power: (a) to reconcile any inconsistencies in the Plan; (b) to construe and interpret the provisions of the Plan and all parts thereof, (c) to provide such rules and regulations not inconsistent with the Plan as it may deem necessary; (d) to resolve all questions with respect to the individual rights of Members and former Members; and (e) to authorize benefit payments under the Plan. Any interpretation or construction placed upon any term or provision of the Plan by the Committee, any determination of the Committee with respect to the rights of a Member or former Member, any reconciliation of any inconsistency in the Plan made by the Committee, and any action whatever taken by the Committee in good faith shall be final and conclusive.

11.5 The Committee may employ one or more persons to render advice with regard to any of its responsibilities under the Plan.

11.6 The Committee may, in writing, allocate responsibilities for the operation and administration and recordkeeping of the Plan including discretionary responsibilities for persons serving as fiduciaries.

11.7 A. The Committee shall serve as the liaison among the Companies, the Trustee, the recordkeeper and the Members.

B. To the extent required by law and not specified in the Plan the Committee shall establish a funding policy and method consistent with the objectives of the Plan.

C. The Committee shall maintain or cause to be maintained such records under the Plan as it shall deem necessary or desirable.

11.8 Any member of the Committee, and any agent of the Committee, may be removed from office at any time, with or without cause, by the Board of Directors.

11.9 Anything to the contrary herein notwithstanding, all acts and decisions of the Committee and its agents authorized under the Plan shall at all times be subject to review by the Board of Directors, provided, however, that the Committee and its agents shall not be required to submit any act or decision for such review unless specifically directed to do so by the Board of Directors.

11.10 Claims Procedure:

A. The Committee shall make all determinations as to the right of any person to a benefit.

B. The Committee shall issue a decision on a claim for benefits under the Plan within a reasonable period of time after receipt of the claim.

C. Any denial or partial denial by the Committee of a claim for benefits under the Plan by a Participant or Beneficiary shall:

1. Be stated in writing by the Committee and delivered or mailed to the Participant or Beneficiary;

2. Set forth the specific reasons for the denial, written to the best of the Committee's ability in a manner that may be understood without legal or actuarial counsel;

3. Refer to pertinent provisions of the Plan on which the denial is based;

4. Explain the procedure of the Plan relating to a review of the denial of benefits.

11.11 All costs and expenses incurred in administering the Plan, including the expenses of the Trustee and the Committee, the fees of counsel and other administrative expenses, except as specified below, shall be borne by the Companies. Brokerage commissions, transfer taxes, and other charges and expenses in connection with the purchase, sale, redemption, conversion, or distribution of securities, shall be added to the cost of such securities or deducted from the proceeds thereof, as the case may be. Loan initiation and annual loan recordkeeping fees charged by the recordkeeper shall be paid by the Member receiving a loan under the provisions of Section 19.13. All other taxes which may at any time be levied or assessed upon or in respect of any trusts, any Fund, or the assets of the Plan shall be paid out of the particular trusts, Fund, or assets of the Plan giving rise to such taxes and charged to the accounts of the respective Members, unless the

Principal Company, by action of the Board of Directors, shall elect to pay such taxes. Mutual fund investment management fees, sales charges and short-term trading fees shall be charged against the accounts of Members invested in such funds.

11.12 Any person or group of persons may serve in more than one fiduciary capacity under the Plan.

11.13 Information relating to the purchase, holding, and sale of common stock of AMERADA HESS CORPORATION in Fund C, and the exercise of voting, tender and similar rights with respect to such securities by Members and beneficiaries, shall be maintained in accordance with procedures which are designed to safeguard the confidentiality of such information, except to the extent necessary to comply with federal or state laws not preempted by ERISA. The Committee is the fiduciary responsible for ensuring that said procedures are sufficient to safeguard such information and that such procedures are being followed. If the Committee determines that any situations involve a potential for undue influence on Members or beneficiaries by the Company with regard to the direct or indirect exercise of shareholder rights, the Committee shall appoint an independent fiduciary to carry out activities relating to such situations. The independent fiduciary shall not be affiliated with the Company.

ARTICLE 12
AMENDMENT OF THE PLAN

12.1 A. Except as herein limited, the Board of Directors shall have the right to amend the Plan at any time and to any extent that it may deem advisable.

B. The Committee is authorized to restate the Plan and to make all changes to the Plan or any group of related changes that are forecast to increase the annual cost of the Principal Company by less than $100,000, are required to comply with applicable law or are made in conjunction with administrative requirements, any said changes to be reported to the Compensation and Management Development Committee of the Board of Directors (the “Board Committee”) annually.

C. The Board Committee is authorized to approve changes or any group of related changes to the Plan that are forecast to increase the annual cost to the Principal Company by less than $500,000.

D. The Committee is authorized to maintain records of all such actions to indicate their review and approval, that will be:

1. reduced to writing;

2. executed by an officer of the Principal Company who is a member of the Committee and by the Secretary or an Assistant Secretary of the Principal Company; and

3. incorporated in subsequent restatements of the Plan.

E. Any such amendment or restatement shall be set forth in a written instrument, which shall be executed and delivered as set forth in the preceding paragraph. Upon execution of such written instrument, the Plan shall be deemed to have been amended in the manner therein set forth, effective as of the date specified therein, and all Members, Companies, the Committee, and all other persons interested in the Plan shall be bound thereby.

12.2 No amendment shall vest in any Company, directly or indirectly, any right, title or interest in or to assets of the Plan, or any portion thereof. No assets of the Plan shall, by reason of any amendment, be used for, or diverted to, purposes other than for the exclusive benefit of Members, former Members, and their Beneficiaries. No amendment shall, without his consent, reduce any accrued right or interest to which any Member, former Member, or Beneficiary is entitled as of the date of such amendment, but this provision shall not be construed as preventing any change in the Plan which lessens or restricts benefits or rights not actually accrued as of the date of such amendment.

12.3 In the discretion of the amending authority as specified in Section 12.1, any amendment may be made effective as of a date prior to its execution.

ARTICLE 13
TERMINATION OF PARTICIPATION BY A COMPANY
AND TERMINATION OF THE PLAN

13.1 A. It is the expectation of each Company that it will continue the Plan and the payment of its contributions hereunder indefinitely; but continuation of the Plan is not assumed as a contractual obligation of any Company, and the right is reserved by each Company at any time to reduce, suspend or discontinue its contributions hereunder, and to terminate its participation in the Plan in whole or in part. Except in the case of a termination in operation, the termination by a Company of its participation in the Plan shall be evidenced by a written instrument executed by the Company effective as of the date stated therein, and by a certified copy of a duly enacted resolution of the board of directors of such Company authorizing such termination. Copies of such instrument and of such resolution shall be delivered to the Committee and to the Trustee. Participation of a Company in the Plan may be terminated in operation without formal notice.

B. The right is also reserved by the Principal Company to terminate the Plan. Except in the case of a termination in operation, termination of the Plan shall be evidenced by a written instrument executed by the Principal Company effective as of the date stated therein, and by a certified copy of a duly enacted resolution of the Board of Directors authorizing such termination. Copies of such instrument and of such resolution shall be delivered to the Committee and to the Trustee. The Plan may be terminated in operation without formal notice.

13.2 If the Plan is terminated by a participating Company with respect to all or a designated group of its Employees, then and in that event, from and after the termination date and with respect to the group as to which the Plan is being terminated: (a) no contribution shall be made to the Plan by the terminating Company or by its Employees, (b) no Employees of such group shall become Members of the Plan, and (c) no further payments of benefits with respect to Members of such group shall be made except in distribution of assets of the Plan as provided in Section 13.4. (The term “Members” as used in this ARTICLE 13 includes, where appropriate, former Members and Beneficiaries of such former Members.)

13.3 Upon termination of a Company’s participation in the Plan in whole or in part, or upon complete discontinuance of its contributions to the Plan, the right of each Employee of such Company whose membership in the Plan is thereby terminated to his interest in the assets of the Plan shall be and become nonforfeitable.

Upon termination or partial termination of the Plan, or upon complete discontinuance of contributions under the Plan, the amounts credited to the accounts of the Members shall be nonforfeitable.

13.4 A. Upon termination of a Company's participation in the Plan, in whole or in part, or upon termination of the Plan or complete discontinuance of all Company contributions thereto, as above provided, the Committee shall direct the Trustee to allocate and segregate the portion of the assets of the Plan held for the benefit of those Members whose membership in the Plan is being terminated. The Committee may direct the Trustee to continue to hold such assets, under the Plan, to convert such assets into cash, to distribute such assets or such cash to such Members, or to transfer such portion, or all of the assets, as the case may be, to another trust fund for the benefit of the Members as to whom the Plan is terminated, including, but not limited to, a fund or trust under another savings plan of the terminating Company or of another business organization.

B. In the event that the termination of any Company's participation in the Plan, or the termination of the Plan, or the complete discontinuance of all Company contributions thereto, shall not be accompanied by a termination of the Trust, then those assets allocated pursuant to Paragraph A of this Section 13.4 which, at the direction of the Committee, shall continue to be held by the Trustee under the Plan, shall be distributed to Members and former Members in accordance with the provisions of the Plan relating to distribution of withdrawals and distribution on termination of employment.

C. The Committee shall, on termination of the Trust, and may, in its discretion, on termination of a Company's participation, termination of the Plan, or complete discontinuance of all Company contributions thereto, direct the Trustee to distribute to each Member his interest in the assets of the Plan then held by the Trustee.

13.5 Any other provision to the contrary herein notwithstanding, no Member's participation in the Plan shall be deemed terminated if immediately following the termination of his employer's participation in the Plan, in whole or in part, such Member shall be employed by another Company. In such event the interest of such Member in the Plan shall continue to be held by the Trustee under the Plan to furnish benefits provided by the Plan.

13.6 A. The participation of any Company in the Plan shall terminate upon the dissolution of the Company.

B. In the event of a merger, consolidation, or reorganization of any Company the participation of such Company in the Plan shall continue unless the Company or any Successor Company shall terminate such participation in the manner provided in Section 13.1A.

C. In the event of any merger of the Plan or consolidation of the Plan with, or transfer of assets or liabilities of the Plan to, any other plan, each Member (if either the Plan or the other plan shall then be terminated) shall be entitled to receive a benefit immediately after the merger, consolidation, or transfer, equal to or greater than the benefit he would have been entitled to receive immediately before such merger, consolidation, or transfer if the Plan had then been terminated.

13.7 A. In the event that a Successor Company shall succeed any Company hereunder, provision may be made by agreement between such Successor Company and the Principal Company for the transfer of a portion of the assets of the Plan, allocable to Members who shall then be employed by the Successor Company, to a trust under any savings plan adopted or to be adopted by such Successor Company.

B. In the event of such transfer, the Committee shall direct the Trustee to set aside assets equal in value to that portion of the assets of the Plan determined pursuant to Paragraph A to be allocable to Members employed by the Successor Company, and to deliver such assets to a trustee designated by the Successor Company.

C. In the event of such transfer, the Plan shall not be deemed terminated with respect to any Member who shall participate in the Successor Company’s savings plan, provided, however, that in no event shall any Member be deprived of any benefits under the Plan which shall have accrued to him as of the effective date of the transfer.

ARTICLE 14
ADOPTION OF THE PLAN BY PARTICIPATING COMPANIES

14.1 Any Participating Company may join in and become a party to the Plan, provided that:

A. The Committee shall approve the admission of such Participating Company into the Plan; and

B. Such Participating Company shall notify the Committee of its agreement: to adopt the Plan, together with all amendments thereto then in effect; to be bound thereby as though it were an original signatory thereto; and to be bound by any other terms and conditions which may be imposed by the Committee, provided that the same shall not be inconsistent with the purposes and provisions of the Plan.

14.2 A Participating Company adopting the Plan shall file with the Committee such information as may be required concerning its Employees who shall be eligible for membership in the Plan.

14.3 Upon such Participating Company's adopting the Plan it shall thereafter be deemed to be a Company for all purposes hereof except as may be otherwise expressly provided herein.

14.4 Notwithstanding the provisions of Section 14.1, any wholly owned subsidiary of the Principal Company or of a Participating Company organized in the United States of America shall automatically become a Participating Company on the date it adopts the Plan, unless the Committee excludes such company from admission into the Plan.

ARTICLE 15
THE TRUSTEE

15.1 The Company shall enter into an agreement or agreements with a bank, trust company or other fiduciary, as Trustee, which shall hold and invest the contributions made under the Plan.

15.2 Each Trustee shall perform all of its duties, subject to the requirements of, and receive compensation in accordance with, the terms of any such agreement.

15.3 All action taken by a Trustee pursuant to its authority as such shall be binding upon all Members, each Company, the Committee and upon every person who is or may become interested in the Plan.

15.4 The Principal Company may in its discretion terminate any agreement hereinabove described, remove any Trustee appointed by it and appoint as successor Trustee any other qualified bank, trust company, or other fiduciary.

15.5 The Principal Company is the named fiduciary with respect to control or management of the assets of the Plan. However, Compensation and Management Development Committee of its Board of Directors may appoint and monitor an investment manager or managers to manage (including the power to acquire and dispose of) any assets of the Plan, and may select mutual funds for Plan investments.

15.6 The Trustee shall vote, in person or by proxy, the shares of common stock of AMERADA HESS CORPORATION held by the Trustee. Each Member shall be entitled to give instructions to the Trustee with respect to voting the number of shares of such common stock, including any fractional share, credited to his account in Fund C, and the Trustee shall be obliged to follow such instructions. Written notice of any meeting of stockholders of AMERADA HESS CORPORATION and a request for instructions shall be given by the Trustee, at such time and in such manner as the Committee shall determine, to each Member entitled to give such instructions. Shares of common stock attributable to Company contributions and shares held in Fund C with respect to which no instructions are received shall be voted by the Trustee in accordance with the terms of the agreement with the Trustee. Records of the instructions given by individual Members shall be confidential and not disclosed to the Company by the Trustee.

15.7 In the event a tender or exchange offer (within the meaning of the Securities Exchange Act of 1934, as amended) is made by any potential acquiror in respect of all or a portion of the outstanding shares of common stock of AMERADA HESS CORPORATION, each Member shall be entitled to respond and give tender or exchange instructions to the Trustee regarding, among other things, whether or not any such Member desires to tender or exchange all or a portion of the number of shares of such common stock, including any fractional share, credited to his account in Fund C. The Trustee shall be obliged to follow such tender or exchange instructions and respond in accordance therewith. Shares of common stock held in Fund C with respect to which no instructions are received shall not be tendered or exchanged by the Trustee to or with any such potential acquiror. Written notice of any such tender or exchange offer, and a copy of all of the materials distributed to shareholders of AMERADA HESS CORPORATION in connection therewith, relating to any such tender or exchange offer and the potential acquiror, shall be delivered in a timely manner by the Trustee to each Member entitled hereunder to give tender or exchange instructions. Records of the instructions given by individual Members shall be confidential and shall not be disclosed, divulged or released by the Trustee (or any affiliates or employer of the Trustee) to any person, including without limitation, AMERADA HESS CORPORATION, any affiliate of AMERADA HESS CORPORATION, or any officer, director or employee of any such companies.

ARTICLE 16
GENERAL PROVISIONS GOVERNING PAYMENT OF BENEFITS

16.1 All benefits payable under the Plan shall be paid or provided for solely from the assets of the Plan, and no Company assumes any liability or responsibility therefor. The obligations of each Company, which are expressly stated to be noncontractual, are limited solely to the making of contributions to the Trust Fund, as provided for in the Plan.

16.2 In the event that any benefit hereunder becomes payable to a minor, or to a person under legal disability, or to a person judicially declared incompetent, then the Committee shall direct the same to be paid out by the Trustee in such of the following ways as the Committee may deem best:

A. Directly to such person.

B. In the case of a minor, to the guardian or other person having the care and control of such minor.

C. To the legally appointed guardian or conservator of such person.

D. To any institution maintaining or having the custody of such person in accordance with the order of a court of competent jurisdiction.

16.3 If at any time any doubt shall exist as to the identity of any person entitled to payment of any benefit hereunder, or as to the amount or time of any such payment, or if the Committee is unable to authorize payment of benefits to any person because his whereabouts cannot be ascertained, the Committee shall certify such fact to the Trustee, and shall direct the Trustee to hold the amount of benefit in trust until the Committee's further order or until final order of a court of competent jurisdiction. In the event a Member or Beneficiary to whom payment of a benefit under the Plan is due cannot be located, or has not presented benefit checks for payment within one year after Plan distributions shall have been made to him, such benefit shall be treated as having been forfeited, provided that if a claim therefor is subsequently made by, or on behalf of, such Member or Beneficiary such benefit shall be reinstated. For the sole purpose of this Section, the term Member or Beneficiary shall include a former member or beneficiary of the former Amerada Hess Corporation Employees' Stock Ownership Plan who could not be located by the former trustee of that plan, and with respect to whom said trustee transferred unpaid amounts to the Plan.

16.4 All benefits hereunder shall be payable at the office of the Trustee, unless otherwise directed to the Trustee.

16.5 In order to facilitate the administration of the Plan, benefits payable hereunder may be paid by the Trustee directly or through an agent, including the Committee or one of its agents.

16.6 Benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, prior to actually being received by the person entitled to the benefit under the terms of the Plan except in the case of a qualified domestic relations order as defined in Code Section 414(p), or in the case of an offset of a Member's benefits against an amount that the Member is ordered or required to pay to the Plan as described in Code Section 401(a)(13)(C), if (i) the order or requirement to pay arises (A) under a judgment of conviction for a crime involving such Plan, (B) under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of part 4 of subtitle B of title I of ERISA, or (C) pursuant to a settlement agreement between the Secretary of Labor and the participant, in connection with a violation (or alleged violation) of part 4 of such subtitle by a fiduciary or any other person, and (ii) the judgment, order, decree, or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the Plan against the Member's benefits provided under the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, except in the case of a qualified domestic relations order or in accordance with Code Section 401(a)(13)(C) shall be void. In the case of a qualified domestic relations order, the portion of the participant's interest in the Plan designated for the benefit of the alternate payee shall be distributed to such alternate payee as soon as practicable after the qualification of the order. If a portion of the alternate payee's interest in the Plan is derived from Company contributions or employer matching contributions made to the HOVENSA Plan in which the participant is not vested, such portion shall not be distributed to the alternate payee, but shall be retained in the alternate payee's Plan account until vested or forfeited, based on the status of the participant. Notwithstanding any other provisions of the Plan, partial withdrawals, hardship withdrawals, loans and rollovers from other plans or from rollover individual retirement accounts shall not be available to an alternate payee. The Committee shall establish reasonable procedures to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders.

16.7 This Section applies to distributions made on or after January 1, 1993.

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Committee, to have all or any portion of an eligible rollover distribution made directly to an eligible retirement plan or plans specified by the distributee in a direct rollover. The following definitions apply for the purposes of this Section 16.7.

A. "Eligible rollover distribution" shall mean any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

1. any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;

2. any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;

3. the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and

4. any hardship withdrawal made in accordance with Section 19.12 on or after January 1, 1999.

B. "Eligible retirement plan" shall mean an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving Spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

C. "Distributee" shall include an Employee or former Employee. In addition, the Employee's or former Employee's surviving Spouse and the Employee's or former Employee's Spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the Spouse of former spouse.

D. "Direct rollover" shall mean a payment by the Plan to the eligible retirement plan specified by the distributee.

ARTICLE 17
MISCELLANEOUS PROVISIONS

17.1 The adoption and maintenance of the Plan shall not be deemed to constitute a contract of employment or otherwise between any Company and any Employee or Member, or to be a consideration for, or an inducement or condition of, any employment. Nothing contained herein shall be deemed to give any Employee the right to be retained in the service of any Company or to interfere with the right of any Company to discharge any Employee or Member at any time.

17.2 The adoption of the Plan by any Company shall not create a joint venture or partnership relation between it and any other Company, nor shall such action in any manner be construed as having such effect. Any rights, duties, liabilities, and obligations assumed hereunder by each Company, or imposed upon it under or as a result of the terms and provisions of the Plan, shall relate to and affect such Company alone.

17.3 Whenever any act provided for herein shall be at the discretion, or with the approval, of a Company, the Board of Directors, the Committee, or any other person, there shall be no discrimination in the taking of such action in favor of or against any Member or group of Members similarly situated.

17.4 No Member, or any other person claiming any benefits hereunder, shall have any right to inspect the books and accounts of any Company or to obtain any information relating to the financial affairs of any Company, or to inquire as to the method of determining the amount of any Company contribution, except as provided by law.

17.5 Each Company, the Committee, the Trustee, and any person or persons involved in the administration of the Plan shall be entitled to rely upon any certification, statement, or representation made or evidence furnished by an Employee, Member, or other person with respect to any facts required to be determined under any of the provisions of the Plan, and shall not be liable on account of the payment of any monies or the doing of any act or failure to act in reliance thereon. Any such certification, statement, representation, or evidence, upon being duly made or furnished, shall be conclusively binding upon such Employee, Member, or other person but not upon any Company, the Committee, or any other person or persons involved in the administration of the Plan. Nothing herein contained shall be construed to prevent any of such parties from contesting any such certification, statement, representation, or evidence or to relieve the Employee, Member, or other person from the duty of submitting satisfactory proof of any such fact.

17.6 Any notice delivered or mailed to any person will be deemed properly given if delivered or mailed, postage prepaid, to such person at his last post office address shown on the record of the Company. Any notice or other communication from an Employee, Member or other person to the Committee, the Plan recordkeeper or to any Company, shall be in such form as may be prescribed by the Committee, and shall be properly given or filed if delivered or mailed, postage prepaid, to the Committee or to the Company, as the case may be, at such address or in such a manner as may be specified from time to time by the Committee, which may include telephone or electronic communication.

17.7 Each Company shall furnish in writing to the Committee and to the Trustee, at their request, such information as may be necessary or desirable in order that the Committee and the Trustee may be able to carry out their duties hereunder; and the Committee and the Trustee shall be entitled to rely upon such information as correct.

17.8 In no event shall any part of the corpus or income of the Trust Fund hereunder (within the taxable year or thereafter) be used for, or diverted to, purposes other than for the exclusive benefit of the Members or their Beneficiaries. No assets of the Trust Fund shall revert to any Company, provided, however, that any contribution made by a Company by a mistake of fact may be returned to such Company within one year after the payment of the contribution.

17.9 The Plan and the Trust incorporated herein by reference are intended to qualify as a qualified stock bonus plan and a tax exempt trust, pursuant to the provisions of Sections 401(a) and 501(a) of the Code, respectively.

17.10 The contributions made by each Company pursuant to the Plan are intended to be deductible under the provisions of Section 404 of the Code.

17.11 The Plan shall be governed by, construed, administered, and regulated in all respects under the laws of the State of New York.

17.12 The titles to the Articles in the Plan are placed herein for convenience or reference only, and in case of any conflicts, the text of this instrument, rather than such titles, shall control.

17.13 Wherever necessary or appropriate, the use herein of any gender shall be deemed to include the other genders, and the use herein of either the singular or the plural shall be deemed to include the other.

17.14 This instrument may be executed in any number of counterparts, each of which shall be deemed to be the original, although the others shall not be produced.

17.15 Notwithstanding any other provisions of the Plan to the contrary, in connection with the assumption of Plan recordkeeping responsibilities by Fidelity Institutional Retirement Services Company, no requests will be accepted for changes in Member contributions under Article 3, changes in Members' Investment Directions under Article 6, Voluntary Withdrawals under Article 8, or Loans or Hardship Withdrawals under Article 19, and there will be no distributions due to termination of employment or membership under Article 9 from June 20, 1996 to September 4, 1996, and no rollover amounts will be accepted from other plans under Article 20 during the month of July 1996.

ARTICLE 18
TOP-HEAVY PROVISIONS

18.1 If the Plan is or becomes top-heavy in any Plan year beginning after December 31, 1983, the provisions of Sections 18.2 through 18.6 will supersede any conflicting provision in the Plan.

18.2 Definitions:

A. 1. Key Employee: Any Employee or former employee (and the Beneficiaries of such Employee) who at any time during the determination period was an officer of the Company, if such individual's annual compensation exceeds 50 percent of the dollar limitation under Code Section 415(c)(1)(A), an owner (or considered an owner under Code Section 318) of one of the ten largest interests in the Company if such individual's compensation exceeds 100 percent of such dollar limitation, a 5-percent owner of the Company, or a 1-percent owner of the Company who has an annual compensation of more than $150,000. The determination period is the Plan Year containing the determination date and the 4 preceding Plan years. The determination of who is a key employee will be made in accordance with Code Section 416(i)(1) and the regulations thereunder. For these purposes, (i) no more than 50 Employees (or, if less, the greater of 3 or 10 percent of the Employees) shall be treated as officers, and (ii), if 2 Employees have the same interest in the Company, the Employee having greater annual compensation from the Company shall be treated as having a larger interest.

2. Solely for the purpose of determining if the Plan, or any other plan included in a required aggregation group of which this Plan is a part, is top-heavy (within the meaning of Section 416(g) of the Code) the accrued benefit of an Employee other than a key employee (within the meaning of Section 416(i)(1) of the Code) shall be determined under (a) the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Affiliated Companies, or (b) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rate of Section 411(b)(1)(C) of the Code.

B. Top-heavy plan: For any Plan Year beginning after December 31, 1983, this Plan is top-heavy if any of the following conditions exists:

1. If the top-heavy ratio for this Plan exceeds 60 percent and this Plan is not part of any required aggregation group or permissive aggregation group of plans.

2. If this Plan is a part of a required aggregation group of plans but not

part of a permissive aggregation group and the top-heavy ratio for the group of plans exceeds 60 percent.

3. If this Plan is a part of a required aggregation group and part of a permissive aggregation group of plans and the top-heavy ratio for the permissive aggregation group exceeds 60 percent.

C. Top-heavy ratio:

1. The top-heavy ratio shall be a fraction, the numerator of which is the sum of account balances under all defined contribution plans of the Company for all key employees and the present value of accrued benefits under all defined benefit plans of the Company for all key employees as of the determination date, and the denominator of which is the sum of the account balances under the defined contribution plans for all Members and the present value of accrued benefits under the defined benefit plans for all Members as of the determination date. Both the numerator and denominator of the top-heavy ratio shall be adjusted for any distribution of an account balance or an accrued benefit made in the five-year period ending on the determination date and any contribution due but unpaid as of the determination date.

2. For purposes of subparagraph 1 above, the value of account balances and the present value of accrued benefits will be determined as of the most recent valuation date that falls within or ends with the 12-month period ending on the determination date. The account balances and accrued benefits of a Member (i) who is not a key employee but who was a key employee in a prior year or (ii) who has not received any compensation from any Company maintaining the Plan at any time during the 5-year period ending on the determination date will be disregarded. The calculation of the top-heavy ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and the regulations thereunder. Deductible employee contributions will not be taken into account for purposes of computing the top-heavy ratio. When aggregating plans the value of account balances and accrued benefits will be calculated with reference to the determination dates that fall within the same calendar year.

D. Permissive aggregation group: The required aggregation group of plans plus any other plan or plans of the Company which, when considered as a group with the required aggregation group, would continue to satisfy the requirements of Sections 401(a)(4) and 410 of the Code.

E. Required aggregation group: (1) Each Qualified Plan of the Company in which at least one key employee participates, and (2) any other Qualified Plan of the Company which enables a plan described in (1) to meet the requirements of Sections 401(a)(4) and 410 of the Code.

F. Determination date: For any Plan year subsequent to the first Plan Year, the last day of the preceding Plan Year. For the first Plan Year of the Plan, the last day of that year.

G. Present value: For purposes of establishing present value to compute the top-heavy ratio, any benefit shall be discounted only for mortality and interest based on the following:

1. Interest rates in use by the Pension Benefit Guaranty Corporation as of the relevant valuation date.

2. Mortality table: 1971 Group Annuity Male Mortality Table set back one year for males and six years for females.

H. Valuation Date: For purposes of computing the top-heavy ratio, the valuation date shall be January 1 of each year for all defined benefit plans and December 31 of each year for all defined contribution plans.

18.3 Minimum Allocation.

A. Except as otherwise provided in subparagraphs C and D below, the Company contributions and forfeitures allocated on behalf of any Member who is not a key employee shall not be less than the lesser of three percent of such Member’s Compensation or in the case where the Company’s defined benefit plan does not designate this Plan to satisfy Section 401 of the Code, the largest percentage of Company and Member contributions and forfeitures as a percentage of the key employees’ Compensation, as limited by Section 401(a)(17) of the Code, allocated on behalf of any key employee for that year. The minimum allocation is determined without regard to any Social Security contribution. This minimum allocation shall be made even though, under other Plan provisions, the Member would not otherwise be entitled to receive an allocation, or would have received a lesser allocation in the year because of (i) the Member’s failure to complete 1,000 hours of Service (or any equivalent provided in the Plan), or (ii) the Member’s failure to make Member contributions to the Plan, or (iii) Compensation less than a stated amount.

B. For purposes of computing the minimum allocation, compensation shall mean all of each Member’s W-2 earnings for the taxable year ending with or within the Plan Year, as limited by Section

401(a) (17) of the Code.

C. The provision in A above shall not apply to any Member who was not employed by the Company on the last day of the Plan Year.

D. The provision in A above shall not apply to any Member to the extent the Member is covered under any other plan or plans of the Company and the Company has provided that the minimum allocation or benefit requirement applicable to top-heavy plans will be met in the other plan.

E. The minimum allocation required (to the extent required to be nonforfeitable under Section 416(b)) may not be forfeited under Section 411(a) (3) (B) or 411 (a) (3) (D) of the Code.

18.4 Compensation Limitation

For any Plan Year in which the Plan is top-heavy, only the first $150,000 (or such larger amount as may be prescribed by the Secretary of the Treasury or his delegate) of a Member's annual Compensation shall be taken into account for purposes of determining benefits under the Plan, except that for Plan Years beginning an or after January 1, 1994, only the OBRA '93 annual compensation shall be taken into account.

18.5 Minimum Vesting Schedules:

A. The nonforfeitable interest of each Employee in his or her account balance attributable to Company contributions shall be at least as favorable as the following:

20% vesting after 2 years of service.

40% vesting after 3 years of service.

60% vesting after 4 years of service.

80% vesting after 5 years of service.

100% vesting after 6 years of service.

B. The minimum vesting schedule applies to all benefits within the meaning of Section 411(a)(7) of the Code except those attributable to Employee contributions, including benefits accrued before the effective date of Section 416 and benefits accrued before the Plan became top-heavy. Further, no reduction in vested benefits may occur in the event the Plan's status as top-heavy changes for any Plan Year. However, this Section does not apply to the account balances of any Employee who does not have an hour of Service after the Plan has initially become top-heavy, and such Employee's account balance attributable to Company contributions and forfeitures will be determined without regard to this Section.

C. In the event of a change in the vesting schedule, the following rules shall apply:

1. In the case of an Employee who is a Member on

(a) The date the amendment is adopted,

or

(b) The date the amendment is effective, if later, the nonforfeitable percentage (determined as of such date) of such Employee's right to the Company-derived accrued benefit shall not be less than his percentage computed under the Plan without regard to such amendment.

2. Each Member whose nonforfeitable percentage of his accrued benefit derived from Company contributions is determined under such schedule and who has completed at least 3 years of Service with the Company, may elect, during the election period, to have the nonforfeitable percentage of his accrued benefit derived from Company contributions determined without regard to such amendment. Notwithstanding the preceding sentence there shall be no election for any Member whose nonforfeitable percentage under the Plan, as amended, at any time cannot be less than such percentage determined without regard to such amendment.

3. For purposes of subparagraph 2 the election period under the Plan shall begin no later than the date the Plan amendment is adopted and shall end no earlier than the latest of the following dates:

(i) The date which is 60 days after the day the Plan amendment is adopted,

(ii) The date which is 60 days after the day the Plan amendment becomes effective, or

(iii) The date which is 60 days after the Participant is issued written notice of the Plan amendment by the Company or Plan Administrator.

18.6 Adjustment in Section 415 Limits.

For purposes of this Article the reference to 125% in paragraphs B and C of Section 4.5 is changed to 100%.

ARTICLE 19
CASH OR DEFERRED ARRANGEMENT

19.1 Elective Deferrals-Contribution Limitation

No Member shall be permitted to have Elective Deferrals made under the Plan, or any other Qualified Plan maintained by the Company, during any taxable year, in excess of the dollar limitation contained in Section 402(g) of the Code in effect at the beginning of such taxable year. For the purposes of this Section 19.1, Elective Deferrals shall include elective deferrals made in accordance with the terms of the HOVENSA Plan.

19.2 Distribution of Excess Elective Deferrals

A Member may assign to this Plan any Excess Elective Deferrals made during a taxable year of the Member by notifying the Committee in writing on or before February 15 of the following year of the amount of the Excess Elective Deferrals to be assigned to the Plan. A Member is deemed to notify the Committee of any Excess Deferrals that arise by taking into account only those Elective Deferrals made to this Plan or any other plans of the Company.

Notwithstanding any other provision of the Plan, Excess Elective Deferrals, plus any income and minus any loss allocable thereto (as determined pursuant to Section 1.27), shall be distributed no later than April 15 to any Member to whose account Excess Elective Deferrals were assigned for the preceding year and who claims Excess Elective Deferrals for such taxable year.

19.3 Actual Deferral Percentage Test

A. The ADP for Members who are Highly Compensated Employees and the ADP for Members who are Non-highly Compensated Employees must satisfy one of the following tests:

1. The ADP for Members who are Highly Compensated Employees for the Plan Year shall not exceed the ADP for Members who are Non-highly Compensated Employees for the prior Plan Year multiplied by 1.25; or

2. The ADP for Members who are Highly Compensated Employees for the Plan Year shall not exceed the ADP for Members who are Non-highly Compensated Employees for the prior Plan Year multiplied by 2.0, provided that the ADP for Members who are Highly Compensated Employees does not exceed the ADP for Members who are Non-highly Compensated Employees by more than two (2) percentage points.

3. The above ADP test may be monitored periodically throughout the

Plan Year, and the Elective Deferrals of Highly Compensated Employees may be reduced prospectively to the extent necessary to pass the test.

4. The Company reserves the right to make a Qualified Non-Elective Contribution (as defined in Section 401(k) of the Code) to Non-highly Compensated Employees in order to pass the ADP test.

5. ‘Qualified Non-elective Contributions’ shall mean contributions (other than Matching Contributions or Qualified Matching Contributions) made by the Company and allocated to Members’ accounts that the Members may not elect to receive in cash until distributed from the Plan; that are nonforfeitable when made; and that are distributable only in accordance with the distribution provisions that are applicable to Elective Deferrals and Qualified Matching Contributions.

B. Special Rules:

1. The ADP for any Member who is a Highly Compensated Employee for the Plan Year and who is eligible to have Elective Deferrals allocated to his accounts under two or more arrangements described in Section 401(k) of the Code, that are maintained by the Company, shall be determined as if such Elective Deferrals were made under a single arrangement. If a Highly Compensated Employee participates in two or more cash or deferred arrangements that have different plan years, all cash or deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement. Notwithstanding the foregoing, certain plans shall be treated as separate if mandatorily disaggregated under regulations under Section 401(k) of the Code.

2. In the event that this Plan satisfies the requirements of Sections 401(k), 401(a)(4), or 410(b) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Sections of the Code only if aggregated with this Plan, then this Section shall be applied by determining the ADP of employees as if all such plans were a single plan. Plans may be aggregated in order to satisfy Section 401(k) of the Code only if they have the same plan year.

3. At the election of the Company made by the Committee, the ADP for Members who are Non-highly Compensated Employees may be determined for the same Plan Year as the ADP for Members who are Highly Compensated Employees, instead of for the preceding Plan year. If such an election is made, it may not be changed except as provided by the Secretary of the Treasury.

4. For purposes of determining the ADP test, Elective Deferrals must be made before the last day of the twelve-month period immediately following the Plan Year

to which contributions relate.

5. The Company shall maintain records sufficient to demonstrate satisfaction of the ADP test.

6. The determination and treatment of the ADP amounts of any Member shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

19.4 Distribution of Excess Contributions.

Notwithstanding any other provision of this Plan, Excess Contributions, plus any income and minus any loss allocable thereto, shall be distributed no later than the last day of each Plan Year to Members to whose accounts such Excess Contributions were allocated for the preceding Plan Year. Excess Contributions shall be allocated to Highly Compensated Employees with the largest amounts of employer contributions taken into account in calculating the ADP test for the year in which the excess arose, beginning with the Highly Compensated Employee with the largest amount of such Company contributions and continuing in descending order until all the Excess Contributions have been allocated. For purposes of the preceding sentence, the “largest amount” is determined after distribution of any Excess Contributions. If such excess amounts are distributed more than 2 1/2 months after the last day of the Plan Year in which such excess amounts arose, a 10-percent excise tax will be imposed on the Company with respect to such Excess Contributions.

Notwithstanding the foregoing, to the extent permitted by regulations, the Company may recharacterize Excess Contributions as Employee Contributions, subject to the limitations of Sections 19.7 and 19.11. Recharacterization must occur no later than 2 1/2 months after the last day of the Plan Year in which such Excess Contributions arose and is deemed to occur no earlier than the date the last Highly Compensated Employee is informed in writing of the amount recharacterized and the consequences thereof. Recharacterized amounts will be taxable to the Member for the Member’s taxable year in which the Member would have received them in cash.

Excess Contributions (including the amounts recharacterized) shall be treated as annual additions under the Plan.

Determination of income or loss: Excess Contributions shall be adjusted for any income or loss. The income or loss allocable to Excess Contributions is the income or loss allocable to the Member’s Elective Deferral account for the Plan Year multiplied by a fraction, the numerator of which is such Member’s Excess Contributions for the year and the denominator is the Member's account balance attributable to Elective Deferrals without regard to any income or loss occurring during such Plan Year.

Accounting for Excess Contributions: Excess Contributions shall be distributed (or recharacterized) from the Member's Elective Deferral account in proportion to the Member's Elective Deferrals for the Plan Year.

19.5 Matching Contributions

The Company will make Matching Contributions to the Plan on behalf of all Members who make Elective Deferrals. The Company shall contribute and allocate to each Member's Matching Contribution account an amount equal to:

100 percent of the Member's Elective Deferrals to a maximum of 6% of each Member's Compensation determined without regard to reductions under Code Sections 125 or 401(k).

19.6 Forfeitures and Vesting of Matching Contributions

Matching Contributions shall be vested in accordance with Article 7. In any event, Matching Contributions shall be fully vested at normal retirement age (attainment of age 65 or the fifth anniversary of commencement of participation in the Plan, if later), upon the complete or partial termination of the Plan, or upon the complete discontinuance of Company contributions.

Forfeitures of Matching Contributions, other than Excess Aggregate Contributions, including employer matching contributions to the HOVENSA Plan transferred to the Plan, shall be made in accordance with Article 10.

19.7 Limitations on Employee Contributions and Matching Contributions

The ACP for Members who are Highly Compensated Employees and the ACP for Members who are Non-highly Compensated Employees must satisfy one of the following tests:

A. The ACP for Members who are Highly Compensated Employees for the Plan Year shall not exceed the ACP for Members who are Non-highly Compensated Employees for the prior Plan Year multiplied by 1.25; or

B. The ACP for Members who are Highly Compensated Employees for the Plan Year shall not exceed the ACP for members who are Non-highly Compensated Employees for the prior Plan Year multiplied by two (2), provided that the ACP for Members who are Highly Compensated Employees does not exceed the ACP for Members who are Non-highly Compensated Employees by more than two (2) percentage points.

C. Special Rules:

1. Multiple Use: If one or more Highly Compensated Employees participates in both a cash or deferred arrangement (“CODA”) and a plan subject to the ACP test maintained by the Company and the sum of the ADP and ACP of those Highly Compensated Employees subject to either or both tests exceeds the Aggregate Limit, then the ACP of those Highly Compensated Employees who also participate in a CODA will be reduced (beginning with such Highly Compensated Employee whose ACP is the highest) so that the limit is not exceeded. The amount by which each Highly Compensated Employee’s Contribution Percentage Amounts is reduced shall be treated as an Excess Aggregate Contribution. The ADP and ACP of the Highly Compensated Employees are determined after any corrections required to meet the ADP and ACP tests. Multiple use does not occur if either the ADP or ACP of the Highly Compensated Employees does not exceed 1.25 multiplied by the ADP and ACP of the Non-highly Compensated Employees.

2. For purposes of this Section, the Contribution Percentage for any Member who is a Highly Compensated Employee and who is eligible to have Contribution Percentage Amounts allocated to his or her account under two or more CODA’s, or CODA’s that are maintained by the Company, shall be determined as if the total of such Contribution Percentage Amounts was made under each plan. If a Highly Compensated Employee participates in two or more CODA’s that have different Plan Years, all CODA’s ending with or within the same calendar year shall be treated as a single CODA. Notwithstanding the foregoing, certain plans shall be treated as separate if mandatorily disaggregated under regulations under Section 401(m) of the Code.

3. In the event that this Plan satisfies the requirements of Sections 401(a)(4), 401(m) or 410(b) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Sections of the Code only if aggregated with this Plan, then this Section shall be applied by determining the Contribution Percentage of Employees as if all such plans were a single plan. Plans may be aggregated in order to satisfy Section 401(m) of the Code if they have the same Plan Year.

4. At the election of the Company made by the Committee, the ACP for Members who are Non-highly Compensated Employees may be determined for the same Plan Year as the ACP for Members who are Highly Compensated Employees, instead of for the preceding Plan year. If such an election is made, it may not be changed except as provided by the Secretary of the Treasury.

5. For purposes of determining the Contribution Percentage test, Employee Contributions are considered to have been made in the Plan Year in which contributed to the Trust. Matching Contributions will be considered made for a Plan Year if made no later than the end of the twelve-month period beginning on the day after the close of the Plan Year.

6. The Company shall maintain records sufficient to demonstrate satisfaction of the ACP test.

7. The determination and treatment of the Contribution Percentage of any Member shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

19.8 Distribution of Excess Aggregate Contributions

Notwithstanding any other provision of this Plan, Excess Aggregate Contributions, plus any income and minus any loss allocable thereto, shall be forfeited, if forfeitable, or if not forfeitable, distributed no later than the last day of each Plan Year to Members to whose accounts such Excess Aggregate Contributions were allocated for the preceding Plan Year. Such distributions shall be made to Highly Compensated Employees on the basis of the amount of contributions on behalf of, or by each such Employee. If such Excess Aggregate Contributions are distributed more than 2 1/2 months after the last day of the Plan Year in which such excess amounts arose, a ten (10) percent excise tax will be imposed on the Company with respect to those Excess Aggregate Contributions. Excess Aggregate Contributions shall be treated as annual additions under the Plan.

Determination of Income or Loss: Excess Aggregate Contributions shall be adjusted for any income or loss. The income or loss allocable to Excess Aggregate Contributions is the income or loss allocable to the Member’s Employee Contribution account, Matching Contribution account, and Elective Deferral account for the Plan Year multiplied by a fraction, the numerator of which is such Member’s Excess Aggregate Contributions for the year and the denominator is the account balance(s) attributable to Contribution Percentage Amounts without regard to any income or loss occurring during such Plan Year.

Accounting for Excess Aggregate Contributions: Excess Aggregate Contributions shall be forfeited or distributed on a pro-rata basis from each fund in which the Member’s contributions and Company matching contributions are invested in the following order: (i) unmatched after-tax contributions in the Member’s Employee Contribution account, and (ii) matched after-tax contributions in the Member’s Employee contribution account and an equal amount of the related Company matching contributions in the Matching Contribution account, each with their related income or loss.

19.9 Average Contribution Percentage

In computing the Average Contribution Percentage, the Company shall take into account, and include as Contribution Percentage Amounts, all Elective Deferrals under this Plan or any other plan of the Company, as provided by regulations.

The amount of Elective Deferrals taken into account as Contribution Percentage Amounts for purposes of calculating the Average Contribution Percentage, subject to such other requirements as may be prescribed by the Secretary of the Treasury, shall be such Elective Deferrals that are needed to meet the Average Contribution Percentage test.

Forfeitures of Excess Aggregate Contributions shall be applied to reduce Company contributions for the Plan Year in which the excess arose.

19.10 Nonforfeitability and Vesting

The Member's accrued benefit derived from Elective Deferrals and Employee Contributions is nonforfeitable. Separate accounts for Elective Deferrals, Employee Contributions, Matching Contributions, and employer matching contributions to the HOVENSA Plan and the Merit Plan transferred to the Plan will be maintained for each Member. Each account will be credited with the applicable contributions and earnings thereon.

19.11 Distribution Requirements

Elective Deferrals and income allocable thereto are not distributable to a Member or his Beneficiary or Beneficiaries, in accordance with such Member's Beneficiary or Beneficiaries election, earlier than upon separation from service, death, or disability.

Such amounts may also be distributed upon:

A. Termination of the Plan without the establishment of another defined contribution plan other than an employee stock ownership plan (as defined in Section 4975(e) or Section 409 of the Code) or a simplified employee pension plan as defined in Section 408(k).

B. The disposition by a corporation to an unrelated corporation of substantially all of the assets (within the meaning of Section 409(d)(2) of the Code) used in a trade or business of such corporation if such corporation continues to maintain this Plan after the disposition, but only with respect to employees who continue employment with the corporation acquiring such assets.

C. The disposition by a corporation to an unrelated entity of such corporation's interest in a subsidiary (within the meaning of Section 409(d)(3) of the Code) if such corporation continues to maintain this Plan, but only with respect to Employees who continue employment with such subsidiary.

D. The attainment of age 59 1/2.

E. The hardship of the Member as described in Section 19.12.

All distributions that may be made pursuant to one or more of the foregoing distributable events are subject to the Member consent requirements (if applicable) contained in Sections 411(a)(11) of the Code. In addition, distributions that are triggered by any of the first three events enumerated above must be made in a lump sum.

19.12 Hardship Distribution

Distribution of Elective Deferrals (excluding income allocable to such Elective Deferrals) may be made to a Member in the event of hardship. For the purposes of this Section, hardship is defined as an immediate and heavy financial need of the Employee where such Employee lacks other available resources. A request for a hardship withdrawal shall be made on a form or in a manner prescribed by the Committee. Such distribution shall be effective on the earliest practicable Valuation Date following the approval of the request by the Committee.

Special Rules:

A. The following are the only financial needs considered immediate and heavy: expenses incurred or necessary for medical care, described in Section 213(d) of the Code, of the Employee, the Employee's Spouse, children, or dependents; the purchase (excluding mortgage payments) of a principal residence for the Employee; payment of tuition, room and board and related educational fees for the next 12 months of post-secondary education for the Employee, the Employee's Spouse, children or dependents; or the need to prevent the eviction of the Employee from, or a foreclosure on the mortgage of, the Employee's principal residence.

B. A distribution will be considered as necessary to satisfy an immediate and heavy financial need if the Committee relies upon the Employee's written representation, unless the Committee has knowledge to the contrary, that the need cannot be relieved:

(i) through reimbursement or compensation by insurance or otherwise;

(ii) by reasonable liquidation of the Member's assets to the extent such liquidation would not itself cause an immediate and heavy financial need;

(iii) by cessation of Elective Deferrals and Employee Contributions under the Plan; or

(iv) by other distributions or nontaxable (at the time of the loan) loans from plans maintained by the Company or by any other employer, or by borrowing from commercial sources on reasonable commercial terms.

C. A hardship distribution shall not require suspension of membership.

19.13 Loans to Members

A. Loans from Member accounts shall be made available to all Members on a reasonably equivalent basis. A request for a loan shall be made on a form or in a manner prescribed by the Committee. To be effective as of a particular Valuation Date in a given month, the request must be received on behalf of the Committee not later than such date.

B. Loans shall not be made available to Highly Compensated Employees in an amount greater than the amount made available to other Employees.

C. Loans must be adequately secured by 50% of the Member's vested interest in the Plan and must bear a reasonable interest rate. The rate will be commensurate with the interest rate being charged by persons in the business of lending money for loans which would be made under similar circumstances, and shall be 1% above the prime rate in effect at the time the loan is made, or such other rate as may be determined by the Committee from time to time on a nondiscriminatory basis. In addition, the Member must pay the loan origination fee and annual loan recordkeeping fee charged by the Plan's recordkeeper.

D. Failure by the Member to make required loan payments when due shall cause the loan to be in default. In the event of default, foreclosure on the note and attachment of security will not occur until a distributable event occurs in the Plan, but if the default is not cured by the end of the calendar quarter following the calendar quarter in which the default occurred, the unpaid balance plus accrued unpaid interest shall be reported as taxable income to the Member.

E. Notwithstanding any other provision of this Plan, the portion of the Member's vested account balance used as a security interest held by the Plan by reason of a loan outstanding to the Member shall be taken into account for purposes of determining the amount of the account balance payable at the time of death or distribution, but only if the reduction is used as repayment of the loan. If less than 100% of the Member's vested account balance (determined without regard to the preceding sentence) is payable to the surviving Spouse, then the account balance shall be adjusted by first reducing the vested account balance by the amount of the security used as repayment of the loan, and then determining the benefit payable to the surviving Spouse.

F. No loan to any Member can be made to the extent that such loan when added to the outstanding balance of all other loans to the Member would exceed the lesser of (a) $50,000 reduced by the highest outstanding balance of loans during the one year period ending on the day before the loan is made, or (b) one-half the vested account balance of the Member. For the purpose of the above limitation, all loans from all plans of the Company and other members of a group of employers described in Sections 414(b), 414(c), and 414(m) and (o) of the Code are aggregated. Furthermore, any loan shall by its terms require that repayment (principal and interest) be amortized in level payments, not less frequently than monthly, over a period not extending beyond five years from the date of the loan, unless such loan is used to acquire a dwelling unit which within a reasonable time (determined as the time the loan is made) will be used as the principal residence of the Member. An assignment or pledge of any portion of the Member’s interest in the Plan and a loan, pledge, or assignment with respect to any insurance contract purchased under the Plan, will be treated as a loan under this paragraph.

G. No loan will be made in an amount less than $500.00, and only two loans may be outstanding to a Member at any time.

H. A Member may prepay an outstanding loan in full at any time without penalty.

I. If at any time prior to the full repayment of a loan, the Member should cease to be a Member by reason of his termination of employment (other than as the result of employment by HOVENSA), the unpaid balance owed by the Member on the loan shall be due and payable upon the later of the date of such termination of employment or the date of final payment of any salary continuation payments received by the Member in connection with such termination from which loan payments are deducted, and the amount of the distribution otherwise payable to the Member (or, in the case of his death to his Beneficiary) shall be reduced by the amount owed on the loan at the time of such distribution. If at any time prior to the full repayment of a loan, the Member should cease to be a Member by reason of his employment by HOVENSA, the Member’s unpaid loan balance shall be handled as follows:

1. Prior to the Transfer Date, loan repayments will be made through payroll deductions and transmitted by HOVENSA to the Company for forwarding to the Trustee.

2. On and after the Transfer Date the loan balance will be transferred to the HOVENSA Plan with the other assets in the Member's Plan account, the loan shall be treated as having been made under the terms of the HOVENSA Plan, and shall be repaid to the HOVENSA Plan in accordance with the terms of the loan.

J. For the purposes of this Section 19.13, loans outstanding under the terms of the HOVENSA Plan which have not been repaid by the date that a HOVENSA Plan member's account is transferred to the Plan also will be transferred to the Plan, treated as having been made under the terms of the Plan, and repaid to the Plan in accordance with the terms of such loan.

19.14 Safe Harbor CODA

A. Rules of Application

1. The Company has elected the Safe Harbor CODA option for Plan Years beginning on or after January 1, 2002. The provisions of this Section shall apply for the Plan Year and any provisions relating to the ADP test described in section 401(k)(3) of the Code or the ACP test described in section 401(m)(2) of the Code do not apply.

2. To the extent that any other provision of the Plan is inconsistent with the provisions of this Section, the provisions of this Section govern.

B. Definitions

1. "ACP Test Safe Harbor" is the method described in Paragraph D of this Section for satisfying the ACP test of section 401(m)(2) of the Code.

2. "ACP Test Safe Harbor Matching Contributions" are Matching Contributions described in Paragraph D of this Section.

3. "ADP Test Safe Harbor" is the method described in Paragraph C of this Section for satisfying the ADP test of section 401(k)(3) of the Code.

4. "ADP Test Safe Harbor Contributions" are Matching Contributions and nonelective contributions described in Subparagraph C.1 of this Section.

5. "Compensation" is defined in Section 1.16 of the Plan, except, for purposes of this Section, no dollar limit, other than the limit imposed by section 401(a)(17) of the Code, applies to the compensation of a Non-highly Compensated Employee. However, solely for purposes of determining the compensation subject to a participant's deferral election, the Company may use an alternative definition to the one described in the preceding sentence, provided such alternative definition is a reasonable definition within the meaning of section 1.414(s)-1(d)(2) of the regulations and permits each participant to elect sufficient Elective Deferrals to receive the maximum amount of Matching

Contributions (determined using the definition of compensation described in the preceding sentence) available to the participant under the Plan.

6. “Rate of Elective Contributions” means the ratio of an Eligible Employee’s Elective Deferrals under the Plan for a Plan Year to such Employee’s Compensation for that Plan Year.

7. “Rate of Matching Contributions” means the ratio of Matching Contributions on behalf of an Eligible Employee under the Plan for a Plan Year to such Employee’s Elective Contributions for that Plan Year.

8. “Eligible Employee” means an Employee eligible to make Elective Deferrals under the plan for any part of the Plan Year or who would be eligible to make Elective Deferrals but for a suspension due to statutory limitations, such as sections 402(g) and 415 of the Code.

9. “Matching Contributions” are contributions made by the Company on account of an Eligible Employee’s Elective Deferrals.

C. ADP Test Safe Harbor

1. ADP Test Safe Harbor Contributions

a. The Company will make Matching Contributions to the account of each Eligible Employee in an amount equal to the Employee’s Elective Deferrals that do not exceed 6% of the Employee’s Compensation for the Plan Year. Such contributions shall be made separately with respect to each payroll period (or with respect to all payroll periods ending with or within each month) taken into account under the arrangement for the Plan Year. However, if a Member contributes more than 6% of his Compensation and reaches the limitation on Elective Deferrals specified in Section 19.1 before the end of a Plan Year, the Company will continue to make Matching Contributions on his behalf until the earliest to occur of the date of the Member’s withdrawal from the Plan under Section 8.1 or 8.2, the date of his separation from service with the Company, the date the total Company match for the Plan Year equals the Member’s Elective Deferrals for the Plan Year, and the end of the Plan Year.

b. The Company shall make the ADP Test Safe Harbor Contributions to this Plan.

c. The Member’s accrued benefit derived from ADP Test Safe Harbor Contributions is nonforfeitable and may not be distributed earlier than separation from service, death, disability, an event described in section 401(k)(10) of the Code, or the attainment of age 59-1/2. In addition, such contributions must satisfy the ADP Test Safe

Harbor without regard to permitted disparity under section 401(l).

d. At any Rate of Elective Contributions, the rate of Matching Contributions that would apply with respect to any Highly Compensated Employee who is an Eligible Employee shall not be greater than the Rate of Matching Contributions that would apply with respect to any non-highly compensated Eligible Employee who has the same rate of Elective Contributions.

2. Notice Requirement

At least 30 days, but not more than 90 days, before the beginning of the Plan Year, the Company will provide each Eligible Employee a comprehensive notice of the Employee's rights and obligations under the Plan, written in a manner calculated to be understood by the average Eligible Employee. If an Employee becomes eligible after the 90th day before the beginning of the Plan Year and does not receive the notice for that reason, the notice must be provided no more than 90 days before the Employee becomes eligible but not later than the date the Employee becomes eligible.

3. Election Periods

In addition to any other election periods provided under the Plan, each Eligible Employee may make or modify a deferral election during the 30-day period immediately following receipt of the notice described in Subparagraph 2 above.

D. ACP Test Safe Harbor

No ACP Test Safe Harbor Matching Contributions are required in order to satisfy the requirements for a safe harbor CODA.

19.15 The following provisions will remain in effect until they are applied to the Plan Year ending December 31, 2001, and shall be deleted thereafter:

1.3 — Actual Deferral Percentage

1.6 — Aggregate Limit

1.8 — Average Contribution Percentage

1.17 — Contribution Percentage

1.18 — Contribution Percentage Amounts

1.25 — Excess Aggregate Contributions

1.26 — Excess Contributions

Section 19.3 — Actual Deferral Percentage Test.

Section 19.4 — Distribution of Excess Contributions.

The last paragraph of Section 19.6 — Forfeitures and Vesting of Matching

Contributions.

Section 19.7 — Limitations on Employee contributions and matching Contributions.

Section 19.8 — distributions of Excess Aggregate Contributions.

Section 19.9 — Average Contribution Percentage.

As a result of the foregoing changes, the remaining definitions in Article 1 shall be renumbered sequentially beginning with 1.1, and the remaining sections of Article 19 shall be renumbered sequentially starting with 19.1, and all cross-references to changed section numbers shall changed accordingly when the Plan is restated after December 31, 2002.

ARTICLE 20
ROLLOVER AMOUNTS FROM OTHER PLANS

20.1 A Member of the Plan, may, after submission of a request on a form or in a manner prescribed by the Committee, roll over to the Trustee all or a portion of the fair market value of —

A. an Eligible Rollover Distribution, or

B. an Individual Retirement Account derived from an Eligible Rollover Distribution, plus earnings thereon.

The rollover shall be effective on the earliest practicable Valuation Date following the later of receipt of the request on behalf of the Committee and receipt of the rolled-over funds by the Trustee.

20.2 The Committee shall establish such procedures, and may require such information from an Employee desiring to make a rollover described in Section 20.1, as it deems necessary or desirable to determine that the proposed rollover will meet the requirements of this Article.

20.3 The amount transferred shall be 100 percent vested in the Member and shall be invested as provided in Section 5.1A, but shall not be considered a Member’s contribution for purposes of Sections 3.1, 4.1, or 8.2.

20.4 An Employee may elect to withdraw all or part of his total interest in the Plan derived from the amount rolled-over into the Plan. A request for such a withdrawal shall be made on a form or in a manner prescribed by the Committee. Such withdrawal shall be effective on the earliest practicable Valuation Date following receipt of the form on behalf of the Committee. Such a withdrawal shall have no effect on the Employee’s membership in the Plan.

20.5 Amounts transferred from the Retail Operations Plan or the HOVENSA Plan constituting rollover amounts to those plans made in accordance with the comparable provisions of the Retail Operations Plan or the HOVENSA Plan will be treated in the manner described above.

ARTICLE 21
PICK KWIK PLAN ACCOUNTS

21.1 The Pick Kwik Plan shall be merged into the Plan on December 31, 1997, and the accounts of all Pick Kwik Plan Participants shall be transferred to the Trustee as soon as practicable thereafter, including contributions and loan repayments for the month of December 1997. The sum of the account balances of the Pick Kwik Plan and of the Plan shall equal the fair market value (as of the date of the merger) of the combined plan assets; the assets of the Pick Kwik Plan and the Plan shall be combined to form the assets of the Plan as merged; and immediately after the merger, each participant in the Plan as merged shall have an account balance equal to the sum of the account balances the participant had in the Pick Kwik Plan and the Plan immediately prior to merger.

21.2 A. Each Pick Kwik Plan Participant shall be fully vested in the value of the assets in his account transferred to the Plan from the Pick Kwik Plan on the date of the merger, and shall become a Member of the Plan on that date.

B. The Member contributions of each Pick Kwik Plan Participant designated under the terms of the Pick Kwik Plan shall be deemed to be an election under the Plan until changed by the Member in accordance with Section 3.2.

C. The balance of any loan made to a Member from the Pick Kwik Plan which shall be outstanding on the date of the merger shall be deemed to a loan made under the Plan and shall be repaid to the Plan in accordance with the terms of such loan.

D. Until the individual participant records have been updated by the Pick Kwik Plan trustee as of the date of the merger and these records have been transferred to the Trustee's recordkeeping system, no requests will be accepted for changes in Members' Investment Directions under Paragraph 6.3B with respect to amounts previously invested, Voluntary Withdrawals under Article 8, or Loans under Article 19, and there will be no distributions due to termination of employment or membership under Article 9. The opportunity to make elections under Paragraph 6.3A with respect to amounts to be invested in the future will be available during the month of January 1998.

E. Any beneficiary designation and related consent of spouse in effect under the terms of the Pick Kwik Plan at the time of the transfer to the Plan shall be deemed to be effective under the Plan until changed by the Member in accordance with Section 1.9.

21.3 Assets transferred from the Pick Kwik Plan shall be recorded separately from the other assets of the Plan and shall be subject to the following special rules, notwithstanding any other provisions of the Plan to the contrary.

A. The initial investment of accounts transferred to the Plan shall be based on the funds in which the transferred assets were invested in the Pick Kwik Plan as follows.

1. Investments in the Emerald Treasury Money Market and the Barnett Stable Value funds shall be transferred to Fund A.

2. Investments in the Emerald Managed Bond Fund shall be transferred to Fund D.

3. Investments in the Emerald Equity Fund and Emerald Small Cap Fund shall be transferred to Fund G.

B. The initial Investment Direction with respect to Member contributions made after the date of the merger shall be based on the funds in which the transferred assets were invested in the Pick Kwik Plan as shown in Paragraph A above, and future Company contributions to the Plan shall be invested in Amerada Hess Corporation common stock.

C. When the recordkeeping requirements of Paragraph D of Section 21.2 have been satisfied, the assets transferred from the Pick Kwik Plan derived from participant contributions will be invested in accordance with the Member’s then current Investment Direction. Unless and until such Investment Direction is received, said assets will be invested as described in Paragraph A of this Section.

D. Only funds derived from the Thrift Contribution and Employer Thrift Contributions Accounts of the Pick Kwik Plan shall be subject to Voluntary Withdrawal under Article 8.

E. No hardship withdrawals shall be allowed.

21.4 The following special rules shall apply to Pick Kwik Plan Participants in addition to the other provisions of the Plan.

A. Definitions

1. Account: “Account” shall mean all funds invested under the terms of the Plan by or on behalf of a Member, including, but not limited to, the assets transferred from the Pick Kwik Plan.

2. Annuity Starting Date: “Annuity Starting Date” shall mean (a) the first day of the first period for which an amount is payable as an annuity under the Plan; or (b) in the case of a benefit not payable as an annuity, the first day on which all events have occurred that entitle the Member to that benefit under the Plan.

3. Eligible Spouse: “Eligible Spouse” shall mean a Member’s

husband or wife.

4. Qualified Joint and Survivor Annuity: "Qualified Joint and Survivor Annuity" shall mean (a) in the case of a Member who has an Eligible Spouse, an annuity for the life of the Member with a survivor annuity for the life of his spouse that is 50% of the amount of the annuity payable during the joint lives of the member and his spouse; provided, however, that such annuity shall be the actuarial equivalent of the benefit that would otherwise be paid to the Member; and (b) in the case of any other Member, an annuity for the life of the Member.

5. Qualified Preretirement Survivor Annuity: "Qualified Preretirement Survivor Annuity" shall mean a survivor annuity for the life of the surviving Eligible Spouse of the Member equal to 100% of the value of the Member's Account and that begins within a reasonable time following the death of the Member. The Qualified Preretirement Survivor Annuity shall proportionately represent Employer and Employee contributions.

B. Qualified Joint and Survivor Annuity.

1. In the case of a vested Member who is living on his Annuity Starting Date, any benefit due to a voluntary complete withdrawal under Article 8, or termination of employment or membership under Article 9 shall be paid in the form having the effect of a Qualified Joint and Survivor Annuity, unless the Member elects in writing not to take a Qualified Joint and Survivor Annuity. For purposes of this paragraph, a Member vested only in Employee contributions will be deemed a vested Member.

2. Any such election shall be invalid and shall not take effect unless:

(a) it is made by the Member and received by or on behalf of the Committee during the 90-day period ending on the Annuity Starting Date; and

(b) in the case of Member who has an Eligible Spouse, the Eligible Spouse consents or has consented in writing to the Member's election not to take the Qualified Joint and Survivor Annuity, such consent acknowledges the effect of such election and such consent is witnessed by a representative of the Plan or a notary public; or the Member or his Beneficiary establishes to the satisfaction of the Committee that the consent otherwise required may not be obtained because there is no Eligible Spouse, because the Eligible Spouse cannot be located or because of such other circumstances as may be prescribed by the Secretary of the Treasury. Any consent by an Eligible Spouse shall only be effective with respect to such spouse. A spouse's consent may be either a restricted consent (which may not be changed as to either the Beneficiary or the form of payment unless the spouse consents to such change in the manner described herein) or a blanket consent (which acknowledges that the spouse has the right to limit consent only to a specific Beneficiary or a specific form of payment, and that the spouse voluntarily elects to relinquish one or both of such rights).

3. At least 30 days, but no more than 90 days, before the Annuity Starting Date, a Member shall be provided a form for the purpose of making the appropriate elections under the foregoing provisions of this paragraph B. Accompanying such election form shall be a written explanation of (a) the terms and conditions of a Qualified Joint and Survivor Annuity; (b) the Member’s right to make and the effect of an election to waive the Qualified Joint and Survivor Annuity form of benefit; (c) the material features, and an explanation of the relative values of, the optional forms of benefit available under the Plan; (d) the rights of a Member’s spouse; and (e) the right to make, and the effect of, a revocation of a previous election to waive the Qualified Joint and Survivor Annuity. Once an election is made, it may be revoked in writing. Thereafter, another election may be made; provided, however, that the new election is received by the Administrator prior to the date on which payment of benefits commences and the other provisions of this paragraph B are met with respect to such new election.

4. If benefits are paid under the Plan in a form having the effect of a Qualified Joint and Survivor Annuity, the Committee may, in its discretion, purchase and distribute a nontransferable and nonrefundable annuity contract that provides such benefits; provided, however, that the terms of any such annuity contract (deferred or otherwise) shall comply with the requirements of this Plan.

5. For purposes of determining the amount of a Qualified Joint and Survivor Annuity, the Account balance of a Member shall be reduced by any security interests held by the Plan by reason of a loan outstanding to the Member at the time of payment, if such security interest is to be treated as payment in satisfaction of a loan under the Plan.

C. Qualified Preretirement Survivor Annuity.

1. If a vested Member dies before his Annuity Starting Date and has an Eligible Spouse on the date of his death, any death benefit provided under the Plan shall be paid in the form having the effect of a Qualified Preretirement Survivor Annuity. For purposes of this paragraph, a Member vested only in Employee contributions will be deemed a vested Member.

2. If the Member’s death benefit is payable to his Eligible Spouse as a Qualified Preretirement Survivor Annuity under subparagraph 1, the Eligible Spouse may

waive the annuity form of benefit after the Member's death and select an optional form of benefit as provided in Paragraph E.

3. If benefits are paid under the Plan in a form having the effect of a Qualified Preretirement Survivor Annuity, the Committee may, in its discretion, purchase and distribute a nontransferable and nonrefundable annuity contract that provides such benefits; provided, however, that the terms of any such annuity contract (deferred or otherwise) shall comply with the requirements of this Plan.

4. For purposes of determining the amount of a Qualified Preretirement Survivor Annuity, the Account balance of a Member shall be reduced by any security interest held by the Plan by reason of a loan outstanding to the Member at the time of death, if such security interest is to be treated as payment in satisfaction of the loan under the Plan.

D. Lump Sum Payment. Notwithstanding Paragraphs B and C of this Section 21.4, any benefit provided under the Plan that is not more than $5,000 shall be paid in the form of a lump sum.

E. Alternative Methods of Payment.

1. In the case of any Member to whom the provisions of paragraphs B, C and D of this Section 21.4 do not apply, the manner of payment of his distribution or death benefit shall be determined by such Member, or, in case such Member has died, his Beneficiary or Beneficiaries. The options are:

(a) Option A — Such amount shall be paid or applied in annual installments as nearly equal as practicable; provided, however, that no annual payment shall be less than $100; and provided, further, that the Member or his Beneficiary may elect to accelerate the payment of any part or all of the unpaid installments or to provide that the unpaid balance shall be used for the benefit of the Member or his Beneficiary under Option B. In the event this option is selected, the portion of the Account of a Member, or, in case such Member is dead, of his Beneficiary or Beneficiaries, that is not needed to make annual payments during the then current Plan Year shall remain a part of the Plan assets. Installments shall be made as follows:

(i) In the case of a retirement, disability or termination benefit, in no event shall payments under this Option A extend beyond the life expectancy of the Member or the joint life expectancy of the Member and his Beneficiary. If the Member dies before receiving the entire amount payable to him, the balance shall be paid to his Beneficiary; in each case the balance shall be distributed at least as rapidly as under the method being used prior to the Member's death.

(ii) In the case of a death benefit, payment under this Option A

(A) to the designated Beneficiary shall begin within one year following the Member's death (unless the Beneficiary is the Member's surviving spouse, in which case such benefit shall begin no later than the date the Member would have reached age 70-1/2) and shall not, in any event, extend beyond the life expectancy of the designated Beneficiary; or

(B) to any other Beneficiary shall be totally distributed within five years from the date of the Member's death.

(b) Option B — Such amount shall be paid in a lump sum.

2. The Member (or his spouse) shall be permitted to elect whether life expectancies will be recalculated for purposes of distributions hereunder. Such election must be made by the Member (or his spouse) no later than the date that distributions are required to commence pursuant to Section 401(a)(9) of the Code. If the Member (or his spouse) fails to make such election, life expectancies shall not be recalculated.

3. Notwithstanding the foregoing, payments under any of the options described in this paragraph shall satisfy the incidental death benefit requirements and all other applicable provisions of Section 401(a)(9) of the Code, the regulations issued thereunder, and such other rules thereunder as may be prescribed by the Commissioner.

21.5 The Qualified Joint and Survivor Annuity and Qualified Preretirement Survivor Annuity shall not be available to a Member who receives a complete distribution of his vested interest from the Plan, including amounts attributable to Company contributions, and subsequently resumes membership in the Plan.

21.6 Sections 21.4 and 21.5 shall be deleted in their entirety on the later of November 1, 2001, or 90 days after the date on which the Pick Kwik Plan Participants are provided with a summary of material modifications reflecting the elimination of all optional forms of benefits except the complete distribution of their vested interest in the Plan in a single sum as specified in Articles 8 and 9, said single sum being otherwise identical to the optional forms of benefit that are being eliminated.

ARTICLE 22
COORDINATION WITH RETAIL OPERATIONS PLAN

22.1 The Retail Operations Plan shall be established on January 1, 1998, and the accounts of all Plan Members employed in Company-operated gasoline stations or convenience stores shall be transferred to that plan as soon as practicable thereafter, including contributions and loan repayments for the month of December 1997, and the accounts of Members whose employment has terminated if their distributions are not processed in December 1997. The sum of the account balances of the Retail Operations Plan and of the Plan shall equal the fair market value (as of the date of the spinoff) of the combined plan assets; and immediately after the spinoff, the assets in each of the plans shall equal the sum of the account balances for all of the Members in that plan.

22.2 Notwithstanding any other provisions of the Plan to the contrary, in connection with the establishment of the Retail Operations Plan, no requests will be accepted from employees in Company-operated gasoline stations or convenience stores for changes in Member contributions under Article 3, changes in Members' Investment Directions under Article 6, Voluntary Withdrawals under Article 8, or Loans under Article 19 after December 19, 1997, no requests for Hardship Withdrawals under Article 19 will be accepted after December 15, 1997, and distributions due to termination of employment or membership under Article 9 which have not been processed by December 19, 1997, will be made from the Retail Operations Plan.

22.3 The accounts of any Members of the Plan who subsequently become eligible for participation in the Retail Operations Plan will be handled in the manner described in Section 9.5.

22.4 The account of any member of the Retail Operations Plan who becomes eligible for participation in the Plan shall be transferred to the Plan as soon as practicable thereafter. Such an individual shall become a Member of the Plan without further action, all accrued rights and interests of such Member as of the date of such transfer shall be preserved under the Plan, and in no event shall such Member be deprived of any benefits under the Retail Operations Plan which shall have accrued to him as of the effective date of the transfer. The following special rules shall apply to such a transferred Member.

A. The Member contributions of each transferred Member designated under the terms of the Retail Operations Plan shall be deemed to be an election under the Plan until changed by the Member in accordance with Section 3.2.

B. The Investment Direction of each transferred Member shall be deemed to be the same as his election under the terms of the Retail Operations Plan until changed by the member in accordance Section 6.3.

C. Any suspension of member contributions in effect under the terms of the Retail Operations Plan at the time of the transfer to the Plan shall be deemed to be effective in accordance with Sections 3.4 and 3.5.

D. Any loan made to a Member from the Retail Operations Plan shall be deemed to have been made under the Plan and the outstanding balance shall be repaid to the Plan in accordance with the terms of such loan.

E. Any beneficiary designation and related consent of spouse in effect under the terms of the Retail Operations Plan at the time of the transfer to the Plan shall be deemed to be effective under the Plan until changed by the Member in accordance with Section 1.9.

F. The interest of the transferred Member in the assets of the Plan derived from Company contributions to the Retail Plan shall be vested upon transfer to the Plan, even if such assets were not vested under the terms of the Retail Plan.

22.5 Notwithstanding any provisions of the Plan to the contrary, it is the intention of this Article 22 to coordinate all of the provisions of the Plan with those of the Retail Operations Plan to enable the two plans to operate together to provide benefits as though they were one. Notwithstanding any provisions of the Plan to the contrary, the Plan is to be interpreted to achieve this objective.

ARTICLE 23
COORDINATION WITH HOVENSA PLAN

23.1 The HOVENSA Plan shall be established on November 1, 1998, and the accounts of all Plan Members employed by HESS OIL VIRGIN ISLANDS CORP. who become employees of HOVENSA on or about that date, shall be transferred to that plan on the Transfer Date, including contributions and loan repayments for the month immediately preceding the Transfer Date, and the accounts of Members whose employment has terminated if their distributions are not processed by the Transfer Date. The sum of the account balances of the HOVENSA Plan and of the Plan shall equal the fair market value (as of the date of the Transfer Date) of the combined plan assets; and immediately after the Transfer Date, the assets in each of the plans shall equal the sum of the account balances for all of the members in that plan.

23.2 Notwithstanding any other provisions of the Plan to the contrary, in connection with the transfer of assets to the HOVENSA Plan and the creation of the necessary records by Fidelity Institutional Retirement Services Company, no requests will be accepted from Members employed by HOVENSA for changes in Member contributions under Article 3, changes in Members' Investment Directions under Article 6, Voluntary Withdrawals under Article 8, Loans under Article 19, or Hardship Withdrawals under Article 19 after about five weeks before the Transfer Date, the exact date or dates to be determined by the Committee, and distributions due to termination of employment or membership under Article 9 which have not been processed by the date set by the Committee will be made from the HOVENSA Plan.

23.3 The accounts of any Members of the Plan who subsequently become employed by HOVENSA will be handled in the manner described in Section 9.5.

23.4 The account of any member of the HOVENSA Plan who becomes employed by a Company shall be transferred to the Plan as soon as practicable thereafter. Such an individual shall become a Member of the Plan without further action, all accrued rights and interests of such Member as of the date of such transfer shall be preserved under the Plan, and in no event shall such Member be deprived of any benefits under the HOVENSA Plan which shall have accrued to him as of the effective date of the transfer. The following special rules shall apply to such a transferred Member.

A. The Member contributions of each transferred Member designated under the terms of the HOVENSA Plan shall be deemed to be an election under the Plan until changed by the Member in accordance with Section 3.2.

B. The Investment Direction of each transferred Member shall be deemed to be the same as his election under the terms of the HOVENSA Plan until changed by the member in accordance Section 6.3.

C. Any suspension of member contributions in effect under the terms of the HOVENSA Plan at the time of the transfer to the Plan shall be deemed to be effective in accordance with Sections 3.4 and 3.5.

D. Any loan made to a Member from the HOVENSA Plan shall be deemed to have been made under the Plan and the outstanding balance shall be repaid to the Plan in accordance with the terms of such loan.

E. Any mutual fund investments derived from employer contributions to the HOVENSA Plan which are transferred to the Plan shall be invested in accordance with the Member’s investment direction made with respect to his own contributions to the HOVENSA Plan until changed by the Member in accordance with Section 3.2. Such mutual fund investments shall remain subject to the Member’s investment direction in the Plan.

F. Any shares of common stock of Amerada Hess Corporation derived from Company contributions originally transferred to the HOVENSA Plan which are transferred to the Plan shall remain invested in such stock and shall not be subject to the Member’s investment direction in the Plan.

G. Any beneficiary designation and related consent of spouse in effect under the terms of the HOVENSA Plan at the time of the transfer to the Plan shall be deemed to be effective under the Plan until changed by the Member in accordance with Section 1.9.

23.5 Notwithstanding any provisions of the Plan to the contrary, it is the intention of this Article 23 to coordinate all of the provisions of the Plan with those of the HOVENSA Plan to enable the two plans to operate together as though they were one, and the Plan is to be interpreted to achieve this objective.

ARTICLE 24
MERIT PLAN ACCOUNTS

24.1 The Merit Plan shall be merged into the Plan on December 31, 2000, at which time legal control of the assets of the Merit Plan shall pass to the Plan, and the accounts of all Merit Plan Participants shall be transferred to the Trustee as soon as practicable thereafter, including contributions for the month of December 2000. The sum of the account balances of the Merit Plan and of the Plan shall equal the fair market value (as of the date of the merger) of the combined plan assets; the assets of the Merit Plan and the Plan shall be combined to form the assets of the Plan as merged; and immediately after the merger, each participant in the Plan as merged shall have an account balance equal to the sum of the account balances the participant had in the Merit Plan and the Plan immediately prior to merger. The account balance of any Merit Plan Participant who is eligible for participation in the Retail Operations Plan shall be transferred to such plan from the Plan in the manner described in Section 9.5.

24.2 A. Each Merit Plan Participant shall be fully vested in the value of the assets in his account transferred to the Plan from the Merit Plan on the date of the merger, and shall become a Member of the Plan on that date.

B. The Member contributions of each Merit Plan Participant designated under the terms of the Merit Plan shall not apply under the Plan, and each such Merit Plan Participant must make the election required by Section 3.1 before contributing to the Plan.

C. Until the individual participant records have been updated by the Merit Plan trustee as of the date of the merger and these records have been transferred to the Trustee’s recordkeeping system, no requests will be accepted for (i) changes in Members’ Investment Directions under Paragraph 6.3B with respect to amounts previously invested, (ii) Voluntary Withdrawals under Article 8, or (iii) loans under Article 19, and there will be no distributions due to termination of employment or membership under Article 9. The opportunity to make contribution elections under Paragraph 3.1 and to make elections under Paragraph 6.3A with respect to amounts to be invested in the future will be available starting during the month of December 2000.

D. Any beneficiary designation and related consent of spouse in effect under the terms of the Merit Plan at the time of the transfer to the Plan shall be deemed to be effective under the Plan until changed by the Member in accordance with Section 1.9.

24.3 Assets transferred from the Merit Plan shall be recorded separately from the other assets of the Plan and shall be subject to the following special rules, notwithstanding any other provisions of the Plan to the contrary.

A. The initial investment of accounts transferred to the Plan in the Funds specified in Section 5.1 shall be based on the funds in which the transferred assets were invested in the Merit Plan as follows.

1. Investments in the Thrift Cash Fund shall be transferred to Fund A.

2. Investments in the Thrift Bond Fund shall be transferred to Fund D.

3. Investments in the Thrift Balanced Fund shall be transferred to Fund E.

4. Investments in the Thrift Growth Fund shall be transferred to Fund G.

B. When the recordkeeping requirements of Paragraph C of Section 24.2 have been satisfied, the assets transferred from the Merit Plan derived from participant contributions will be invested in accordance with the Member's then current Investment Direction. Unless and until such Investment Direction is received, said assets will be invested as described in Paragraph A of this Section.

C. No hardship withdrawals shall be allowed from the funds transferred from the Merit Plan.

24.4 The following special rules shall apply to Merit Plan Participants with respect to the assets transferred from the Merit Plan in addition to the other provisions of the Plan. These rules shall apply until the later of March 31, 2000, or 90 days after the date on which the Merit Plan Participants are provided with a summary of material modifications reflecting the elimination of all optional forms of benefits except the complete distribution of their vested interest in the Plan in a single sum as specified in Articles 8 and 9, said single sum being otherwise identical to the optional forms of benefit that are being eliminated. All words with initial capitals in the following paragraphs of this Section 24.4 are used as defined in the Merit Plan, and all references to sections are to those in the Merit Plan.

A. Benefit Forms

1. Retirement and Termination Benefits. Vested, Disability and retirement benefits shall be distributed as the Member shall elect, subject to subsection 10(e), in accordance with uniform rules established by the Committee, from the alternatives below:

(a) a straight life annuity for the Member's life;

(b) a joint and survivor annuity with the Member's spouse as contingent annuitant under which the amount payable to the Member's spouse is 50% of the monthly amount which is payable to the Member during his lifetime;

(c) approximately equal monthly, quarterly, semi-annual or annual installments over any period of time not exceeding the Member's life expectancy at the commencement of distribution, or, if the Member has designated a beneficiary, the joint life expectancy of the Member and the Member's designated beneficiary, and in the event of the Member's death during such period, the remainder shall be payable as a death benefit in accordance with Sections 8 and 10 to the Member's beneficiary;

(d) a lump sum payment; or

(e) any combination of the foregoing.

For purposes of this subsection, life expectancy shall be determined by the Committee in accordance with applicable regulations under the Code. The method so adopted by the Committee shall be uniformly applied to all Members.

2. Death Benefits. Death benefits shall be distributed in one lump sum or in installments within a period not extending beyond five years of the Member's date of death unless payment of benefits commenced under a form of annuity or installment payment before the Member's death in which case benefits shall be paid at least as rapidly as under the method of distribution in effect on the Member's date of death; provided, however,

(a) if any portion of the Member's Accrued Benefit is payable to or for the benefit of a designated beneficiary, such portion may be distributed over a period of time not exceeding the life expectancy of such designated beneficiary, provided distribution begins not later than one year after the date of the Member's death or such later date as applicable regulations under the Code may permit; or

(b) if the designated beneficiary referred to in subsection 10(b)(ii)(A) is the Member's surviving spouse, (1) the date on which the distribution is required to begin shall not be earlier than the date on which the Member would have attained age 70-1/2, (2) the benefit amount will be used to purchase a straight life annuity for the spouse's life unless the spouse elects another form of settlement permitted under the Plan and (3) if the surviving spouse should die before distribution to such spouse begins, this subsection 10(b)(ii) shall apply as if the surviving spouse were the Member.

B. Deferred Payments and Installments. If benefits are to be paid directly by the Trustee in installments or if the payment of benefits is to be deferred, the net value of the benefit determined in accordance with the provisions of Section 9 shall be retained in the Fund subject to the administrative provisions of the Plan and the Trust Agreement. The Committee, according to a uniform rule, may direct the Trustee to segregate all or a portion of the benefit amount into a separate investment account designed to protect principal and yield a reasonable investment return consistent with the preservation of principal and the obligation to make installment payments.

C. Annuity Purchases. If benefits are to be paid in a form of annuity under subsections 10(b)(i)(A), (B) or (E), the Committee shall direct the Trustee to apply the Member’s Accrued Benefit to purchase an appropriate nontransferable annuity contract and to deliver it to the Member.

D. Required Annuity

1. Married Member. If a Member has been married to his current spouse for at least one year on the date on which benefit payments are to commence and his nonforfeitable Accrued Benefit exceeds $5,000, benefits will be distributed in the form described under subsection 10(b)(i)(B) unless the Member, with the written consent of his spouse witnessed by a notary public or a member of the Committee in a manner prescribed by the Committee, elects an alternate form of settlement. Further, no total or partial distribution may be made after the annuity starting date where the present value of the benefit exceeds $5,000 unless the Member and his spouse (or where the Member has died, the surviving spouse) consent in writing witnessed by a notary public or a member of the Committee in a manner prescribed by the Committee prior to such distribution. The consent of the Member and his spouse must be obtained not more than 90 days before the date distribution commences. The Committee shall furnish to such Member a written notification of the availability of the election hereunder at least 90 days before the Member’s anticipated benefit commencement date or, if a Member notifies the Committee of his intent to terminate employment less than 90 days before the proposed benefit commencement date, as soon after the Member notifies the Committee as is administratively feasible. The notification shall explain the terms and conditions of the joint and survivor annuity described in subsection 10(b)(i)(B) and the effect of electing not to take such annuity. The Member may, within a period of 90 days after receipt of the written notification or such longer period as the Committee may uniformly make available, complete the election. The Member may revoke an election not to take the joint and survivor annuity described in subsection 10(b)(i)(B) or choose again to take such annuity at any time and any number of times within

the applicable election period. If a Member requests additional information within 60 days after receipt of the notification of election, the minimum election period shall be extended an additional 60 days following his receipt of such additional information.

2. Single Member. If a Member is not married on the date on which benefits are to commence and his nonforfeitable Accrued Benefit exceeds $5,000, benefits will be distributed in the form described under subsection 10(b)(i)(A) unless the Member elects an alternate form of settlement.

E. Lump Sum Distributions. Benefits distributed in one lump sum shall be adjusted under subsection 7(f) on the Valuation Date coincident with or last preceding distribution.

F. Small Benefit Payments. Notwithstanding any other provision of the Plan, if (1) a Member's vested Accrued Benefit or (2), if the Member has died, the designated beneficiary's benefit, is $5,000 or less at the Member's separation from service, his benefit shall be paid in a cash lump sum without his consent as soon as administratively feasible following such date of determination. If the Member does not have a vested interest in his Accrued Benefit at his separation from service, he shall be deemed to have received a distribution of his entire vested Accrued Benefit. Notwithstanding anything in this subsection 10(i) to the contrary, if (1) a Member's vested Accrued Benefit or (2) if the Member has died, the designated beneficiary's benefit, is $5,000 or less as of May 1, 1998, his benefit shall be paid in a cash lump sum without his consent as soon as administratively feasible following such date of determination.

24.5 The provisions of this Plan that include the required GUST amendments also are applicable to the Merit Oil Corporation and Affiliates Employees' Thrift Plan, which was merged into the Plan on December 31, 2000.

AMENDMENT 1

Notwithstanding any provision of this plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

AMENDMENT 2

Loan repayments will be suspended under this plan as permitted under Section 414(u)(4) of the Internal Revenue Code.

Model Amendment for Section 415(c)(3) Compensation Definition

For limitation years beginning on and after January 1, 2001, for purposes of applying the limitations described in Sections 1.3, 1.17, 1.20, 1.22, 1.30, 4.4 B, 4.5 B, 18.2 A 1, 18.2 C 2, 18.3 B, 18.4 and 19.5 of the Plan, compensation paid or made available during such limitation years shall include elective amounts that are not includible in the gross income of the employee by reason of section 132(f)(4).

This amendment shall also apply to the definition of Compensation for purposes of Section 1.16 of the Plan for Plan Years beginning on and after January 1, 2001.

Model Amendment

With respect to distributions under the Plan made for calendar years beginning on or after January 1, 2002, the Plan will apply the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code in accordance with the regulations under section 401(a)(9) that were proposed on January 17, 2001, notwithstanding any provision of the Plan to the contrary. This amendment shall continue in effect until the end of the last calendar year beginning before the effective date of final regulations under section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service.

AMENDMENT OF THE PLAN FOR EGTRRA

A. Adoption and effective date of amendment.

This amendment of the Plan is adopted to reflect certain provisions of the Economic

Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”). This amendment is intended as good faith compliance with the requirements of EGTRRA and is to be construed in accordance with EGTRRA and guidance issued thereunder. Except as otherwise provided, this amendment shall be effective on January 1, 2002.

B. Limitations on Contributions

1. Effective date. This section shall be effective for limitation years beginning after December 31, 2001.

2. Maximum annual addition. Except to the extent permitted under Paragraph J of this amendment and section 414(v) of the Code, if applicable, the annual addition that may be contributed or allocated to a Member’s account under the Plan for any limitation year shall not exceed the lesser of:

a. $40,000, as adjusted for increases in the cost-of-living under section 415(d) of the Code, or

b. 100 percent of the Member’s compensation, within the meaning of section 415(c)(3) of the Code, for the limitation year.

The compensation limit referred to in (b) shall not apply to any contribution for medical benefits after separation from service (within the meaning of section 401(h) or section 419A(f)(2) of the Code) which is otherwise treated as an annual addition.

C. Increase in Compensation Limit

The annual compensation of each Member taken into account in determining allocations for any Plan Year beginning after December 31, 2001, shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. Annual compensation means compensation during the Plan Year or such other consecutive 12-month period over which compensation is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

D. Direct Rollovers of Plan Distributions

1. Effective date. This section shall apply to distributions made after December 31, 2001.

2. Modification of definition of eligible retirement plan. For purposes of the direct rollover provisions in Section 16.7 of the Plan, an eligible retirement plan shall also mean an annuity contract described in section 403(b) of the Code and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a

state, or any agency or instrumentality of a state or political sub-division of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in section 414(p) of the Code.

3. Modification of definition of eligible rollover distribution to exclude hardship distributions. For purposes of the direct rollover provisions in Section 16.7 of the Plan, any amount that is distributed on account of hardship shall not be an eligible rollover distribution and the distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan.

4. Modification of definition of eligible rollover distribution to include after-tax employee contributions. For purposes of the direct rollover provisions in Section 16.7 of the Plan, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

E. Rollovers from Other Plans

The Plan will accept Member rollover contributions or direct rollovers of distributions made after December 31, 2001, from the types of plans specified below, beginning on January 1, 2002.

1. Direct Rollovers:

The Plan will accept a direct rollover of an eligible rollover distribution from:

a. a qualified plan described in section 401(a) or 403(a) of the Code, excluding after-tax employee contributions;

b. an annuity contract described in section 403(b) of the Code, excluding after-tax employee contributions; or

c. an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

2. Member Rollover Contributions from IRAs:

The Plan will not accept a Member rollover contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

F. Rollovers Disregarded in Involuntary Cash-outs

Rollovers disregarded in determining value of account balance for involuntary distributions. With respect to distributions made after December 31, 2001, for purposes of Section 9.1 B 1 of the Plan, the value of a Member's nonforfeitable account balance shall be determined without regard to that portion of the account balance that is attributable to rollover contributions (and earnings allocable thereto) within the meaning of sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e) (16) of the Code. If the value of the Member's nonforfeitable account balance as so determined is $5,000 or less, the Plan shall immediately distribute the Member's entire nonforfeitable account balance.

G. Repeal of Multiple Use Test

The multiple use test described in Treasury Regulation section 1.401(m)-2 and Paragraph 19.7 C of the Plan shall not apply for Plan Years beginning after December 31, 2001.

H. Elective Deferrals — Contribution Limitation

No Member shall be permitted to have elective deferrals made under this Plan, or any other qualified plan maintained by the employer during any taxable year, in excess of the dollar limitation contained in section 402(g) of the Code in effect for such taxable year, except to the extent permitted under Paragraph J of this amendment and section 414(v) of the Code, if applicable.

I. Modification of Top-heavy Rules

The top-heavy requirements of section 416 of the Code and Article 18 of the Plan shall not apply in any year beginning after December 31, 2001, in which the Plan consists solely of a cash or deferred arrangement which meets the requirements of section 401(k)(12) of the Code and matching contributions with respect to which the requirements of section 401(m)(11) of the Code are met.

J. Catch up Contributions

All employees who are eligible to make elective deferrals under this Plan and who have attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such catch-up contributions. Catch-up Contributions shall apply to contributions after March 31, 2002.

K. Distribution Upon Severance from Employment

1. Effective date. This section shall apply for distributions after December 31, 2001, regardless of when the severance from employment occurred.

2. New distributable event. A Member's elective deferrals, qualified non-elective contributions, qualified matching contributions, and earnings attributable to these contributions shall be distributed on account of the Member's severance from employment. However, such a distribution shall be subject to the other provisions of the Plan regarding distributions, other than provisions that require a separation from service before such amounts may be distributed.

IN WITNESS WHEREOF, the Principal Company, by its duly authorized officers, has caused these presents to be signed this 1st day of July 2002.

AMERADA HESS CORPORATION

By: /s/ Neal Gelfand
Neal Gelfand, Senior Vice President

By: /s/ Carl T. Tursi
Carl T. Tursi, Secretary

Exhibit 10(8)

AMERADA HESS CORPORATION
SAVINGS AND STOCK BONUS PLAN
FOR RETAIL OPERATIONS EMPLOYEES

Restated March 15, 2002

WHEREAS, AMERADA HESS CORPORATION as Principal Company established the AMERADA HESS CORPORATION SAVINGS AND STOCK BONUS PLAN FOR RETAIL OPERATIONS EMPLOYEES (the “Plan”) effective January 1, 1998; and

WHEREAS, Section 12.1 of the Plan provides for the amendment thereof by the Principal Company; and

WHEREAS, the Plan has been amended from time to time in accordance with Section 12.1; and

WHEREAS, the Employee Benefit Plans Committee of the Principal Company has authorized the restatement of the Plan to incorporate all prior amendments;

NOW, THEREFORE, the Principal Company does hereby restate the AMERADA HESS CORPORATION SAVINGS AND STOCK BONUS PLAN FOR RETAIL OPERATIONS EMPLOYEES effective March 15, 2002, and does hereby declare the same to be as follows:

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ARTICLE 1
DEFINITIONS

When used in this instrument, the following words and phrases shall have the meanings hereinafter stated unless a different meaning is plainly required by the context:

1.1A Acquired Merit Employee: “Acquired Merit Employee” shall mean a Member who is a former employee of Merit Oil Corporation, who became an Employee of a Company in connection with the merger of the Meadville Corporation into the Principal Company in accordance with the terms of an agreement between said companies executed in 2000, and who was an Employee on January 1, 2001.

1.1B Acquired Pick Kwik Employee: “Acquired Pick Kwik Employee” shall mean a Member who is a former employee of Pick Kwik Corporation, who became an Employee of a Company in connection with the acquisition of that corporation by the Principal Company from Pick Kwik Holdings Incorporated in accordance with the terms of an agreement between said companies executed in 1997, and who either was a Member of the Corporate Plan on December 31, 1997, or was an Employee on January 1, 1998.

1.2 Actual Deferral Percentage: “Actual Deferral Percentage” (“ADP”) shall mean, for a specified group of Members for a Plan Year, the average of the ratios (calculated separately for each Member in such group) of (1) the amount of Company contributions actually paid over to the Trust on behalf of such Member for the Plan Year to (2) the Member’s compensation for the portion of the Plan Year during which he was eligible to participate. Company contributions on behalf of any Member shall include: any Elective Deferrals made pursuant to the Member’s deferral election (including Excess Elective Deferrals of Highly Compensated Employees), but excluding (a) Excess Elective Deferrals of Non-highly Compensated Employees that arise solely from Elective Deferrals made under the Plan or other plans of the Company and (b) Elective Deferrals that are taken into account in the Contribution Percentage test (provided the ADP test is satisfied both with and without exclusion of these Elective Deferrals). For purposes of computing Actual Deferral Percentages, an Employee who would be a Member but for the failure to make Elective Deferrals shall be treated as a Member on whose behalf no Elective Deferrals are made.

1.3 Administrator: “Administrator” of the Plan shall mean the Committee.

1.4 Affiliated Company: “Affiliated Company” shall mean the Principal Company and any corporation which is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) which includes the Principal Company; any trade or business (whether or not incorporated) which is under common control (as defined in Section 414(c) of the Code) with the Principal Company; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Principal Company; and any other entity required to be aggregated with the Principal Company pursuant to regulations under Section 414(o) of the Code.

1.5 Aggregate Limit: “Aggregate Limit” shall mean the sum of (i) 125 percent of the greater of the ADP of the Non-highly Compensated Employees for the Plan Year or the ACP of Non-highly Compensated Employees under the Plan subject to Code Section 401(m) for the Plan Year and (ii) the lesser of 200% or two plus the lesser of such ADP or ACP. “Lesser” is substituted for “greater” in “(i)”, above, and “greater” is substituted for “lesser” after “two plus the” in “(ii)” if it would result in a larger Aggregate Limit.

1.6 Associated Company: “Associated Company” shall mean any corporation affiliated with a Company which is designated by the Committee.

1.7 Average Contribution Percentage: “Average Contribution Percentage” (“ACP”) shall mean the average of the Contribution Percentages of the Eligible Members in a group.

1.8 Beneficiary: “Beneficiary” shall mean a person or persons designated in writing as such by a Member on a form prescribed by and filed with the Committee.

A designation of a Beneficiary other than a Member’s Spouse shall not be effective unless (i) the Spouse of the Member consents in writing to such designation and the Spouse’s consent acknowledges the effect of such designation and is witnessed by the Committee or a notary public, or (ii) it is established to the satisfaction of the Committee that the consent required by clause (i) may not be obtained because there is no Spouse, because the Spouse cannot be located, or because of such other circumstances as may be prescribed by regulations. The consent specified shall be effective only with respect to such Spouse.

If a Member shall fail to designate a Beneficiary, if the designation is ineffective due to lack of spousal consent or if no designated Beneficiary shall be living when a payment to a Beneficiary is required to be made, the payment shall be made to the person or persons in the first of the following classes of successive preference beneficiaries then living:

The Member's:	(1) Surviving Spouse,
	(2) Children, equally,
	(3) Parents, equally,
	(4) Brothers and sisters, equally.

If none of the above-described persons shall then be living, the payment shall be made to the Member's estate. For the purposes of this Section, the term surviving Spouse shall mean the individual to whom the Member was legally married on the date of the Member's death, or a former spouse described in Section 1.48.

1.9 Board of Directors: "Board of Directors" shall mean the Board of Directors of the Principal Company.

1.10 Break in Service: "Break in Service" shall mean:

A. for periods prior to September 4, 1996, the applicable 12-consecutive-month period which is used to determine Service, commencing on or after January 1, 1976, during which a Member shall not have completed more than 500 hours of Service; or

B. for periods commencing on or after September 4, 1996, a period of severance of at least 12 consecutive months.

A period of severance is a continuous period of time during which an Employee is not employed by a Company. Such period begins on the date the Employee retires, quits or is discharged, or if earlier, the 12 month anniversary of the date on which the employee was otherwise first absent from service.

An unpaid leave of absence that qualifies under the Family and Medical Leave Act of 1993 and the regulations thereunder, shall not be deemed to be a Break in Service, but no credit for service shall be given for such leave of absence for any of the other purposes of the Plan. The period of military service of a Member who is reemployed by a Company in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 and the regulations thereunder, shall not be deemed to be a Break in Service.

1.11 Business Day: "Business Day" shall mean a day when the New York Stock Exchange is open for business.

1.12 Code: “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.13 Committee: “Committee” shall mean the AMERADA HESS CORPORATION EMPLOYEE BENEFIT PLANS Committee consisting of three or more persons appointed by the Board of Directors to administer the Plan, as further described in Article 11.

1.14 Company: “Company” shall mean AMERADA HESS CORPORATION, any Participating Company, any Prior Company, and any Successor Company.

1.15 Compensation: “Compensation” shall mean the actual salary or wages received by a Member from a Company for personal services, determined as follows:

A. Compensation shall include:

1. Overtime.

2. Bonuses, except those granted on an *ad hoc* basis.

3. Incentive compensation, except amounts based on commodity trading activities.

4. Commissions.

5. Holidays (other than those falling during periods in which the Member is receiving no other Compensation).

6. Vacation (including vacation allowance on termination or retirement).

7. Bereavement pay.

8. Jury duty and witness pay.

9. Salary or wages and sick and injury benefits received in any period during which a Member shall be entitled to full-pay sick and injury benefits, including amounts offset by payments such as Workers’ Compensation benefits or accident and sickness benefits.

10. Allowance for Military Reserve training (limited to two calendar weeks a year) and full-pay benefits for Military Leave of Absence while on active service.

11. Premium pay for overseas service under letter agreements effective before July 1, 1998.

B. Compensation shall not include:

1. Contributions to any employee benefit deferred compensation plan.

2. Housing allowances.

3. Moving expenses.

4. Educational assistance benefits.

5. Severance pay.

6. Payments of premiums for life insurance or medical insurance.

7. Meal allowance.

8. Premium pay for overseas service under letter agreements effective on or after July 1, 1998.

C. Any other additional payments shall be determined to be includible or excludible by the Committee on a basis uniformly and consistently applied to all Employees. In the case of the simultaneous employment of a Member by more than one Company, the total Compensation received by such Member from all Companies shall be deemed his Compensation for purposes of the Plan. Actual salary or wages received by a Member from a Company for personal services shall be deemed to include any amounts contributed to this Plan as Elective Deferrals and any amounts contributed to a cafeteria plan by a Company pursuant to a salary or wage reduction election made by a Member. For this purpose, a cafeteria plan shall mean a plan described in Section 125 of the Code.

D. In addition to other applicable limitations which may be set forth in the Plan and notwithstanding any other contrary provision of the Plan, Compensation taken into account under the Plan shall not exceed $200,000, adjusted for changes in the cost of living as provided in Section 415(d) of the Code, for the purpose of calculating a Plan Member's accrued benefit (including the right to any optional benefit provided under the Plan) for any Plan Year commencing after December 31, 1988, and ending prior to January 1, 1994. However, the accrued benefit determined in accordance with this provision shall not be less than the accrued benefit determined on December 31, 1988 without regard to this provision.

E. In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, for Plan Years beginning on or after January 1, 1994, the annual Compensation of each Employee taken into account under the Plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is $150,000, as adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with Section 401(a)(17)(B) of the

Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12. For the purposes of this Paragraph E, compensation paid by HOVENSA shall be deemed to have been paid by a Company.

For plan years beginning on or after January 1, 1994, any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the OBRA '93 annual compensation limit set forth in this provision.

If Compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current plan year, the Compensation for that prior determination period is subject to the OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first plan year beginning on or after January 1, 1994, the OBRA '93 annual compensation limit is $150,000.

F. Compensation, when spelled without an initial capital throughout the Plan, shall mean the participant's compensation from a Company within the meaning of Code Section 415(c)(3).

1.16 Contribution Percentage: "Contribution Percentage" shall mean the ratio (expressed as a percentage) of the Member's Contribution Percentage Amounts to the Member's compensation for the Plan Year.

1.17 Contribution Percentage Amounts: "Contribution Percentage Amounts" shall mean the sum of the Employee Contributions (including recharacterized Elective Deferrals pursuant to Section 19.4) and Matching Contributions made under the Plan on behalf of the Member for the Plan Year. Such Contribution Percentage Amounts shall not include Matching Contributions that are forfeited either to correct Excess Aggregate Contributions or because the contributions to which they relate are Excess Deferrals, Excess Contributions or Excess Aggregate Contributions. The Company also may elect to use Elective Deferrals in the Contribution Percentage Amounts so long as the ADP test is met before the Elective Deferrals are used in the ACP test and continues to be met following the exclusion of those Elective Deferrals that are used to meet the ACP test.

1.18 Corporate Plan: “Corporate Plan” shall mean the AMERADA HESS CORPORATION EMPLOYEES’ SAVINGS AND STOCK BONUS PLAN.

1.19 Effective Date: “Effective Date” of the Plan shall mean January 1, 1998.

1.20 Elective Deferrals: “Elective Deferrals” shall mean any Company contributions made to the Plan at the election of the Member, in lieu of cash compensation, and shall include contributions made pursuant to a salary reduction agreement or other deferral mechanism. With respect to any taxable year, a Member’s Elective Deferral is the sum of all employer contributions made on behalf of such Member pursuant to an election to defer under any qualified cash or deferred arrangement (“CODA”) as described in Section 401(k) of the Code, any simplified employee pension cash or deferred arrangement as described in Section 402(h)(1)(B) of the Code, any eligible deferred compensation plan under Section 457 of the Code, any plan as described under Section 501(c)(18) of the Code, and any employer contributions made on behalf of a Member for the purchase of any annuity contract under Section 403(b) of the Code pursuant to a salary reduction agreement. Elective Deferrals shall not include any deferrals properly distributed as excess annual additions. A Member shall at all times be fully vested in his Elective Deferrals.

1.21 Eligible Member: “Eligible Member” shall mean any Employee who is eligible to make an Elective Deferral or to receive a Matching Contribution. If an Elective Deferral is required as a condition of participation in the Plan, any Employee who would be a Member of the Plan if such Employee made such a deferral shall be treated as an Eligible Member on behalf of whom no Elective Deferrals are made.

1.22 Employee: “Employee” shall mean any person who is employed by a Company in a Company-operated gasoline station or convenience store other than as a manager and who is not a participant in any other funded employee pension benefit plan to which a Company makes or is obligated to make contributions on his behalf for the accrual of current benefits (other than contributions under the AMERADA HESS CORPORATION EMPLOYEES’ PENSION PLAN and under Social Security or any other governmental pension plan).

The term “Employee” shall also include any leased employee deemed to be an employee of any Company as provided in Sections 414(n) or (o) of the Code.

The term “leased employee” means any person (other than an Employee of the Company) who pursuant to an agreement between the Company and any other person (leasing organization) has performed services for the Company (or for the Company and related persons determined in accordance with Section 414(n)(6) of the Code) on a substantially full-time basis for a period of at least one year, and such services are performed under primary direction or control by the Company. Contributions or benefits provided a leased employee by the leasing organization which are attributable to services performed for the Company shall be treated as provided by the Company.

A leased employee shall not be considered an employee of the Company if: (i) such employee is covered by a money purchase pension plan providing: (1) a nonintegrated employer contribution rate of at least 10 percent of compensation, as defined in Section 415(c)(3) of the Code, but including amounts contributed pursuant to a salary reduction agreement which are excludible from the employee’s gross income under Section 125, Section 402(e)(3), Section 402(h)(1)(B) or Section 403(b) of the Code, (2) immediate participation, and (3) full and immediate vesting, and (ii) leased employees do not constitute more than 20 percent of the Company’s nonhighly compensated workforce.

The term “Employee” shall not include a self-employed individual or independent contractor. The determination of the status of an individual as self-employed or as an independent contractor made in good faith by a Company shall not be subject to retroactive change for the purposes of the Plan if it subsequently is determined by the Internal Revenue Service, another federal agency, a state agency, or as the result of legal action that such individual should have been classified as an employee of a Company.

1.23 Employee Contribution: “Employee Contribution” shall mean any contribution made to the Plan by or on behalf of a Member that is included in the Member’s gross income in the year in which made and that is maintained under a separate account to which earnings and losses are allocated. No Employee Contribution shall be made to the Plan after December 31, 2001.

1.24 ERISA: “ERISA” shall mean the Employee Retirement Income Security Act of 1974 and any amendments thereto.

1.25 Excess Aggregate Contributions: “Excess Aggregate Contributions” shall mean, with respect to any Plan Year, the excess of:

A. the aggregate Contribution Percentage Amounts taken into account in computing the numerator of the Contribution Percentage actually made on behalf of Highly Compensated Employees for such Plan Year, over

B. the maximum Contribution Percentage Amounts permitted by the ACP test (determined by reducing contributions made on behalf of Highly Compensated Employees in order of their Contribution Percentages beginning with the highest of such percentages).

Such determination shall be made after first determining Excess Elective Deferrals pursuant to Section 19.2 and then determining Excess Contributions pursuant to Section 19.4.

1.26 Excess Contributions: “Excess Contributions” shall mean, with respect to any Plan Year, the excess of:

A. the aggregate amount of Company contributions actually taken into account in computing the ADP of Highly Compensated Employees for such Plan Year, over

B. the maximum amount of such contributions permitted by the ADP test (determined by reducing contributions made on behalf of Highly Compensated Employees in order of the ADP’s, beginning with the highest of such percentages).

1.27 Excess Elective Deferrals: “Excess Elective Deferrals” shall mean those Elective Deferrals that are includible in a Member’s gross income under Section 402(g) of the Code to the extent such Member’s Elective Deferrals for a taxable year exceed the dollar limitation under such Code Section. Excess Elective Deferrals shall be treated as annual additions under the Plan unless such amounts are distributed no later than the first April 15 following the close of the Member’s taxable year. Determination of income or loss: Excess Elective Deferrals shall be adjusted for any income or loss. The income or loss allocable to Excess Elective Deferrals is the income or loss allocable to the Member’s Elective Deferral account for the taxable year multiplied by a fraction, the numerator of which is such Member’s Excess Elective Deferrals for the year and the denominator is the Member’s account balance attributable to Elective Deferrals without regard to any income or loss occurring during such taxable year.

1.28 Fiduciary: “Fiduciary” shall mean, for purposes of ERISA, the Committee as the named Fiduciary of the Plan.

1.29 Fund: “Fund” shall mean one of the separate investment accounts provided for in Section 5.1.

1.30 Highly Compensated Employee: “Highly Compensated Employee” shall mean a highly compensated active Employee and highly compensated former Employee. A highly compensated active Employee includes any Employee who performs service for the Company during the determination year and who: (i) was a 5-percent owner at any time during the year or the preceding year, or (ii) for the preceding year (A) received compensation from the Company in excess of $80,000 (as adjusted pursuant to Section 415(d) of the Code, except that the base period shall be the calendar quarter ending September 30, 1996); and (B) if the Company elects the application of this clause for such preceding year, was in the top-paid group of employees for such preceding year.

For this purpose, the determination year shall be the Plan Year.

A highly compensated former Employee includes any Employee who separated from service (or was deemed to have separated) prior to the determination year, performs no service for the Company during the determination year, and was a highly compensated active Employee for either the separation year or any determination year ending on or after the Employee’s 55th birthday.

The determination of who is a Highly Compensated Employee, including the determinations of the number and identity of Employees in the top-paid group and the compensation that is considered, will be made in accordance with Section 414(q) of the Code and the regulations thereunder.

To the extent permitted under regulations, the Committee may elect to determine the status of Highly Compensated Employees on a current calendar year basis. For the purposes of this Section 1.30, compensation paid by HOVENSA shall be deemed to have been paid by a Company.

1.30A HOVENSA: “HOVENSA” shall mean HOVENSA L.L.C., and any other business organization with employees eligible for participation in the HOVENSA Plan.

1.30B HOVENSA Plan: “HOVENSA Plan” shall mean the HOVENSA EMPLOYEES’ SAVINGS PLAN.

1.31 Individual Retirement Plan: “Individual Retirement Plan” shall mean an individual retirement account (IRA) described in Section 408(a) of the Code or an individual retirement annuity (other than an endowment contract) described in Section 408(b) of the Code.

1.32 Investment Direction: “Investment Direction” shall mean a direction of a Member on a form or in a manner prescribed by the Committee, specifying the Fund or Funds and the percentages of his contributions to be invested in each, and changes to be made as to contributions previously invested. With respect to changes in amounts previously invested, an Investment Direction may be made either in terms of percentages of the total or in dollar amounts, at the option of the Member, subject to a minimum change of $250 with respect to investments in Funds A, B, D, E, F, G and H. The Committee shall cause confirmation to be provided to the Member of the receipt of such Investment Direction within a reasonable time thereafter. The Committee shall be obligated to comply with such Investment Direction except as otherwise provided in Paragraphs (b)(2)(ii)(B) and (d)(2)(ii) of Labor Department Regulations Section 2550.404c-1.

1.33 Layoff: “Layoff” shall mean a Company requested termination of employment: (a) in the case of an Employee who has contractual recall rights for the period covered by such rights; and (b) in the case of any other Employee for a period not to exceed 12 months.

1.34 Leave of Absence: “Leave of Absence” shall mean any period during which an Employee is authorized by a Company to be absent from his normal duties. For purposes of this Plan, an Employee shall not be deemed to be absent from his normal duties if his absence is for a period of 31 days or less, or is due to: vacation, jury duty, military service, or personal illness or injury. In the administration of this provision all Employees in similar circumstances shall be given similar treatment.

1.35 Limitation Year: “Limitation Year” shall mean the Plan Year.”

1.36 Matching Contribution: “Matching Contribution” shall mean a Company contribution made to this or any other defined contribution plan on behalf of a Member on account of a Member’s Elective Deferral, under a plan maintained by the Company.

1.37 Member: “Member” shall mean an Employee (excluding for this purpose, a leased employee) who has been admitted to participation, and who continues to participate in the Plan, including any former Employee who, while participating in the Plan, became employed by an Associated Company at the request of the Company. A Member who becomes employed by HOVENSA shall be controlled by Section 9.6.

1.37A Merit Plan: “Merit Plan” shall mean the Merit Oil Corporation and Affiliates Employees’ Thrift Plan.

1.37B Merit Plan Participant: “Merit Plan Participant” shall mean an Acquired Merit Employee who was a member of the Merit Plan on December 31, 2000, and whose Merit Plan account is transferred to the Plan as the result of the merger of the Merit Plan into the Corporate Plan on that date.

1.38 Non-highly Compensated Employee: “Non-highly Compensated Employee” shall mean any Employee who is not a Highly Compensated Employee.

1.39 Participating Company: “Participating Company” shall mean any business organization, which, by agreement with the Principal Company, shall become a party to the Plan, as provided in Article 14.

1.40 Phillips Plan: “Phillips Plan” shall mean the Thrift Plan of Phillips Petroleum Company and Subsidiary Companies.

1.41 Pick Kwik Plan: “Pick Kwik Plan” shall mean the Pick Kwik Holdings Incorporated Employees’ Profit Sharing and Investment Plan.

1.42 Pick Kwik Plan Participant: “Pick Kwik Plan Participant” shall mean an Acquired Pick Kwik Employee who was a member of the Pick Kwik Plan on December 31, 1997, and whose Pick Kwik Plan account is transferred to the Plan as the result of the merger of the Pick Kwik Plan into the Corporate Plan on that date.

1.43 Plan: “Plan” shall mean the AMERADA HESS CORPORATION SAVINGS AND STOCK BONUS PLAN FOR RETAIL OPERATIONS EMPLOYEES as set forth in this instrument and all amendments hereto.

1.44 Plan Year: “Plan Year” shall mean the annual accounting period of the Plan and of the Trust Fund, beginning on the 1st day of January and ending on the 31st day of December.

1.45 Principal Company: “Principal Company” shall mean AMERADA HESS CORPORATION or any other corporation designated as Principal Company by the Committee.

1.46 Prior Company: “Prior Company” shall mean HESS OIL & CHEMICAL CORPORATION, and, if so designated by the Committee:

A. Any business organization (i) all or a substantial portion of whose outstanding capital stock or all or a substantial portion of whose assets shall be acquired by any Company on or after the Effective Date; or (ii) all or a substantial number of whose employees shall be employed by any Company on or after the Effective Date; or

B. Any other business organization affiliated or related through stock ownership with any Company which shall be designated as a Prior Company by the Committee.

1.47 Qualified Plan: “Qualified Plan” shall mean a qualified trust described in Section 401(a) of the Code (with the limitations described in Section 401(a)(31)(D) of the Code) which is exempt from taxation under Section 501(a) of the Code, or an annuity plan described in Section 403(a) of the Code.

1.48 Service: “Service”, as defined in Sections 2.6 and 2.7, shall mean, for the purposes of Article 2 (eligibility computation period) and Article 7 (vesting computation period) of the Plan, any period of employment:

A. With the Principal Company;

B. With a Prior Company whose employee pension plan is maintained by the Principal Company, or, as determined by the Committee, with any other Prior Company;

C. With a Participating Company following the adoption of the Plan by such Participating Company, or any prior period of employment with a Participating Company as determined by the Committee;

D. With any organization which is a member of a group of trades or businesses (whether or not incorporated) under common control (under Code Section 414(c)) of which the Principal Company is a member;

E. With any organization which is a member of an affiliated service group (under Code Section 414(m)) of which the Principal Company is a member;

F. With any organization which is a member of a controlled group of corporations of which the Principal Company is a member, or which is under common control with the Principal Company;

G. With a Prior Company (to the extent provided in Treasury Regulations) in any case in which the Principal Company maintains a plan which is not the plan maintained by the Prior Company;

H. With Hess Energy Trading Company, LLC, in the case of an Employee who was an employee of that company immediately preceding or following employment by a Company;

I. In the case of an Acquired Pick Kwik Employee, with Pick Kwik Corporation immediately preceding employment by a Company, as determined by the records of the Pick Kwik Plan provided to the Principal Company;

J. With the Company other than as an Employee in a Company-operated gasoline station or convenience store immediately preceding or following employment by a Company in such a position;

K. With HOVENSA immediately preceding or following employment by a Company;

L. With Strategic Resource Solutions Corp. ("SRS") immediately preceding employment by a Company in the case of an Employee hired in connection with the purchase by Hess Microgen LLC of the micro-generation business of SRS on February 2, 2000;

M. With Texaco Pipelines LLC ("Texaco") immediately preceding employment by a Company in the case of an Employee hired in connection with the purchase by the Principal Company of the Sea Robin gas plant from Texaco on April 1, 2000;

N. With Statoil Energy Services, Inc. ("Statoil"), or an affiliate thereof immediately preceding employment by a Company in the case of an Employee hired in connection with the purchase by the Principal Company of Statoil on April 1, 2000; and

O. In the case of an Acquired Merit Employee, with Merit Oil Corporation as of December 31, 2000.

1.49 Spouse: "Spouse" shall mean the individual, if any, to whom the Member is legally married. However, a Member's former spouse shall be treated as his Spouse in lieu of his current spouse to the extent required under any judgment, decree, or order which is determined by the Administrator in accordance with its procedures to be a qualified domestic relations order within the meaning of Section 414(p) of the Code.

1.50 Successor Company: "Successor Company" shall mean any business organization which shall acquire a substantial portion or all of the outstanding stock of, or a substantial portion or all of the assets of, or which shall employ a substantial number or all of the employees of, any Company, and which shall succeed such Company as a Company hereunder.

1.50A Transfer Date: “Transfer Date” shall mean the Valuation Date on which assets are transferred to the HOVENSA Plan from the Corporate Plan with respect to those members of the Corporate Plan who become members of the HOVENSA Plan on November 1, 1998, which shall be as soon as practicable following receipt by HOVENSA of a favorable determination letter from the Internal Revenue Service concerning the qualification of the HOVENSA Plan and the exemption of the HOVENSA Plan Trust from income taxes.

1.51 Trust Agreement: “Trust Agreement” shall mean an agreement between the Principal Company and a Trustee, entered into for purposes of the Plan.

1.52 Trustee: “Trustee” shall mean any bank, trust company, or other fiduciary holding funds or property under a Trust Agreement for the exclusive benefit of the Plan Members and subject to all provisions of the Plan.

1.53 Unit: “Unit” shall mean the basic measure of the Member’s proportionate interest in the funds provided for in Section 5.1.

1.54 Valuation Date: “Valuation Date” shall mean the day on which the value of the Funds is determined as provided in Article 5, and shall be each Business Day, unless changed by the Committee.

1.55 Withdrawal Authorization: “Withdrawal Authorization” shall mean notice, on a form or in a manner prescribed by the Committee, provided by a Member, requesting a complete or partial withdrawal as provided in Sections 8.1 and 8.2, respectively.

1.56 Year of Service: “Year of Service” shall mean a 12 consecutive month period (computation period) during which an Employee completes at least 1,000 hours of Service.

ARTICLE 2
ELIGIBILITY AND MEMBERSHIP

2.1 A. Each Employee who on the Effective Date shall have completed one year of Service shall be eligible to become a Member of the Plan as of the Effective Date, provided, however, that any Employee who, during the 6-month period preceding the Effective Date made a complete withdrawal from the Corporate Plan while still employed by a Company and who remains employed during the 6-month period commencing on the date of such withdrawal, shall not be eligible to become a Member until the expiration of the 6-month period commencing on the date of such withdrawal.

B. Each Employee who on December 31, 1997 was a Member of the Corporate Plan shall be eligible to become a Member of the Plan as of the Effective Date.

C. Every other Employee shall be eligible to become a Member of the Plan upon his completion of one Year of Service. For this purpose, Service shall include any period of employment with an Associated Company entered into at the request of a Company.

D. Anything to the contrary herein notwithstanding, an Employee shall not be eligible for membership in the Plan if he is included in a unit of employees covered by a collective bargaining agreement between employee representatives and the Company if retirement benefits were the subject of good faith collective bargaining between such employee representatives and the Company, unless and until the Company and such employee representatives shall agree that such employees shall participate in the Plan, provided that he then meets the eligibility requirements herein above described in this Section 2.1, or if not, then he shall be eligible on the date following the date on which he first meets such eligibility requirements.

2.2 Any eligible Employee who does not elect to become a Member of the Plan on the earliest date when he is entitled to do so may thereafter elect to become a Member as of any future Valuation Date.

2.3 Each eligible Employee, as a condition for membership, must accept and agree to all provisions of the Plan on a form or in a manner prescribed by the Committee, which may include telephone or electronic communication. By so doing, he authorizes the sale or redemption of any securities purchased for his account when necessary or advisable in carrying out the provisions of the Plan.

2.4 An Employee may become temporarily ineligible to participate under the circumstances specified in Section 8.1 of the Plan.

2.5 If a Member shall cease to be an Employee within the meaning of Section 1.22 his membership shall forthwith terminate, except as described in Sections 9.5 or 9.6.

2.6A. For the purposes of vesting under Paragraph 7.3E, an Employee or Member shall be credited with one full year of Service for each 12-consecutive-month period commencing on his first date of hire or anniversary thereof during which he completed at least 1,000 hours of Service. In the determination of Years of Service and Breaks in Service for purposes of eligibility, the initial eligibility computation period shall be the 12-consecutive month period beginning on the date the Employee first performs an hour of Service for a Company (employment commencement date). The succeeding 12-consecutive month periods shall be the Plan Years beginning with the Plan Year which includes the first anniversary of the Employee's employment commencement date, regardless of whether the Employee is entitled to be credited with 1,000 hours of Service during the initial eligibility computation period. An Employee who is credited with 1,000 hours of Service in both the initial eligibility computation period and the Plan Year which includes the first anniversary of the Employee's employment commencement date will be credited with two years of Service for purposes of eligibility to participate.

The foregoing is subject to the following rules:

1. Years of Service for periods of employment prior to January 1, 1976 shall be determined under the Corporate Plan in effect on December 31, 1975, without regard to the provisions of Section 2.7 (Break in Service rule). If, for any period prior to January 1, 1976, accessible records are insufficient to permit an approximation of the number of hours of Service for a particular employee or group of employees, a reasonable estimate of the hours of Service completed by such employee or employees during the particular period may be made. In making any such estimate, all persons employed under similar circumstances shall be given similar treatment.

2. Hours of Service after December 31, 1975, but before September 1996, shall be recorded on a monthly basis and, for the purpose of determining the total of an Employee's hours of Service during his initial eligibility computation period,

all hours recorded during the month which includes the first anniversary of his employment commencement date shall be deemed to have been completed prior to said anniversary date. For the purpose of determining an Employee's hours of Service thereafter for periods prior to September 1996, each 12-consecutive-month period shall commence on the first day of the month which includes the anniversary of such Employee's employment commencement date.

3. The provisions of Section 2.7 (Break in Service rule) shall apply in the determination of years of Service for periods of employment after December 31, 1975.

4. For the purposes of eligibility after September 4, 1996, an Employee who is not credited with 1,000 hours of Service during his initial eligibility computation period shall be deemed to have completed a Year of Service as soon as he is credited with 1,000 hours of Service in any Plan Year.

B. For the purposes of this Article 2, an Employee or Member will be deemed to have completed an hour of Service for each hour of Service:

1. for which he is paid, or entitled to payment, for the performance of duties for a Company during the applicable computation period;

2. for which he is paid, or entitled to payment, by a Company on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence, provided however, that

(a) No more than 501 hours of Service shall be credited under this subparagraph 2 to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period);

(b) An hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed shall not be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable workers' compensation, or unemployment compensation or disability insurance laws; and

(c) Hours of Service shall not be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee;

and for purposes of this subparagraph 2, a payment shall be deemed to be made by or due from a Company regardless of whether such payment is made by or due from the Company directly, or indirectly through, among others, a trust fund, or insurer, to which the Company contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer or other entity are for the benefit of particular Employees or are on behalf of a group of Employees in the aggregate;

3. for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the Company, provided, however, that no credit shall be given for any hour which is credited under subparagraph 1 or subparagraph 2 of this Paragraph B, and crediting of hours of Service for back pay awarded or agreed to with respect to periods described in subparagraph 2 shall be subject to the limitations set forth in that subparagraph; and

4. The determination and crediting of hours where no duties are performed will be made in accordance with Department of Labor Regulations, Section 2530.200b — 2(b) and (c).

C. Except as provided in subparagraph 2 of Paragraph B for the purposes of this Article 2 Service will not include any period of Layoff.

D. For the purposes of this Article 2, an Employee or Member who is a non-hourly employee exempt from the overtime provisions of the Fair Labor Standards Act and for whom no records of hours worked are maintained will be deemed to have completed 190 hours of Service in any calendar month in which he is paid Compensation. An Employee or Member employed by an Associated Company at the request of a Company shall be deemed to have completed 190 hours of Service in each calendar month of such employment.

2.7 Break in Service rule:

A. Years of Service credited in accordance with Section 2.6 prior to a Break in Service shall not be deemed to be years of Service for any of the purposes of the Plan unless and until the Employee or Member is credited with an hour of Service following such Break in Service. For the sole purpose of this Section 2.7, Years of Service shall be determined using the elapsed time method described in Treasury regulations at 26 C. F. R. 1.410(a)-7(a)(2), under which Service generally is based on the period of time that elapses while an Employee is employed by a Company, regardless of the actual number of hours completed during such period. Such Service shall be counted from the date the Employee first performs an hour of Service within the meaning of Labor Regulations at 29 C. F. R. 2530.200b-2(a)(1) for the Company. Service is required to be taken into account for the period of time from the date the employee first performs such an hour of Service as defined in Paragraph 2.6B of the Plan until the date his employment with the Company terminates.

B. Years of Service credited in accordance with Section 2.6 after five consecutive one-year Breaks in Service shall not be taken into account for the purpose of determining a Member's vested interest in the assets of the Plan derived from Company contributions credited to his account prior to such Breaks in Service.

C. In the case of a Member who does not have a nonforfeitable right to benefits in accordance with Section 7.3 at the time of a Break in Service, years of Service prior to such Break in Service shall not be taken into account for any of the purposes of the Plan if the number of consecutive Breaks in Service equals or exceeds the greater of (i) 5 or (ii) the aggregate number of years of Service credited to the Member prior to such Break in Service. In computing such aggregate number of years of Service prior to such Break in Service, years of Service previously disregarded under this Section 2.7 shall not be taken into account.

D. The 12-consecutive month period beginning on an Employee's reemployment commencement date (and, if necessary, Plan Years beginning with the Plan Year that includes the first anniversary of the reemployment commencement date) shall be used to measure an Employee's completion of a year of Service for the purposes of eligibility upon his return to employment after a Break in Service. For this purpose an Employee's reemployment commencement date shall be the first day on which he is entitled to be credited with an hour of Service (within the meaning of Section 2.6B) after the first eligibility computation period in which he incurs a Break in Service.

The reemployment commencement date of a rehired Employee who has incurred a Break in Service and who is recalled from Layoff within the period specified in

Section 1.33 shall be the first day on which he is entitled to be credited with an hour of Service (within the meaning of Section 2.6B) after such recall.

E. 1. In the case of a Member who is absent from work for any period (i) by reason of the pregnancy of the Member, (ii) by reason of the birth of a child of the Member, (iii) by reason of the placement of a child with the Member in connection with the adoption of such child by such Member, or (iv) for purposes of caring for such child for a period beginning immediately following such birth or placement, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Break in Service.

2. No credit will be given pursuant to this Paragraph unless the affected Member furnishes to the Committee (i) a copy of the birth certificate or proof of adoption of the child involved and (ii) a statement signed by the Member to the effect that the absence from work is for reasons referred to in subparagraph 1, and the number of days for which there was such an absence. To be effective, such statement must be received by the Committee no later than the first anniversary of the first day of such absence as specified in subparagraph 1.

3. The hours described in subparagraph 2 shall be treated as hours of Service as provided in this Paragraph, (i) only in the computation period in which the absence from work begins, if the crediting is necessary to prevent a Break in Service in such period, or (ii) in any other case, in the immediately following computation period.

4. No credit will be given pursuant to this Paragraph unless the affected Member furnishes to the Committee (i) a copy of the birth certificate or proof of adoption of the child involved and (ii) a statement signed by the Member to the effect that the absence from work is for reasons referred to in subparagraph 1, and the number of days for which there was such an absence. To be effective, such statement must be received by the Committee no later than the end of the computation period specified in subparagraph 3.

2.8 Credit shall be given for Service with only one Company during any period of simultaneous employment with two or more Companies.

2.9 Notwithstanding any other provisions of the Plan, for the purposes of the pension requirements of Section 414(n)(3) of the Code, the employees of the Company shall include individuals defined as Employees in Section 1.22 of the Plan.

2.10 For the purposes of determining Years of Service and Breaks in Service under this Article 2, periods of employment with HOVENSA immediately preceding or following employment by a Company shall be treated as employment by a Company.

ARTICLE 3
MEMBER CONTRIBUTIONS

3.1 To become a Member of the Plan, an eligible Employee must authorize contributions to the Plan as he may designate on a form or in a manner prescribed by the Committee. Such contributions shall be designated in whole percentages, and may consist of any whole number percentage of Elective Deferrals at the election of the Employee between 2% and 15% of his Compensation.

For the purposes of the Plan, these Elective Deferrals and any after-tax contributions made under the Plan as it existed before January 1, 2002 shall be referred to as Member contributions, except as otherwise specifically indicated.

3.2 A Member may change the percentage of his Elective Deferrals on a form or in a manner prescribed by the Committee. Such change shall be effective as soon as practicable after it is elected.

3.3 A Member’s contributions will be paid to the Trustee, for investment in accordance with the provisions of the Plan and in accordance with the requirements of U.S. Department of Labor regulations, as promptly as practicable following the deduction of his contributions by the Company.

3.4 A Member may voluntarily suspend and resume his contributions without affecting his membership in the Plan. The suspension and resumption of contributions shall be requested by the Member by executing a form or in a manner prescribed by the Committee, and shall be effective as soon as practicable after such request.

3.5 A Member’s contribution will be suspended automatically, without affecting his membership in the Plan, for the period of any Leave of Absence, or employment with an Associated Company at the request of a Company.

ARTICLE 4
COMPANY CONTRIBUTIONS

4.1 A. Regular Contributions

Each Company shall contribute for the account of each Member, an amount equal to 100% of the first 5% of the Member's Elective Deferrals.

B. The Company reserves the right to make a Qualified Non-Elective Contribution on behalf of any affected Plan Member to correct an operational failure of the Plan as permitted under the applicable Treasury rules. Qualified Non-elective Contributions shall mean contributions (other than Matching Contributions or Qualified Matching Contributions) made by the Company and allocated to Members' accounts that the Members may not elect to receive in cash until distributed from the Plan; that are nonforfeitable when made; and that are distributable only in accordance with the distribution provisions that are applicable to Elective Deferrals and Qualified Matching Contributions. Qualified Matching Contributions shall mean Matching Contributions which are subject to the distribution and nonforfeitability requirements under section 401(k) of the Code when made.

4.2 Regular Company contributions shall be paid to the Trustee at the same time as the Member contributions to which they relate. Company contributions are subject to the limitations of Paragraphs 4.4A and 4.4E.

4.3 While a Member's contributions are suspended, Company contributions for the account of such Member will also be suspended. Such suspended contributions may not be made up later.

4.4 A. If a Member does not participate in, and has never participated in another Qualified Plan maintained by the Company or a welfare benefit fund, as defined in Section 419(e) of the Code maintained by the Company, or an individual medical account, as defined in Section 415(l)(2) of the Code, maintained by the Company, or a simplified employee pension plan, as defined in Section 408(k) of the Code, maintained by the Company, which provides an annual addition as defined in Paragraph D of this Section 4.4, the amount of annual additions which may be credited to the Member's account for any Limitation Year will not exceed the lesser of the maximum annual addition or any other limitation contained in this Plan. If the Company contribution that would otherwise be contributed or allocated to the member's account would cause the annual additions for the Limitation Year to exceed the maximum annual addition, the amount contributed or allocated will be reduced so that the annual addition for the Limitation Year will equal the maximum annual addition.

B. The maximum annual addition that may be contributed or allocated to a Member's account under the Plan for any Limitation Year shall not exceed the lesser of:

1. the defined contribution dollar limitation, or

2. 25 percent of the Member's compensation for the Limitation Year.

C. The defined contribution dollar limitation is $30,000, adjusted for changes in the cost of living as provided in Section 415(d) of the Code.

D. "Annual addition" shall mean the amount allocated to a Member's account during the Limitation Year as a result of:

(i) Company contributions,

(ii) Employee contributions,

(iii) forfeitures, and

(iv) amounts described in Sections 415(l)(1) and 419A(d)(2) of the Code.

E. The Committee may direct that Company contributions be reduced in any Plan Year to the extent necessary to prevent the annual addition for such Plan Year from exceeding the limitation described in Paragraph B, above.

4.5 A. In case of a Member of the Plan who is also a Member of a defined benefit plan maintained by the Company, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any Limitation Year shall not exceed l.0. If in any Limitation Year it appears that the limitations of this Section shall be exceeded for any reason with respect to any Member, the Company contribution required to be made under the Plan on behalf of such Member shall be reduced to the extent necessary to prevent such result, after the reduction first of the benefit under any defined benefit plans maintained by the Company and then of the Company contribution to any other defined contribution plans maintained by the Company on behalf of such Member.

B. The defined benefit plan fraction for any Limitation Year shall mean a fraction of which the numerator is the total projected annual retirement benefits of a Member from all defined benefit plans (whether or not terminated) maintained by the Company and of which the denominator is the lesser of:

(a) 125 percent of the dollar limitation in effect for the Limitation Year under Section 415(b) and (d) of the Code,

or

(b) 140 percent of the Member's highest average compensation for the three consecutive years of Service with the Company that produce the highest average, including any adjustments under Section 415(b) of the Code.

If the Member was a Member as of January 1, 1987 of one or more defined benefit plans maintained by the Company which were in existence on May 6, 1986, the denominator of this fraction will not be less than 125 percent of the sum of the annual benefits under such plans which the Member had accrued as of December 31, 1986, disregarding any changes in the terms and conditions of the plans after May 5, 1986. The preceding sentence shall apply only if the defined benefit plans individually and in the aggregate satisfied the requirements of Section 415 of the Code for all Limitation Years before January 1, 1987.

C. The defined contribution fraction for any Limitation Year shall mean a fraction, the numerator of which is the sum of the annual additions to a Member's account under all the defined contribution plans (whether or not terminated) maintained by the Company, for the current and all prior Limitation Years (including the annual additions attributable to the Member's nondeductible Employee contributions to all defined benefit plans, whether or not terminated, maintained by the Company), and the denominator of which is the sum of the maximum aggregate amounts for the current and all prior Limitation Years of Service with the Company (regardless of whether a defined contribution plan was maintained by the Company). The maximum aggregate amount in any Limitation Year is the lesser of 125 percent of the dollar limitation in effect under Section 415(b) and (d) of the Code or 35 percent of the Member's Compensation for such year.

If the Employee was a Member as of January 1, 1987 in one or more defined contribution plans maintained by the Company which were in existence on May 6, 1986, the numerator of this fraction will be adjusted if the sum of this fraction and the defined benefit fraction would otherwise exceed 1.0 under the terms of this Plan. Under the adjustment, an amount equal to the product of (1) the excess of the sum of the fractions over 1.0 times (2) the denominator of this fraction, will be permanently subtracted from the numerator of this fraction. The adjustment is calculated using the fractions as they would be computed as of December 31, 1986, and disregarding any changes in the terms and conditions of the plans made after May 5, 1986, but using the Code Section 415 limitation applicable to the Limitation Year beginning on January 1, 1987.

The annual addition for any Limitation Year beginning before January 1, 1987, shall not be recomputed to treat all Employee contributions as annual additions.

D. The provisions of this Section 4.5 shall not be effective for Plan Years beginning on or after January 1, 2000.

4.6 A. As soon as is administratively feasible after the end of the Limitation Year, the maximum annual addition for the Limitation Year will be determined on the basis of the Member's actual compensation for the Limitation Year.

B. If there is an excess amount the excess will be disposed of as follows:

1. Any nondeductible voluntary Employee contributions, to the extent they would reduce the excess amount, will be returned to the Member.

2. If after the application of subparagraph 1 an excess amount still exists, and the Member is covered by the Plan at the end of the Limitation Year, the excess amount in the Member's account will be used to reduce Company contributions (including any allocation of forfeitures) for such Member in the next Limitation Year, and each succeeding Limitation Year if necessary.

3. If after the application of subparagraph 2 an excess amount still exists, and the Member is not covered by the Plan at the end of the Limitation Year, the excess amount will be held unallocated in a suspense account. The suspense account will be applied to reduce future Company contributions (including allocation of any forfeitures) for all remaining Members in the next Limitation Year, and each succeeding Limitation Year if necessary.

4. If a suspense account is in existence at any time during the Limitation Year pursuant to this Section, it will not participate in the allocation of the Trust's investment gains and losses.

C. This Section applies if, in addition to this Plan, the Member is covered under another qualified defined contribution plan maintained by the Company during any Limitation Year. The annual additions which may be credited to a Member's account under this Plan for any such Limitation Year will not exceed the maximum annual additions reduced by the annual additions credited to a Member's account under the other plans for the same Limitation Year. If the annual additions with respect to the Member under other defined contribution plans maintained by the Company are less than the maximum annual additions and the Company contribution that would otherwise be contributed or allocated to the Member's account under this Plan would cause the annual additions for the Limitation Year to exceed this limitation, the amount contributed or allocated will be reduced so that the annual additions under all such plans for the Limitation Year will equal the maximum annual additions. If the annual additions with respect to the Member under such other defined contribution plans in the aggregate are equal to or greater than the maximum annual additions, no amount will be contributed or allocated to the Member's account under this Plan for the Limitation Year.

4.7 Records of Member Elective Deferrals and after-tax contributions shall be maintained separately.

4.8 For the purposes of this Article, "Company" shall include any Affiliated Company.

ARTICLE 5
INVESTMENT OF CONTRIBUTIONS

5.1 Member Contributions

A. Member contributions received by the Trustee for each Member's account will be invested by the Trustee on the next Valuation Date in one or more of the following Funds, in accordance with the Member's Investment Direction, in multiples of 1%:

Fund A: the Fidelity Retirement Money Market Portfolio — an unsegregated fund invested and reinvested primarily in short term fixed income securities, including those issued or guaranteed by the Government of the United States or its agencies (excluding Series EE and Series HH bonds), or collective or mutual funds primarily invested in such securities.

Fund B: the Fidelity Growth & Income Portfolio — an unsegregated fund invested and reinvested primarily in equity securities of corporations, or collective or mutual funds primarily invested in such securities.

Fund C: A fund consisting primarily of common stock of AMERADA HESS CORPORATION purchased on the open market and apportioned to the accounts of Members. Dividends received on investments made in accordance with the preceding sentence shall be similarly invested and apportioned.

Fund D: the Fidelity U.S. Bond Index Fund — an unsegregated fund invested and reinvested primarily in bonds included in the Lehman Brothers Aggregate Bond Index or other fixed income securities of corporations, or collective or mutual funds primarily invested in such securities, designed to replicate the performance of specified indices of market performance.

Fund E: the Fidelity Asset Manager — an unsegregated fund invested and reinvested primarily in fixed income securities, including those issued or guaranteed by the Government of the United States or its agencies (excluding Series EE and Series HH bonds), and equity securities of corporations, or collective or mutual funds primarily invested in such securities.

Fund F: the Fidelity Overseas Fund — an unsegregated fund invested and reinvested primarily in equity securities of foreign corporations, or collective or mutual funds primarily invested in such securities.

Fund G: the Fidelity Equity Index Commingled Pool — an unsegregated fund invested and reinvested primarily in equity securities of corporations, or collective or mutual funds primarily invested in such securities, designed to replicate the performance of specified indices of market performance.

Fund H: the Fidelity Aggressive Growth Fund — an unsegregated fund invested and reinvested primarily in equity securities of corporations, or collective or mutual funds primarily invested in such securities.

Fund I: the Fidelity Low Priced Stock fund — an unsegregated fund invested and reinvested primarily in low-priced equity securities, which can lead to investments in small or medium-sized companies, or collective or mutual funds primarily invested in such securities.

With the exception of Fund C, the Compensation and Management Development Committee of the Board of Directors of the Principal Company may authorize changes in each of the above Funds, and may establish such additional funds as they may deem necessary to ensure that Members are afforded the opportunity to choose from among a broad range of investment alternatives, provided, however, that any such changes be announced to all eligible Employees in advance.

Portions of each of the Funds may be held in cash or invested in short term securities or collective or mutual funds primarily invested in short term securities to meet the cash requirements for Plan withdrawals, transfers and refunds, and the investment objectives of the particular funds.

B. The account of each Member who was a member of the Corporate Plan on December 31, 1997, shall be credited as of the Effective Date of this Plan (or, in the case of an Employee described in Section 2.1D, as of the date he becomes a Member) with the balance in his Corporate Plan account as of December 31, 1997 (or, in the case of an Employee described in Section 2.1D, as of the date he becomes a Member) attributable to his contributions, as follows: that portion of such balance in funds A, B, C, D, E, F, and G of the Corporate Plan shall be invested by the Trustee in accordance with such Member's initial Investment Direction under this Plan.

For this purpose, the investment direction in effect under the Corporate Plan on December 31, 1997 shall be deemed to be the Member's Investment Direction under the Plan until changed by the Member in accordance with Section 6.3.

C. Fund A, Fund B, Fund D, Fund E, Fund F, Fund G and Fund H shall be divided into shares and Fund C shall be divided into units. Each Share or Unit of a Fund shall have an equal beneficial interest in such Fund and no Share or Unit of any Fund shall have priority or preference over any other Share or Unit of such Fund. Each Member's interest in Fund A, Fund B, Fund D, Fund E, Fund F, Fund G and Fund H shall be represented by the number of Shares of each such Fund in his account, and each Member's interest in Fund C shall be represented by the number of Units of such Fund in his account.

D. The original value of each Unit of Fund A, Fund B, Fund C, Fund D, Fund E, Fund F and Fund G shall be those in effect for the comparable funds in the Corporate Plan at the time of the asset transfer to the Plan. The number of Shares or Units, and fractions thereof, of each Fund allocated to a Member's account on the Effective Date shall be equal to the number of Shares or Units, and fractions thereof, invested on December 31, 1997 in the same fund in the Corporate Plan for such Member's account.

E. In the event a Member makes a withdrawal, or a transfer from one Fund to another Fund or Funds, the number of Shares or Units in his account of the Fund from which the withdrawal or transfer is made shall be reduced by a number of Shares or Units determined by dividing the amount so withdrawn or transferred by the value of one Share or Unit of such Fund on the Valuation Date on which the withdrawal or transfer is effective.

F. The value of one Share of Fund A, Fund B, Fund D, Fund E, Fund F, Fund G and Fund H on each Valuation Date shall be equal to one share in the underlying collective or mutual fund. The value of one Unit of Fund C on each Valuation Date shall be determined by the Trustee based on the market value of the total number of shares of AMERADA HESS CORPORATION common stock held in such Fund plus the value of any cash, short term investment funds or mutual funds held in such Fund to meet the cash requirements of the Plan for withdrawals or transfers.

G. Anything herein to the contrary notwithstanding, no investment in Fund C pursuant to a Member's Investment Direction submitted prior to the effective date of a registration statement in respect of the Plan under the Securities Act of 1933, as amended, shall be made until the Valuation Date next following such date as said registration statement shall have become effective and the Company shall thereafter have notified the

Member of the acceptance of such Investment Direction. Notwithstanding the provisions of Section 6.4, a Member shall have the right to change such Investment Direction at any time prior to his receipt of such notice.

5.2 Company Contributions

A. Company contributions shall be invested in Fund C in common stock of AMERADA HESS CORPORATION purchased in the open market plus amounts held in cash or invested in short term investment funds or in mutual funds consisting primarily of short term investment securities pending investment in Company common stock or to meet the cash requirements for Plan withdrawals and transfers. The whole and fractional shares and cash balance representing Company contributions are unitized and transactions are recorded on the basis of units of participation, subject to the following provisions.

1. Company contributions made with respect to Plan Years ending before January 1, 2002 shall remain invested in Fund C to the extent such amounts are not reinvested in other Funds in accordance with Section 6.3.

2. Company contributions made with respect to Plan Years beginning on or after January 1, 2002 shall be invested in Fund C to the extent such investments are not redirected by the Member in accordance with Section 6.3.”

B. Dividends received on investments made in accordance with Paragraph A shall be similarly invested.

C. The account of each Member who was a member of the Corporate Plan on December 31, 1997 shall be credited as of the Effective Date of this Plan (or, in the case of an Employee described in Section 2.1D, as of the date he becomes a Member) with the balance in his Corporate Plan account as of December 31, 1997 (or, in the case of an Employee described in Section 2.1D, as of the date he becomes a Member) attributable to Company contributions and shall be transferred to the Trustee.

5.3 Separate records shall be maintained for Member Elective Deferrals invested in the various Funds, after-tax Member contributions invested in the various Funds, and Company contributions matching each such contribution.

ARTICLE 6
MEMBERS’ INVESTMENT DIRECTIONS

6.1 A. Member contributions

Pursuant to Paragraph A of Section 5.1, a Member shall elect to invest his contributions in one or more of the Funds in multiples of 1% of the amount contributed, by providing an Investment Direction on a form or in a manner prescribed by the Committee. Such an Investment Direction shall relate to the percentage of his future contributions to be invested in each Fund, the percentage of his previous investments to be invested in each Fund, or both.

B. Company contributions

Pursuant to Paragraph A of Section 5.2, a Member shall elect to invest his Company contributions in one or more of the Funds specified in Paragraph A of Section 5.1 in multiples of 1% of the amount contributed, subject to the limitations of Section 6.3, by providing an Investment Direction on a form or in a manner prescribed by the Committee. Such an Investment Direction shall relate to the percentage of his future Company contributions to be invested in each Fund, the percentage of his previous investments to be invested in each Fund, or both.

6.2 An Investment Direction with respect to a Member’s future contributions or future Company contributions will be given effect as soon as practicable after the date the request is made by the Member. An Investment direction with respect to a Member’s past investments or past Company investments will be given effect on the Valuation Date coincident with or next following the date of the Member’s request.

6.3 By submitting a new Investment Direction, a Member may make any or all of the following changes:

A. Change his direction as to the percentage of his future contributions to be invested in each Fund;

B. Change all or part of the amount previously invested in any Fund for his account to an investment for his account in one or more of the other Funds.

C. If the Member is less than 55 years of age on the date of his request:

1. Change his direction as to the percentage of his future Company contributions to be invested in each Fund, provided, however, that 50% of such contributions must be invested in Fund C.

2. Change all or part of the amount previously invested as Company contributions in any Fund for his account to an investment for his account in one or more of the other Funds, provided, however, that 50% of such contributions must remain invested in Fund C.

D. If the Member is 55 years of age or older on the date of his request:

1. Change his direction as to the percentage of his future Company contributions to be invested in each Fund.

2. Change all or part of the amount previously invested as Company contributions in any Fund for his account to an investment for his account in one or more of the other Funds.

6.4 The Committee shall establish such procedures and provide such forms as it shall deem necessary or desirable to comply with the provisions of Section 404(c) of ERISA and the Regulations issued thereunder.

ARTICLE 7
VESTING OF COMPANY CONTRIBUTIONS

7.1 The word “vest” with respect to contributions and income attributable thereto, means the granting to a Member, subject to the provisions of the Plan, of full rights to his interest in the assets of the Plan.

7.2 The interest of a Member derived from his Employee Contributions and Elective Deferrals shall at all times be vested.

7.3 The interest in the assets of the Plan derived from Company contributions made with respect to Plan Years beginning before December 31, 2001 on behalf of a Member who is an Employee of the Company on January 1, 2002 shall vest under any of the following circumstances:

A. Completion of four years of membership in the Plan, including membership in the Corporate Plan, the Pick Kwik Plan, the HOVENSA Plan or the Merit Plan, measured from the earliest of the date of an Employee’s initial participation in the Plan, the Corporate Plan, the Pick Kwik Plan, the HOVENSA Plan or the Merit Plan, provided, however, that any period of membership in the Corporate Plan or the HOVENSA Plan during which only unmatched elective deferrals are made shall not be counted. For this purpose membership of a Member rehired before the expiration of a period of Layoff shall be deemed to include his period of continuous membership immediately preceding the Layoff. Membership shall include any period of employment to the extent such period of employment was taken into account in the determination of a Member’s vested benefits under the Corporate Plan.

B. Retirement under the AMERADA HESS CORPORATION EMPLOYEES’ PENSION PLAN.

C. Death.

D. Total and permanent disability (as defined in Section 5.3 of the AMERADA HESS CORPORATION EMPLOYEES’ PENSION PLAN).

E. Completion of 3 years of Service determined in accordance with the provisions of Sections 2.6 and 2.7.

F. Attainment of age 65.

G. Completion of four years of continuous participation by a Member in the AMERADA HESS CANADA LTD. EMPLOYEES' DEFERRED SAVINGS PLAN or the AMERADA HESS CANADA LTD. EMPLOYEES' THRIFT PLAN, prior to the date of the sale of AMERADA HESS CANADA LTD., by the Principal Company on April 29, 1996.

7.4 The interest in the assets of the Plan derived from Company contributions of a former Employee who has not received his Plan distribution before January 1, 2002 shall be determined in accordance with the provisions of the Plan in effect when his employment ended.

7.5 The interest in the assets of the Plan derived from Company contributions of a Member who withdrew from the Plan but who has not received his Plan distribution before January 1, 2002 shall be determined in accordance with the provisions of the Plan in effect when his withdrawal was requested.

7.6 The interest of a Member in the assets of the Plan derived from Company contributions to the Corporate Plan shall be vested upon transfer to the Plan on or after January 1, 2002, in accordance with the provisions of Paragraph 22.4 F.

ARTICLE 8
VOLUNTARY WITHDRAWALS

8.1 Complete Withdrawal.

A Member may at any time elect to withdraw his vested interest from the Plan attributable to his after-tax contributions and matching Company contributions, or his after-tax contributions, Elective Deferrals, if any, and matching contributions, subject to the limitations of Sections 8.5 (Early Voluntary Withdrawals) and 19.11 (Distribution Requirements). Upon withdrawal such Member's contributions to the Plan shall terminate for a period of 6 months following the date of withdrawal, and will not resume unless and until such Member elects to resume contributions on a form or in a manner prescribed by the Committee. If a Member makes a complete withdrawal under the terms of the Corporate Plan the HOVENSA Plan or the Merit Plan less than six months prior to commencement of his membership in the Plan, contributions to the Plan shall not be permitted until the expiration of the six month period beginning on the date of such withdrawal, and will not be made unless and until such Member elects to make such contributions on a form or in a manner prescribed by the Committee.

8.2 A. At any time following his completion of one year of membership (including membership in the Corporate Plan, the HOVENSA Plan or the Merit Plan) a Member may elect to withdraw, without the penalty of suspension, a portion of his contributions, subject to the limitations of Section 19.11, as follows.

1. If he is at least age 59 1/2 at the time of the withdrawal, 50% of the sum of his total contributions including his Elective Deferrals less the sum of his prior withdrawals as of the effective date of the withdrawal.

2. If he is not at least age 59 1/2 at the time of the withdrawal, 50% of the sum of his total contributions excluding his Elective Deferrals less the sum of his prior withdrawals as of the effective date of the withdrawal.

In no event, however, may the amount withdrawn exceed the value of a Member's account attributable to the contributions to be withdrawn.

B. A period of at least 12 months must elapse between partial withdrawals. If a Member makes a partial withdrawal under the terms of the Corporate Plan, the HOVENSA Plan or the Merit Plan less than twelve months prior to commencement of his membership in the Plan, a partial withdrawal shall not be permitted under the terms of the Plan until the expiration of the twelve month period beginning on the date of such withdrawal from the Corporate Plan, the HOVENSA Plan or the Merit Plan.

8.3 Withdrawal Procedures.

A. An election to withdraw shall be made on a Withdrawal Authorization form or in a manner prescribed by the Committee.

B. All withdrawals shall be effective as of a Valuation Date.

C. To be effective as of a particular Valuation Date the Withdrawal Authorization must be received on behalf of the Committee not later than 4:00 PM Eastern Time on such Valuation Date; otherwise, the withdrawal will be effective on the next following Valuation Date.

8.4 Distribution of Withdrawals.

A. Distribution of a withdrawal shall be made as soon as practicable after the Valuation Date on which the withdrawal becomes effective.

B. A complete withdrawal shall be distributed as follows:

l. The Member’s interest in mutual funds in cash.

2. The Member’s interest in Fund C in whole shares of AMERADA HESS CORPORATION common stock plus the cash equivalent of any fractional shares and any cash balance, except that distributions made under Subparagraph 9.1B1 shall be made in cash, subject to the provisions of subparagraph 4 of this Paragraph.

3. The Member’s vested interest attributable to Company contributions in whole shares of AMERADA HESS CORPORATION common stock, plus the cash equivalent of any fractional shares of any cash balance, except that distributions made under Subparagraph 9.1B1 shall be made in cash, subject to the provisions of subparagraph 4 of this paragraph.

4. At the request of the Member, the Trustee shall distribute in cash the value of the total number of shares of AMERADA HESS CORPORATION common stock that would be issued to the Member in accordance with subparagraphs 2 and 3 of this Paragraph, or in the case of distributions made under Subparagraph 9.1B1, at the request of the Member, the Trustee shall distribute the total number of whole shares of AMERADA HESS CORPORATION common stock equivalent to the cash that would be paid to the

Member in accordance with subparagraphs 2 and 3 of this Paragraph, plus the remaining cash.

5. The Committee shall establish such procedures as it shall deem necessary or desirable to effectuate the distribution of cash or stock pursuant to the Member's elections under subparagraph 4.

C. A partial withdrawal shall be distributed in cash on a pro rata basis, to the extent possible, in proportion to the amount of the Member's contributions to each fund in which his contributions are invested that are attributable to the after-tax contributions (or after-tax contributions and elective Deferrals, if he is at least age 59 1/2 at the time of the withdrawal) to be withdrawn on the Valuation Date on which the withdrawal becomes effective.

D. A hardship distribution made under Section 19.12 which is less than the Member's vested account balance attributable to Elective Deferrals shall be distributed in cash on a pro rata basis, to the extent possible, in proportion to the amount of the Member's Elective Deferrals in each fund in which his Elective Deferrals are invested on the Valuation Date on which the withdrawal becomes effective.

8.5 Early Voluntary Withdrawal.

Notwithstanding the foregoing, if a Member elects to withdraw his total vested interest from the Plan during his continued employment by the Company prior to the fifth anniversary of the earliest of the date of his initial participation in the Plan, the Corporate Plan, the HOVENSA Plan or the Merit Plan:

A. The distribution of the Member's interest in mutual funds and Fund C will be made as specified in Sections 8.3 and 8.4.

B. The distribution of the Member's interest in the portion of the assets attributable to Company contributions (including employer matching contributions made to the HOVENSA Plan or the Merit Plan) will be limited to the portion of said assets which exceeds an amount equal to the Company contributions paid to the Trustee under the Plan (including employer matching contributions made to the HOVENSA Plan or the Merit Plan) on said Member's behalf within two years of the date payment is requested by the Member.

8.6 Distribution Requirements

A. General Rules

1. The requirements of this Section shall apply to any distribution of a Member’s interest and will take precedence over any inconsistent provisions of this Plan. Unless otherwise specified, the provisions of this Section apply to calendar years beginning after December 31, 1984.

2. All distributions required under this Section shall be determined and made in accordance with the Proposed Income Tax Regulations under Section 401(a) (9) of the Code, including the minimum distribution incidental benefit requirement of Section 1.401(a) (9)-2 of the Proposed Income Tax Regulations.

B. Required Beginning Date

The entire interest of a Member must begin to be distributed no later than the Member’s required beginning date, as defined in Subparagraph 8.6D4.

C. Death Distribution Provisions:

1. If the Member dies after distribution of his or her interest has begun, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Member’s death.

2. If the Member dies before distribution of his or her interest begins, distribution of the Member’s entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Member’s death except to the extent that an election is made to receive distributions in accordance with (a) or (b) below:

(a) if any portion of the Member’s interest is payable to a designated Beneficiary, distributions may be made over the life or over a period certain not greater than the life expectancy of the designated Beneficiary commencing on or before December 31 of the calendar year immediately following the calendar year in which the Member died;

(b) if the designated Beneficiary is the Member’s surviving Spouse, the date distributions are required to begin in accordance with (a) above shall not be earlier than the later of (1) December 31 of the calendar year immediately following the calendar in which the Member died and (2) December 31 of the calendar year in which the Member would have attained age 70-1/2.

If the Member has not made an election pursuant to this Subparagraph 2 by the time of his or her death, the Member’s designated Beneficiary must elect the method of distribution no later than the earlier of (1) December 31 of the calendar year in which distributions would be required to begin under this Section, or (2) December 31 of the calendar year which contains the fifth anniversary of the date of death of the Member. If the Member has no designated Beneficiary, or if the designated Beneficiary does not elect a method of distribution, distribution of the Member's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

3. For purposes of Subparagraph 2 above, if the surviving Spouse dies after the Member, but before payments to such Spouse begin, the provisions of Subparagraph 2, with the exception of Subdivision (b) therein, shall be applied as if the surviving Spouse were the Member.

4. For purposes of this Paragraph C, any amount paid to a child of the Member will be treated as if it had been paid to the surviving Spouse if the amount becomes payable to the surviving Spouse when the child reaches the age of majority.

5. For the purposes of this Paragraph C, distribution of a Member's interest is considered to begin on the Member's required beginning date (or, if Subparagraph 3 above is applicable, the date distribution is required to begin to the surviving Spouse pursuant to Subparagraph 2 above).

D. Definitions:

1. Designated Beneficiary. The individual who is designated as the Beneficiary pursuant to Section 1.9 of this Plan.

2. Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's required beginning date. For distributions beginning after the Member's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Paragraph C above.

3. Member's benefit:

(a) The account balance as of the last Valuation Date in the calendar year immediately preceding the distribution year (valuation calendar year) increased by the amount of any contributions or forfeitures allocated to the account balance as of dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date.

(b) Exception for second distribution calendar year. For the purposes of subdivision (a) above, if any portion of the minimum distribution for the first distribution calendar year is made in the second distribution calendar year on or before the required beginning date, the amount of the minimum distribution made in the second distribution calendar year shall be treated as if it had been made in the immediately preceding distribution calendar year.

4. Required beginning date.

(a) General rule. The required beginning date of a Member shall be determined in accordance with (1) or (2) below:

(1) Non-5-percent owners. The required beginning date of a Member who is not a "5-percent owner" (as defined in (b) below) is the first day of April of the calendar year following the calendar year in which the later of retirement or attainment of age 70-1/2 occurs.

(2) 5-percent owners. The required beginning date of a Member who is a 5-percent owner during any year beginning after December 31, 1979, is the first day of April following the later of:

(i) the calendar year in which the Member attains age 70-1/2, or

(ii) the earlier of the calendar year with or within which ends the Plan Year in which the Member becomes a 5-percent owner, or the calendar year in which the Member retires.

(b) 5-percent owner. A Member is treated as a 5-percent owner for purposes of this Section if such Member is a 5-percent owner as defined in Section 416(i) of the Code (determined in accordance with Section 416 but without regard to whether the Plan is top-heavy) at any time during the Plan Year ending with or within the calendar year in which such owner attains age 70-1/2 or any subsequent Plan Year.

(c) Once distributions have begun to a 5-percent owner under this Section, they must continue to be distributed, even if the Member ceases to be a 5-percent owner in a subsequent year.

8.7 Anything to the contrary hereinabove notwithstanding, withdrawals of assets attributable to Elective Deferrals shall be subject to the limitations of Article 19.

8.8 Although the Code was amended to eliminate the requirement for commencement of benefit distributions during continued employment to non-5-percent owners who attained age 70 1/2 in years beginning after December 31, 1998, automatic distributions in the amounts that would have been required under prior law will continue to be made under the Plan with respect to such Employees if they attain age 70 1/2 before the Plan Year beginning after December 31, 1999. This Section does not apply to 5-percent owners as defined in subparagraph 8.6 D 4.

ARTICLE 9
TERMINATION OF EMPLOYMENT AND TERMINATION OF MEMBERSHIP

9.1 If a Member’s employment by a Company shall terminate for any reason (other than by transfer to HOVENSA, another Company or to an Associated Company) or if his membership in the Plan shall terminate (other than pursuant to the provisions of Sections 8.1, 9.5, or 9.6) his vested interest in the Plan, determined as of the Valuation Date coincident with or next following the date his employment or membership is terminated, shall be distributed to him (or to his Beneficiary if his employment shall terminate because of his death), as follows:

A. If the Member’s employment shall terminate because of his death his entire vested interest shall be distributed to his Beneficiary as soon as practicable after such Valuation Date in the manner specified in Section 8.4 B.

B. If the Member’s employment shall terminate for a reason other than his death, or if his membership shall terminate (other than pursuant to the provisions of Section 8.1, 9.5 or 9.6), his entire vested interest, as determined above, shall be distributed to him. The Member’s interest attributable to Employee Contributions and Elective Deferrals shall be distributed in the manner specified in subparagraphs 1 and 2 of Section 8.4B, and his vested interest attributable to Company contributions shall be distributed to him in the manner specified in subparagraph 3 of Section 8.4B, both as follows:

1. If the value of his entire vested interest shall not exceed $5,000 it shall be distributed to him as soon as practicable after such Valuation Date.

2. If the value of his entire vested interest shall exceed $5,000, it shall be distributed to him as soon as practicable following his attainment of age 65 (or to his Beneficiary on his death prior thereto), unless the Member shall, prior to any Valuation Date succeeding the Valuation Date described above, make a request on a form or in a manner prescribed by the Committee for earlier distribution, or for a later distribution as permitted under Section 9.4. On receipt of such request, the distribution of such vested interest shall be made to the Member at the appropriate time in the manner requested.

9.2 If a Member shall be fully vested in his account balances at the time he receives a distribution pursuant to the provisions of Section 8.1 or Section 9.1, then the service performed by him with respect to such distribution shall be disregarded for the purpose of determining the balance in his account on his reentry into the Plan and there shall be no restoration of his account balances.

9.3 Anything to the contrary hereinabove notwithstanding, distribution of assets attributable to Elective Deferrals shall be subject to the limitations of Article 19.

9.4 A. Distribution of benefits to a Member will be made no later than the 60th day after the close of the Plan Year in which the latest of the following events occurs:

1. the Member attains age 65 ;

2. the 10th anniversary of the date on which the Member commenced participation in the Plan;

3. the Member terminates employment with the Company;

4. the date specified in an election made pursuant to Paragraph B of this section, but no later than April 1 of the year following the year in which the Member will attain age 70 1/2.

B. Notwithstanding the provisions of Subparagraph 9.1B2, a Member may, on a statement signed by him and submitted to the Committee (or in a manner prescribed by the Committee), elect that the payment to him of any benefit under the Plan will be made in a lump sum at a date later than the dates specified under Subparagraphs 1, 2 and 3 of Paragraph A of this Section. The statement shall describe the benefit and specify the date on which payment of the benefit shall be made, subject, however, to the distribution requirements of Section 8.6 of the Plan.

9.5 Notwithstanding any provision of the Plan to the contrary, if any Members of the Plan become eligible for participation in the Corporate Plan, the Committee shall direct the Trustee to allocate and segregate the portion of the assets of the Plan held for the benefit of all such Members of the Plan. The Committee then shall direct the Trustee to transfer such assets and the accounts and records of such Members to the Corporate Plan. As the result of these transfers, all accrued rights and interests of such Members as of the date of such transfers shall be preserved under the Corporate Plan, and in no event shall any such Member be deprived of any benefits under the Plan which shall have accrued to him as of the effective date of the transfer. Upon the transfer of a Member's accounts and records to the Corporate Plan, such Member's membership in the Plan shall terminate.

9.6 Notwithstanding any provision of the Plan to the contrary, upon the establishment by HOVENSA of the HOVENSA Plan, which shall have essentially the same provisions as the Plan, if any Members of the Plan become employed by HOVENSA, the Committee shall direct the Trustee to allocate and segregate the portion of the assets of the Plan held for the benefit of such Members. The Committee then shall direct the Trustee to transfer such assets and the accounts and records of such Members to the HOVENSA Plan as soon as practicable on or after the Transfer Date. As the result of these transfers, all accrued rights and interests of such Members as of the date of such transfers shall be preserved under the HOVENSA Plan, and in no event shall any such Member be deprived of any benefits under the Plan which shall have accrued to him as of the effective date of the transfer. Upon the transfer of a Member's accounts and records to the HOVENSA Plan, such Member's membership in the Plan shall terminate.

ARTICLE 10
FORFEITURES

10.1 The interest of a Member in the assets of the Plan derived from Company contributions which shall be unvested at the time of his termination of membership or termination of employment shall be forfeited and shall reduce the future contributions of the Company or Companies of which such Member was an Employee. If a Member shall make a complete withdrawal pursuant to Section 8.1 of his vested interest in the assets of the Plan attributable to his after-tax contributions and Elective Deferrals, if any, his unvested interests in the assets of the Plan derived from Company matching contributions attributable to the contributions withdrawn by the Member shall be forfeited. Forfeitures shall occur in a similar manner in the case of a complete withdrawal under Section 8.1 of the Member's account balances attributable to his after-tax contributions or his after-tax contributions and Elective Deferrals, if any, but shall apply to the interest of such Member in the assets of the Plan derived from Company contributions that matched the Member's contributions to the withdrawn accounts which shall be unvested at the time of his withdrawal. For the purposes of this Section 10.1, assets representing employer contributions to the HOVENSA Plan which are transferred to the Plan shall be treated as Company contributions.

10.2 In the event an Employee whose interest in the assets of the Plan has been forfeited in whole or in part upon withdrawal under Section 8.1 or termination of his membership during his continued employment shall continue or resume membership in the Plan, the value of his account balances shall be restored to their value as of the Valuation Date described in Section 8.3 if such Employee shall, within five years of the date of such withdrawal or termination, repay to the Plan the full amount of any distribution received by him upon such withdrawal or termination of membership.

10.3 In the event an Employee whose interest in the assets of the Plan has been forfeited in whole or in part on termination of his employment shall be reemployed and shall resume membership in the Plan, the value of his account balances shall be restored to their value as of the Valuation Date described in Section 9.1 if such Employee shall, within the earlier to occur of (i) his having incurred five consecutive one-year Breaks in Service and

(ii) the fifth anniversary of his resumption of employment covered by the Plan, repay to the Plan the full amount of any distribution received by upon such termination.

10.4 If an Employee described in Section 10.2 or in Section 10.3 shall not make the repayments in the amounts and in the manner described therein then the service performed by him with respect to which he received a complete distribution of his account balances derived from both after-tax contributions and Elective Deferrals pursuant to the provisions of Section 8.1 or Section 9.1 shall be disregarded for the purpose of determining the balance in his account on his re-entry into the Plan or continuation of his membership in the Plan and there shall be no restoration of his account balances.

10.5 A. If a forfeiture occurs under the comparable terms of the Corporate Plan or the HOVENSA Plan with respect to a member of either of those plans who subsequently becomes a Member of the Plan, and such Member repays the full amount of his distribution to the Corporate Plan or the HOVENSA Plan in accordance with the terms of those plans, such repaid amount and the value of his account balances restored under the applicable plan shall be transferred to the Plan as soon as practicable after such repayment and restoration, and shall be invested in accordance with the Member’s then current Investment Direction.

B. Notwithstanding any provisions of the Plan to the contrary, if a forfeiture occurs in accordance with the provisions of Section 10.1, and the individual involved subsequently becomes a member of the Corporate Plan or the HOVENSA Plan before repaying the full amount of his distribution to the Plan, such individual shall be deemed eligible for participation in the Plan for the sole purpose of repaying such distribution and restoring the value of his account balances under the Plan. Such repaid amount and the value of his account balances restored under the Plan shall be invested in accordance with the individual’s then current Investment Direction in the Corporate Plan or the HOVENSA Plan, as the case may be, and transferred to the applicable plan as soon as practicable after such repayment and restoration.

10.6 For the purposes of this Article 10, the nonvested portion of the participating company contributions account under the Merit Plan of a Merit Plan Participant or a former employee of Merit Oil Corporation that was forfeited or scheduled to be forfeited under the terms of the Merit Plan shall be subject to restoration under the same terms that apply to other Members of the Plan under this Article.

ARTICLE 11
ADMINISTRATION OF THE PLAN

11.1 The Plan shall be administered by a Committee consisting of three or more persons who shall be appointed by the Board of Directors.

11.2 The Committee shall have the authority to control and manage the operation and administration of the Plan, as set forth in Section 11.4.

11.3 The Committee shall act by a majority of its members, but a majority of the members may, at any time and from time to time, by an instrument in writing delivered to the Trustee and to the Board of Directors: (a) designate a Committee member to exercise the powers of the Committee at any time and from time to time in the administration of the Plan, and (b) appoint one or more persons to act as agent or agents of the Committee. Any agent or agents so appointed shall serve at the pleasure of the Committee.

11.4 The Committee shall have the power, duty, and responsibility to direct the administration of the Plan, including the power: (a) to reconcile any inconsistencies in the Plan; (b) to construe and interpret the provisions of the Plan and all parts thereof, (c) to provide such rules and regulations not inconsistent with the Plan as it may deem necessary; (d) to resolve all questions with respect to the individual rights of Members and former Members; and (e) to authorize benefit payments under the Plan. Any interpretation or construction placed upon any term or provision of the Plan by the Committee, any determination of the Committee with respect to the rights of a Member or former Member, any reconciliation of any inconsistency in the Plan made by the Committee, and any action whatever taken by the Committee in good faith shall be final and conclusive.

11.5 The Committee may employ one or more persons to render advice with regard to any of its responsibilities under the Plan.

11.6 The Committee may, in writing, allocate responsibilities for the operation and administration and recordkeeping of the Plan including discretionary responsibilities for persons serving as fiduciaries.

11.7 A. The Committee shall serve as the liaison among the Companies, the Trustee, the recordkeeper and the Members.

B. To the extent required by law and not specified in the Plan the Committee shall establish a funding policy and method consistent with the objectives of the Plan.

C. The Committee shall maintain or cause to be maintained such records under the Plan as it shall deem necessary or desirable.

11.8 Any member of the Committee, and any agent of the Committee, may be removed from office at any time, with or without cause, by the Board of Directors.

11.9 Anything to the contrary herein notwithstanding, all acts and decisions of the Committee and its agents authorized under the Plan shall at all times be subject to review by the Board of Directors, provided, however, that the Committee and its agents shall not be required to submit any act or decision for such review unless specifically directed to do so by the Board of Directors.

11.10 Claims Procedure:

A. The Committee shall make all determinations as to the right of any person to a benefit.

B. The Committee shall issue a decision on a claim for benefits under the Plan within a reasonable period of time after receipt of the claim.

C. Any denial or partial denial by the Committee of a claim for benefits under the Plan by a Participant or Beneficiary shall:

1. Be stated in writing by the Committee and delivered or mailed to the Participant or Beneficiary;

2. Set forth the specific reasons for the denial, written to the best of the Committee’s ability in a manner that may be understood without legal or actuarial counsel;

3. Refer to pertinent provisions of the Plan on which the denial is based;

4. Explain the procedure of the Plan relating to a review of the denial of benefits.

11.11 All costs and expenses incurred in administering the Plan, including the expenses of the Trustee and the Committee, the fees of counsel and other administrative expenses, except as specified below, shall be borne by the Companies. Brokerage commissions, transfer taxes, and other charges and expenses in connection with the purchase, sale, redemption, conversion, or distribution of securities, shall be added to the cost of such securities or deducted from the proceeds thereof, as the case may be. Loan initiation and annual loan recordkeeping fees charged by the recordkeeper shall be paid by the Member receiving a loan under the provisions of Section 19.13. All other taxes which may at any time be levied or assessed upon or in respect of any trusts, any Fund, or the assets of the Plan shall be paid out of the particular trusts, Fund, or assets of the Plan giving rise to such taxes and charged to the accounts of the respective Members, unless the Principal Company, by action of the Board of Directors, shall elect to pay such taxes. Mutual fund investment management fees, sales charges and short-term trading fees shall be charged against the accounts of Members invested in such funds.

11.12 Any person or group of persons may serve in more than one fiduciary capacity under the Plan.

11.13 Information relating to the purchase, holding, and sale of common stock of AMERADA HESS CORPORATION in Fund C, and the exercise of voting, tender and similar rights with respect to such securities by Members and beneficiaries, shall be maintained in accordance with procedures which are designed to safeguard the confidentiality of such information, except to the extent necessary to comply with federal or state laws not preempted by ERISA. The Committee is the fiduciary responsible for ensuring that said procedures are sufficient to safeguard such information and that such procedures are being followed. If the Committee determines that any situations involve a potential for undue influence on Members or beneficiaries by the Company with regard to the direct or indirect exercise of shareholder rights, the Committee shall appoint an independent fiduciary to carry out activities relating to such situations. The independent fiduciary shall not be affiliated with the Company.

ARTICLE 12
AMENDMENT OF THE PLAN

12.1 A. Except as herein limited, the Board of Directors shall have the right to amend the Plan at any time and to any extent that it may deem advisable.

B. The Committee is authorized to restate the Plan and to make all changes to the Plan or any group of related changes that are forecast to increase the annual cost of the Principal Company by less than $100,000, are required to comply with applicable law or are made in conjunction with administrative requirements, any said changes to be reported to the Compensation and Management Development Committee of the Board of Directors (the “Board Committee”) annually.

C. The Board Committee is authorized to approve changes or any group of related changes to the Plan that are forecast to increase the annual cost to the Principal Company by less than $500,000.

D. The Committee is authorized to maintain records of all such actions to indicate their review and approval, that will be:

1. reduced to writing;

2. executed by an officer of the Principal Company who is a member of the Committee and by the Secretary or an Assistant Secretary of the Principal Company; and

3. incorporated in subsequent restatements of the Plan.

E. Any such amendment or restatement shall be set forth in a written instrument, which shall be executed and delivered as set forth in the preceding paragraph. Upon execution of such written instrument, the Plan shall be deemed to have been amended in the manner therein set forth, effective as of the date specified therein, and all Members, Companies, the Committee, and all other persons interested in the Plan shall be bound thereby.

12.2 No amendment shall vest in any Company, directly or indirectly, any right, title or interest in or to assets of the Plan, or any portion thereof. No assets of the Plan shall, by reason of any amendment, be used for, or diverted to, purposes other than for the exclusive benefit of Members, former Members, and their Beneficiaries. No amendment shall, without his consent, reduce any accrued right or interest to which any Member, former

Member, or Beneficiary is entitled as of the date of such amendment, but this provision shall not be construed as preventing any change in the Plan which lessens or restricts benefits or rights not actually accrued as of the date of such amendment.

12.3 In the discretion of the amending authority as specified in Section 12.1, any amendment may be made effective as of a date prior to its execution.

ARTICLE 13
TERMINATION OF PARTICIPATION BY A COMPANY AND TERMINATION OF THE PLAN

13.1 A. It is the expectation of each Company that it will continue the Plan and the payment of its contributions hereunder indefinitely; but continuation of the Plan is not assumed as a contractual obligation of any Company, and the right is reserved by each Company at any time to reduce, suspend or discontinue its contributions hereunder, and to terminate its participation in the Plan in whole or in part. Except in the case of a termination in operation, the termination by a Company of its participation in the Plan shall be evidenced by a written instrument executed by the Company effective as of the date stated therein, and by a certified copy of a duly enacted resolution of the board of directors of such Company authorizing such termination. Copies of such instrument and of such resolution shall be delivered to the Committee and to the Trustee. Participation of a Company in the Plan may be terminated in operation without formal notice.

B. The right is also reserved by the Principal Company to terminate the Plan. Except in the case of a termination in operation, termination of the Plan shall be evidenced by a written instrument executed by the Principal Company effective as of the date stated therein, and by a certified copy of a duly enacted resolution of the Board of Directors authorizing such termination. Copies of such instrument and of such resolution shall be delivered to the Committee and to the Trustee. The Plan may be terminated in operation without formal notice.

13.2 If the Plan is terminated by a participating Company with respect to all or a designated group of its Employees, then and in that event, from and after the termination date and with respect to the group as to which the Plan is being terminated: (a) no contribution shall be made to the Plan by the terminating Company or by its Employees, (b) no Employees of such group shall become Members of the Plan, and (c) no further payments of benefits with respect to Members of such group shall be made except in distribution of assets of the Plan as provided in Section 13.4. (The term “Members” as used in this ARTICLE 13 includes, where appropriate, former Members and Beneficiaries of such former Members.)

13.3 Upon termination of a Company's participation in the Plan in whole or in part, or upon complete discontinuance of its contributions to the Plan, the right of each Employee of such Company whose membership in the Plan is thereby terminated to his interest in the assets of the Plan shall be and become nonforfeitable.

Upon termination or partial termination of the Plan, or upon complete discontinuance of contributions under the Plan, the amounts credited to the accounts of the Members shall be nonforfeitable.

13.4 A. Upon termination of a Company's participation in the Plan, in whole or in part, or upon termination of the Plan or complete discontinuance of all Company contributions thereto, as above provided, the Committee shall direct the Trustee to allocate and segregate the portion of the assets of the Plan held for the benefit of those Members whose membership in the Plan is being terminated. The Committee may direct the Trustee to continue to hold such assets, under the Plan, to convert such assets into cash, to distribute such assets or such cash to such Members, or to transfer such portion, or all of the assets, as the case may be, to another trust fund for the benefit of the Members as to whom the Plan is terminated, including, but not limited to, a fund or trust under another savings plan of the terminating Company or of another business organization.

B. In the event that the termination of any Company's participation in the Plan, or the termination of the Plan, or the complete discontinuance of all Company contributions thereto, shall not be accompanied by a termination of the Trust, then those assets allocated pursuant to Paragraph A of this Section 13.4 which, at the direction of the Committee, shall continue to be held by the Trustee under the Plan, shall be distributed to Members and former Members in accordance with the provisions of the Plan relating to distribution of withdrawals and distribution on termination of employment.

C. The Committee shall, on termination of the Trust, and may, in its discretion, on termination of a Company's participation, termination of the Plan, or complete discontinuance of all Company contributions thereto, direct the Trustee to distribute to each Member his interest in the assets of the Plan then held by the Trustee.

13.5 Any other provision to the contrary herein notwithstanding, no Member's participation in the Plan shall be deemed terminated if immediately following the termination of his employer's participation in the Plan, in whole or in part, such Member shall be employed by another Company. In such event the interest of such Member in the Plan shall continue to be held by the Trustee under the Plan to furnish benefits provided by the Plan.

13.6 A. The participation of any Company in the Plan shall terminate upon the dissolution of the Company.

B. In the event of a merger, consolidation, or reorganization of any Company the participation of such Company in the Plan shall continue unless the Company or any Successor Company shall terminate such participation in the manner provided in Section 13.1A.

C. In the event of any merger of the Plan or consolidation of the Plan with, or transfer of assets or liabilities of the Plan to, any other plan, each Member (if either the Plan or the other plan shall then be terminated) shall be entitled to receive a benefit immediately after the merger, consolidation, or transfer, equal to or greater than the benefit he would have been entitled to receive immediately before such merger, consolidation, or transfer if the Plan had then been terminated.

13.7 A. In the event that a Successor Company shall succeed any Company hereunder, provision may be made by agreement between such Successor Company and the Principal Company for the transfer of a portion of the assets of the Plan, allocable to Members who shall then be employed by the Successor Company, to a trust under any savings plan adopted or to be adopted by such Successor Company.

B. In the event of such transfer, the Committee shall direct the Trustee to set aside assets equal in value to that portion of the assets of the Plan determined pursuant to Paragraph A to be allocable to Members employed by the Successor Company, and to deliver such assets to a trustee designated by the Successor Company.

C. In the event of such transfer, the Plan shall not be deemed terminated with respect to any Member who shall participate in the Successor Company’s savings plan, provided, however, that in no event shall any Member be deprived of any benefits under the Plan which shall have accrued to him as of the effective date of the transfer.

ARTICLE 14
ADOPTION OF THE PLAN BY PARTICIPATING COMPANIES

14.1 Any Participating Company may join in and become a party to the Plan, provided that:

A. The Committee shall approve the admission of such Participating Company into the Plan; and

B. Such Participating Company shall notify the Committee of its agreement: to adopt the Plan, together with all amendments thereto then in effect; to be bound thereby as though it were an original signatory thereto; and to be bound by any other terms and conditions which may be imposed by the Committee, provided that the same shall not be inconsistent with the purposes and provisions of the Plan.

14.2 A Participating Company adopting the Plan shall file with the Committee such information as may be required concerning its Employees who shall be eligible for membership in the Plan.

14.3 Upon such Participating Company's adopting the Plan it shall thereafter be deemed to be a Company for all purposes hereof except as may be otherwise expressly provided herein.

14.4 Notwithstanding the provisions of Section 14.1, any wholly owned subsidiary of the Principal Company or of a Participating Company organized in the United States of America shall automatically become a Participating Company on the date it adopts the Plan, unless the Committee excludes such company from admission into the Plan.

ARTICLE 15
THE TRUSTEE

15.1 The Company shall enter into an agreement or agreements with a bank, trust company or other fiduciary, as Trustee, which shall hold and invest the contributions made under the Plan.

15.2 Each Trustee shall perform all of its duties, subject to the requirements of, and receive compensation in accordance with, the terms of any such agreement.

15.3 All action taken by a Trustee pursuant to its authority as such shall be binding upon all Members, each Company, the Committee and upon every person who is or may become interested in the Plan.

15.4 The Principal Company may in its discretion terminate any agreement hereinabove described, remove any Trustee appointed by it and appoint as successor Trustee any other qualified bank, trust company, or other fiduciary.

15.5 The Principal Company is the named fiduciary with respect to control or management of the assets of the Plan. However, the Compensation and Management Development Committee of its Board of Directors may appoint and monitor an investment manager or managers to manage (including the power to acquire and dispose of) any assets of the Plan, and may select mutual funds for Plan investments.

15.6 The Trustee shall vote, in person or by proxy, the shares of common stock of AMERADA HESS CORPORATION held by the Trustee. Each Member shall be entitled to give instructions to the Trustee with respect to voting the number of shares of such common stock, including any fractional share, credited to his account in Fund C, and the Trustee shall be obliged to follow such instructions. Written notice of any meeting of stockholders of AMERADA HESS CORPORATION and a request for instructions shall be given by the Trustee, at such time and in such manner as the Committee shall determine, to each Member entitled to give such instructions. Shares of common stock attributable to Company contributions and shares held in Fund C with respect to which no instructions are received shall be voted by the Trustee in accordance with the terms of the agreement with the Trustee. Records of the instructions given by individual Members shall be confidential and not disclosed to the Company by the Trustee.

15.7 In the event a tender or exchange offer (within the meaning of the Securities Exchange Act of 1934, as amended) is made by any potential acquiror in respect of all or a portion of the outstanding shares of common stock of AMERADA HESS CORPORATION, each Member shall be entitled to respond and give tender or exchange instructions to the Trustee regarding, among other things, whether or not any such Member desires to tender or exchange all or a portion of the number of shares of such common stock, including any fractional share, credited to his account in Fund C. The Trustee shall be obliged to follow such tender or exchange instructions and respond in accordance therewith. Shares of common stock held in Fund C with respect to which no instructions are received shall not be tendered or exchanged by the Trustee to or with any such potential acquiror. Written notice of any such tender or exchange offer, and a copy of all of the materials distributed to shareholders of AMERADA HESS CORPORATION in connection therewith, relating to any such tender or exchange offer and the potential acquiror, shall be delivered in a timely manner by the Trustee to each Member entitled hereunder to give tender or exchange instructions. Records of the instructions given by individual Members shall be confidential and shall not be disclosed, divulged or released by the Trustee (or any affiliates or employer of the Trustee) to any person, including without limitation, AMERADA HESS CORPORATION, any affiliate of AMERADA HESS CORPORATION, or any officer, director or employee of any such companies.

ARTICLE 16
GENERAL PROVISIONS GOVERNING PAYMENT OF BENEFITS

16.1 All benefits payable under the Plan shall be paid or provided for solely from the assets of the Plan, and no Company assumes any liability or responsibility therefor. The obligations of each Company, which are expressly stated to be noncontractual, are limited solely to the making of contributions to the Trust Fund, as provided for in the Plan.

16.2 In the event that any benefit hereunder becomes payable to a minor, or to a person under legal disability, or to a person judicially declared incompetent, then the Committee shall direct the same to be paid out by the Trustee in such of the following ways as the Committee may deem best:

A. Directly to such person.

B. In the case of a minor, to the guardian or other person having the care and control of such minor.

C. To the legally appointed guardian or conservator of such person.

D. To any institution maintaining or having the custody of such person in accordance with the order of a court of competent jurisdiction.

16.3 If at any time any doubt shall exist as to the identity of any person entitled to payment of any benefit hereunder, or as to the amount or time of any such payment, or if the Committee is unable to authorize payment of benefits to any person because his whereabouts cannot be ascertained, the Committee shall certify such fact to the Trustee, and shall direct the Trustee to hold the amount of benefit in trust until the Committee's further order or until final order of a court of competent jurisdiction. In the event a Member or Beneficiary to whom payment of a benefit under the Plan is due cannot be located, or has not presented benefit checks for payment within one year after Plan distributions shall have been made to him, such benefit shall be treated as having been forfeited, provided that if a claim therefor is subsequently made by, or on behalf of, such Member or Beneficiary such benefit shall be reinstated. For the sole purpose of this Section, the term Member or Beneficiary shall include a former member or beneficiary of the former Amerada Hess Corporation Employees' Stock Ownership Plan who could not be located by the former trustee of that plan, and with respect to whom said trustee transferred unpaid amounts to the Trustee of the Plan.

16.4 All benefits hereunder shall be payable at the office of the Trustee, unless otherwise directed to the Trustee.

16.5 In order to facilitate the administration of the Plan, benefits payable hereunder may be paid by the Trustee directly or through an agent, including the Committee or one of its agents.

16.6 Benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, prior to actually being received by the person entitled to the benefit under the terms of the Plan except in the case of a qualified domestic relations order as defined in Code Section 414(p), or in the case of an offset of a Member's benefits against an amount that the Member is ordered or required to pay to the Plan as described in Code Section 401(a)(13)(C), if (i) the order or requirement to pay arises (A) under a judgment of conviction for a crime involving such Plan, (B) under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of part 4 of subtitle B of title I of ERISA, or (C) pursuant to a settlement agreement between the Secretary of Labor and the participant, in connection with a violation (or alleged violation) of part 4 of such subtitle by a fiduciary or any other person, and (ii) the judgment, order, decree, or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the Plan against the Member's benefits provided under the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, except in the case of a qualified domestic relations order or in accordance with Code Section 401(a)(13)(C) shall be void. In the case of a qualified domestic relations order, the portion of the participant's interest in the Plan designated for the benefit of the alternate payee shall be distributed to such alternate payee as soon as practicable after the qualification of the order. If a portion of the alternate payee's interest in the Plan is derived from Company contributions or employer matching contributions made to the HOVENSA Plan in which the participant is not vested, such portion shall not be distributed to the alternate payee, but shall be retained in the alternate payee's Plan account until vested or forfeited, based on the status of the participant. Notwithstanding any other provisions of the Plan, partial withdrawals, hardship withdrawals, loans and rollovers from other plans or from rollover individual retirement accounts shall not be available to an alternate payee. The Committee shall establish reasonable procedures to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders.

16.7 Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Committee, to have all or any portion of an eligible rollover distribution made directly to an eligible retirement plan or plans specified by the distributee in a direct rollover. The following definitions apply for the purposes of this Section 16.7.

A. "Eligible rollover distribution" shall mean any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

1. any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;

2. any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;

3. the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and

4. any hardship withdrawal made in accordance with Section 19.12 on or after January 1, 1999.

B. "Eligible retirement plan" shall mean an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving Spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

C. "Distributee" shall include an Employee or former Employee. In addition, the Employee's or former Employee's surviving Spouse and the Employee's or former Employee's Spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the Spouse of former spouse.

D. “Direct rollover” shall mean a payment by the Plan to the eligible retirement plan specified by the distributee.

ARTICLE 17
MISCELLANEOUS PROVISIONS

17.1 The adoption and maintenance of the Plan shall not be deemed to constitute a contract of employment or otherwise between any Company and any Employee or Member, or to be a consideration for, or an inducement or condition of, any employment. Nothing contained herein shall be deemed to give any Employee the right to be retained in the service of any Company or to interfere with the right of any Company to discharge any Employee or Member at any time.

17.2 The adoption of the Plan by any Company shall not create a joint venture or partnership relation between it and any other Company, nor shall such action in any manner be construed as having such effect. Any rights, duties, liabilities, and obligations assumed hereunder by each Company, or imposed upon it under or as a result of the terms and provisions of the Plan, shall relate to and affect such Company alone.

17.3 Whenever any act provided for herein shall be at the discretion, or with the approval, of a Company, the Board of Directors, the Committee, or any other person, there shall be no discrimination in the taking of such action in favor of or against any Member or group of Members similarly situated.

17.4 No Member, or any other person claiming any benefits hereunder, shall have any right to inspect the books and accounts of any Company or to obtain any information relating to the financial affairs of any Company, or to inquire as to the method of determining the amount of any Company contribution, except as provided by law.

17.5 Each Company, the Committee, the Trustee, and any person or persons involved in the administration of the Plan shall be entitled to rely upon any certification, statement, or representation made or evidence furnished by an Employee, Member, or other person with respect to any facts required to be determined under any of the provisions of the Plan, and shall not be liable on account of the payment of any monies or the doing of any act or failure to act in reliance thereon. Any such certification, statement, representation, or evidence, upon being duly made or furnished, shall be conclusively binding upon such Employee, Member, or other person but not upon any Company, the Committee, or any other person or persons involved in the administration of the Plan. Nothing herein contained shall be construed to prevent any of such parties from contesting any such certification, statement, representation, or evidence or to relieve the Employee, Member, or other person from the duty of submitting satisfactory proof of any such fact.

17.6 Any notice delivered or mailed to any person will be deemed properly given if delivered or mailed, postage prepaid, to such person at his last post office address shown on the record of the Company. Any notice or other communication from an Employee, Member or other person to the Committee, the Plan recordkeeper or to any Company, shall be in such form as may be prescribed by the Committee, and shall be properly given or filed if delivered or mailed, postage prepaid, to the Committee or to the Company, as the case may be, at such address or in such a manner as may be specified from time to time by the Committee, which may include telephone or electronic communication.

17.7 Each Company shall furnish in writing to the Committee and to the Trustee, at their request, such information as may be necessary or desirable in order that the Committee and the Trustee may be able to carry out their duties hereunder; and the Committee and the Trustee shall be entitled to rely upon such information as correct.

17.8 In no event shall any part of the corpus or income of the Trust Fund hereunder (within the taxable year or thereafter) be used for, or diverted to, purposes other than for the exclusive benefit of the Members or their Beneficiaries. No assets of the Trust Fund shall revert to any Company, provided, however, that any contribution made by a Company by a mistake of fact may be returned to such Company within one year after the payment of the contribution.

17.9 The Plan and the Trust incorporated herein by reference are intended to qualify as a qualified stock bonus plan and a tax exempt trust, pursuant to the provisions of Sections 401(a) and 501(a) of the Code, respectively.

17.10 The contributions made by each Company pursuant to the Plan are intended to be deductible under the provisions of Section 404 of the Code.

17.11 The Plan shall be governed by, construed, administered, and regulated in all respects under the laws of the State of New York.

17.12 The titles to the Articles in the Plan are placed herein for convenience or reference only, and in case of any conflicts, the text of this instrument, rather than such titles, shall control.

17.13 Wherever necessary or appropriate, the use herein of any gender shall be deemed to include the other genders, and the use herein of either the singular or the plural shall be deemed to include the other.

17.14 This instrument may be executed in any number of counterparts, each of which shall be deemed to be the original, although the others shall not be produced.

ARTICLE 18
TOP-HEAVY PROVISIONS

18.1 If the Plan is or becomes top-heavy in any Plan year, the provisions of Sections 18.2 through 18.6 will supersede any conflicting provision in the Plan.

18.2 Definitions:

A. 1. Key Employee: Any Employee or former employee (and the Beneficiaries of such Employee) who at any time during the determination period was an officer of the Company, if such individual's annual compensation exceeds 50 percent of the dollar limitation under Code Section 415(c)(1)(A), an owner (or considered an owner under Code Section 318) of one of the ten largest interests in the Company if such individual's compensation exceeds 100 percent of such dollar limitation, a 5-percent owner of the Company, or a 1-percent owner of the Company who has an annual compensation of more than $150,000. The determination period is the Plan Year containing the determination date and the 4 preceding Plan years. The determination of who is a key employee will be made in accordance with Code Section 416(i)(1) and the regulations thereunder. For these purposes, (i) no more than 50 Employees (or, if less, the greater of 3 or 10 percent of the Employees) shall be treated as officers, and (ii), if 2 Employees have the same interest in the Company, the Employee having greater annual compensation from the Company shall be treated as having a larger interest.

2. Solely for the purpose of determining if the Plan, or any other plan included in a required aggregation group of which this Plan is a part, is top-heavy (within the meaning of Section 416(g) of the Code) the accrued benefit of an Employee other than a key employee (within the meaning of Section 416(i)(1) of the Code) shall be determined under (a) the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Affiliated Companies, or (b) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rate of Section 411(b)(1)(C) of the Code.

B. Top-heavy plan: For any Plan Year beginning after December 31, 1983, this Plan is top-heavy if any of the following conditions exists:

1. If the top-heavy ratio for this Plan exceeds 60 percent and this Plan is not part of any required aggregation group or permissive aggregation group of plans.

2. If this Plan is a part of a required aggregation group of plans but not part of a permissive aggregation group and the top-heavy ratio for the group of plans exceeds 60 percent.

3. If this Plan is a part of a required aggregation group and part of a permissive aggregation group of plans and the top-heavy ratio for the permissive aggregation group exceeds 60 percent.

C. Top-heavy ratio:

1. The top-heavy ratio shall be a fraction, the numerator of which is the sum of account balances under all defined contribution plans of the Company for all key employees and the present value of accrued benefits under all defined benefit plans of the Company for all key employees as of the determination date, and the denominator of which is the sum of the account balances under the defined contribution plans for all Members and the present value of accrued benefits under the defined benefit plans for all Members as of the determination date. Both the numerator and denominator of the top-heavy ratio shall be adjusted for any distribution of an account balance or an accrued benefit made in the five-year period ending on the determination date and any contribution due but unpaid as of the determination date.

2. For purposes of subparagraph 1 above, the value of account balances and the present value of accrued benefits will be determined as of the most recent valuation date that falls within or ends with the 12-month period ending on the determination date. The account balances and accrued benefits of a Member (i) who is not a key employee but who was a key employee in a prior year or (ii) who has not received any compensation from any Company maintaining the Plan at any time during the 5-year period ending on the determination date will be disregarded. The calculation of the top-heavy ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and the regulations thereunder. Deductible employee contributions will not be taken into account for purposes of computing the top-heavy ratio. When aggregating plans the value of account balances and accrued benefits will be calculated with reference to the determination dates that fall within the same calendar year.

D. Permissive aggregation group: The required aggregation group of plans plus any other plan or plans of the Company which, when considered as a group with the required aggregation group, would continue to satisfy the requirements of Sections 401(a)(4) and 410 of the Code.

E. Required aggregation group: (1) Each Qualified Plan of the Company in which at least one key employee participates, and (2) any other Qualified Plan of the Company which enables a plan described in (1) to meet the requirements of Sections 401(a)(4) and 410 of the Code.

F. Determination date: For any Plan year subsequent to the first Plan Year, the last day of the preceding Plan Year. For the first Plan Year of the Plan, the last day of that year.

G. Present value: For purposes of establishing present value to compute the top-heavy ratio, any benefit shall be discounted only for mortality and interest based on the following:

1. Interest rates in use by the Pension Benefit Guaranty Corporation as of the relevant valuation date.

2. Mortality table: 1971 Group Annuity Male Mortality Table set back one year for males and six years for females.

H. Valuation Date: For purposes of computing the top-heavy ratio, the valuation date shall be January 1 of each year for all defined benefit plans and December 31 of each year for all defined contribution plans.

18.3 Minimum Allocation:

A. Except as otherwise provided in subparagraphs C and D below, the Company contributions and forfeitures allocated on behalf of any Member who is not a key employee shall not be less than the lesser of three percent of such Member's Compensation or in the case where the Company's defined benefit plan does not designate this Plan to satisfy Section 401 of the Code, the largest percentage of Company contributions and forfeitures as a percentage of the key employee's Compensation, as limited by Section 401(a)(17) of the Code, allocated on behalf of any key employee for that year. The minimum allocation is determined without regard to any Social Security contribution. This minimum allocation shall be made even though, under other Plan provisions, the Member would not otherwise be entitled to receive an allocation, or would have received a lesser allocation in the year because of (i) the Member's failure to complete 1,000 hours of Service (or any equivalent provided in the Plan), or (ii) the Member's failure to make mandatory Employee contributions to the Plan, or (iii) Compensation less than a stated amount.

B. For purposes of computing the minimum allocation, compensation shall mean all of each Member's W-2 earnings for the taxable year ending with or within the Plan Year, as limited by Section 401(a)(17) of the Code.

C. The provision in A above shall not apply to any Member who was not employed by the Company on the last day of the Plan Year.

D. The provision in A above shall not apply to any Member to the extent the Member is covered under any other plan or plans of the Company and the Company has provided that the minimum allocation or benefit requirement applicable to top-heavy plans will be met in the other plan.

E. The minimum allocation required (to the extent required to be nonforfeitable under Section 416(b)) may not be forfeited under Section 411(a)(3)(B) or 411(a)(3)(D) of the Code.

18.4 Compensation Limitation:

For any Plan Year in which the Plan is top-heavy, only the first $200,000 (or such larger amount as may be prescribed by the Secretary of the Treasury or his delegate) of a Member's annual Compensation shall be taken into account for purposes of determining benefits under the Plan, except that for Plan Years beginning on or after January 1, 1994, only the OBRA '93 annual compensation shall be taken into account.

18.5 Minimum Vesting Schedules:

A. The nonforfeitable interest of each Employee in his or her account balance attributable to Company contributions shall be at least as favorable as the following:

20% vesting after 2 years of service.
40% vesting after 3 years of service.
60% vesting after 4 years of service.
80% vesting after 5 years of service.
100% vesting after 6 years of service.

B. If the vesting schedule under the Plan shifts in or out of the above schedule for any Plan Year because of the Plan's top-heavy status, such shift is an amendment to the vesting schedule and the election in Paragraph D of this Section applies.

C. The minimum vesting schedule applies to all benefits within the meaning of Section 411(a)(7) of the Code except those attributable to Employee contributions, including benefits accrued before the effective date of Section 416 and benefits accrued before the Plan became top-heavy. Further, no reduction in vested benefits may occur in the event the Plan's status as top-heavy changes for any Plan Year. However, this Section does not apply to the account balances of any Employee who does not have an hour of Service after the Plan has initially become top-heavy, and such Employee's account balance attributable to Company contributions and forfeitures will be determined without regard to this Section.

D. In the event of a change in the vesting schedule, the following rules shall apply:

1. In the case of an Employee who is a Member on

(a) The date the amendment is adopted,

or

(b) The date the amendment is effective, if later, the nonforfeitable percentage (determined as of such date) of such Employee's right to the Company-derived accrued benefit shall not be less than his percentage computed under the Plan without regard to such amendment.

2. Each Member whose nonforfeitable percentage of his accrued benefit derived from Company contributions is determined under such schedule and who has completed at least 3 years of Service with the Company, may elect, during the election period, to have the nonforfeitable percentage of his accrued benefit derived from Company contributions determined without regard to such amendment. Notwithstanding the preceding sentence, there shall be no election for any Member whose nonforfeitable percentage under the Plan, as amended, at any time cannot be less than such percentage determined without regard to such amendment.

3. For purposes of subparagraph 2 the election period under the Plan shall begin no later than the date the Plan amendment is adopted and shall end no earlier than the latest of the following dates:

(i) The date which is 60 days after the day the Plan amendment is adopted,

(ii) The date which is 60 days after the day the Plan amendment becomes effective, or

(iii) The date which is 60 days after the Participant is issued written notice of the Plan amendment by the Company or by the Committee as plan administrator.

ARTICLE 19
CASH OR DEFERRED ARRANGEMENT

19.1 Elective Deferrals-Contribution Limitation

No Member shall be permitted to have Elective Deferrals made under the Plan, or any other Qualified Plan maintained by the Company, during any taxable year, in excess of the dollar limitation contained in Section 402(g) of the Code in effect at the beginning of such taxable year. For the purposes of this Section 19.1, Elective Deferrals shall include elective deferrals made in accordance with the terms of the HOVENSA Plan.

19.2 Distribution of Excess Elective Deferrals

A Member may assign to this Plan any Excess Elective Deferrals made during a taxable year of the Member by notifying the Committee in writing on or before February 15 of the following year of the amount of the Excess Elective Deferrals to be assigned to the Plan. A Member is deemed to notify the Committee of any Excess Deferrals that arise by taking into account only those Elective Deferrals made to this Plan or any other plans of the Company.

Notwithstanding any other provision of the Plan, Excess Elective Deferrals, plus any income and minus any loss allocable thereto (as determined pursuant to Section 1.27), shall be distributed no later than April 15 to any Member to whose account Excess Elective Deferrals were assigned for the preceding year and who claims Excess Elective Deferrals for such taxable year.

19.3 Actual Deferral Percentage Test

A. The ADP for Members who are Highly Compensated Employees and the ADP for Members who are Non-highly Compensated Employees must satisfy one of the following tests:

1. The ADP for Members who are Highly Compensated Employees for the Plan Year shall not exceed the ADP for Members who are Non-highly Compensated Employees for the prior Plan Year multiplied by 1.25; or

2. The ADP for Members who are Highly Compensated Employees for the Plan Year shall not exceed the ADP for Members who are Non-highly Compensated Employees for the prior Plan Year multiplied by 2.0, provided that the ADP for Members

who are Highly Compensated Employees does not exceed the ADP for Members who are Non-highly Compensated Employees by more than two (2) percentage points.

3. The above ADP test may be monitored periodically throughout the Plan Year, and the Elective Deferrals of Highly Compensated Employees may be reduced prospectively to the extent necessary to pass the test.

4. The Company reserves the right to make a Qualified Non-Elective Contribution (as defined in Section 401(k) of the Code) to Non-highly Compensated Employees in order to pass the ADP test.

B. Special Rules:

1. The ADP for any Member who is a Highly Compensated Employee for the Plan Year and who is eligible to have Elective Deferrals allocated to his accounts under two or more arrangements described in Section 401(k) of the Code, that are maintained by the Company, shall be determined as if such Elective Deferrals were made under a single arrangement. If a Highly Compensated Employee participates in two or more cash or deferred arrangements that have different plan years, all cash or deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement. Notwithstanding the foregoing, certain plans shall be treated as separate if mandatorily disaggregated under regulations under Section 401(k) of the Code.

2. In the event that this Plan satisfies the requirements of Sections 401(k), 401(a)(4), or 410(b) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Sections of the Code only if aggregated with this Plan, then this Section shall be applied by determining the ADP of employees as if all such plans were a single plan. Plans may be aggregated in order to satisfy Section 401(k) of the Code only if they have the same plan year.

3. At the election of the Company made by the Committee, the ADP for Members who are Non-highly Compensated Employees may be determined for the same Plan Year as the ADP for Members who are Highly Compensated Employees, instead of for the preceding Plan year. If such an election is made, it may not be changed except as provided by the Secretary of the Treasury.

4. For purposes of determining the ADP test, Elective Deferrals must be made before the last day of the twelve-month period immediately following the Plan Year to which contributions relate.

5. The Company shall maintain records sufficient to demonstrate satisfaction of the ADP test.

6. The determination and treatment of the ADP amounts of any Member shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

19.4 Distribution of Excess Contributions

Notwithstanding any other provision of this Plan, Excess Contributions, plus any income and minus any loss allocable thereto, shall be distributed no later than the last day of each Plan Year to Members to whose accounts such Excess Contributions were allocated for the preceding Plan Year. If such excess amounts are distributed more than 2 1/2 months after the last day of the Plan Year in which such excess amounts arose, a ten (10) percent excise tax will be imposed on the Company with respect to such Excess Contributions. Such distributions shall be made to Highly Compensated Employees on the basis of the amount of contributions by, or on behalf of, each of such Employees.

Notwithstanding the foregoing, to the extent permitted by regulations, the Company may recharacterize Excess Contributions as Employee Contributions, subject to the limitations of Section 19.7.

Excess Contributions (including the amounts recharacterized) shall be treated as annual additions under the Plan.

Determination of income or loss: Excess Contributions shall be adjusted for any income or loss. The income or loss allocable to Excess Contributions is the income or loss allocable to the Member's Elective Deferral account for the Plan Year multiplied by a fraction, the numerator of which is such Member's Excess Contributions for the year and the denominator is the Member's account balance attributable to Elective Deferrals without regard to any income or loss occurring during such Plan Year.

Accounting for Excess Contributions: Excess Contributions shall be distributed (or recharacterized) from the Member's Elective Deferral account in proportion to the Member's Elective Deferrals for the Plan Year.

19.5 Matching Contributions

The Company will make Matching Contributions to the Plan on behalf of all Members who make Elective Deferrals. The Company shall contribute and allocate to each Member's Matching Contribution account an amount equal to 100 percent of the Member's

Elective Deferrals to a maximum of 5% of each Member's Compensation determined without regard to reductions under Code Sections 125 or 401(k).

19.6 Forfeitures and Vesting of Matching Contributions

Matching Contributions shall be vested in accordance with Article 7. In any event, Matching Contributions shall be fully vested at normal retirement age (attainment of age 65 or the fifth anniversary of commencement of participation in the Plan, if later), upon the complete or partial termination of the Plan, or upon the complete discontinuance of Company contributions.

Forfeitures of Matching Contributions, other than Excess Aggregate Contributions, including employer matching contributions to the HOVENSA Plan transferred to the Plan, shall be made in accordance with Article 10.

19.7 Limitations on Employee Contributions and Matching Contributions

The ACP for Members who are Highly Compensated Employees and the ACP for Members who are Non-highly Compensated Employees must satisfy one of the following tests:

A. The ACP for Members who are Highly Compensated Employees for the Plan Year shall not exceed the ACP for Members who are Non-highly Compensated Employees for the prior Plan Year multiplied by 1.25; or

B. The ACP for Members who are Highly Compensated Employees for the Plan Year shall not exceed the ACP for members who are Non-highly Compensated Employees for the prior Plan Year multiplied by two (2), provided that the ACP for Members who are Highly Compensated Employees does not exceed the ACP for Members who are Non-highly Compensated Employees by more than two (2) percentage points.

C. Special Rules:

1. Multiple Use: If one or more Highly Compensated Employees participates in both a cash or deferred arrangement ("CODA") and a plan subject to the ACP test maintained by the Company and the sum of the ADP and ACP of those Highly Compensated Employees subject to either or both tests exceeds the Aggregate Limit, then the ACP of those Highly Compensated Employees who also participate in a CODA will be reduced (beginning with such Highly Compensated Employee whose ACP is the highest) so that the limit is not exceeded. The amount by which each Highly Compensated Employee's Contribution Percentage Amounts is reduced shall be

treated as an Excess Aggregate Contribution. The ADP and ACP of the Highly Compensated Employees are determined after any corrections required to meet the ADP and ACP tests. Multiple use does not occur if either the ADP or ACP of the Highly Compensated Employees does not exceed 1.25 multiplied by the ADP and ACP of the Non-highly Compensated Employees.

2. For purposes of this Section, the Contribution Percentage for any Member who is a Highly Compensated Employee and who is eligible to have Contribution Percentage Amounts allocated to his or her account under two or more CODA's, or CODA's that are maintained by the Company, shall be determined as if the total of such Contribution Percentage Amounts was made under each plan. If a Highly Compensated Employee participates in two or more CODA's that have different Plan Years, all CODA's ending with or within the same calendar year shall be treated as a single CODA. Notwithstanding the foregoing, certain plans shall be treated as separate if mandatorily disaggregated under regulations under Section 401(m) of the Code.

3. In the event that this Plan satisfies the requirements of Sections 401(a)(4), 401(m) or 410(b) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Sections of the Code only if aggregated with this Plan, then this Section shall be applied by determining the Contribution Percentage of Employees as if all such plans were a single plan. Plans may be aggregated in order to satisfy Section 401(m) of the Code if they have the same Plan Year.

4. At the election of the Company made by the Committee, the ACP for Members who are Non-highly Compensated Employees may be determined for the same Plan Year as the ACP for Members who are Highly Compensated Employees, instead of for the preceding Plan year. If such an election is made, it may not be changed except as provided by the Secretary of the Treasury.

5. For purposes of determining the Contribution Percentage test, Employee Contributions are considered to have been made in the Plan Year in which contributed to the Trust. Matching Contributions will be considered made for a Plan Year if made no later than the end of the twelve-month period beginning on the day after the close of the Plan Year.

6. The Company shall maintain records sufficient to demonstrate satisfaction of the ACP test.

7. The determination and treatment of the Contribution Percentage of any Member shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

19.8 Distribution of Excess Aggregate Contributions

Notwithstanding any other provision of this Plan, Excess Aggregate Contributions, plus any income and minus any loss allocable thereto, shall be forfeited, if forfeitable, or if not forfeitable, distributed no later than the last day of each Plan Year to Members to whose accounts such Excess Aggregate Contributions were allocated for the preceding Plan Year. Such distributions shall be made to Highly Compensated Employees on the basis of the amount of contributions on behalf of, or by each such Employee. If such Excess Aggregate Contributions are distributed more than 2 1/2 months after the last day of the Plan Year in which such excess amounts arose, a ten (10) percent excise tax will be imposed on the Company with respect to those Excess Aggregate Contributions. Excess Aggregate Contributions shall be treated as annual additions under the Plan.

Determination of Income or Loss: Excess Aggregate Contributions shall be adjusted for any income or loss. The income or loss allocable to Excess Aggregate Contributions is the income or loss allocable to the Member’s Employee Contribution account, Matching Contribution account, and Elective Deferral account for the Plan Year multiplied by a fraction, the numerator of which is such Member’s Excess Aggregate Contributions for the year and the denominator is the account balance(s) attributable to Contribution Percentage Amounts without regard to any income or loss occurring during such Plan Year.

Accounting for Excess Aggregate Contributions: Excess Aggregate Contributions shall be forfeited or distributed on a pro-rata basis from each fund in which the Member’s contributions and Company matching contributions are invested in the following order: (i) unmatched after-tax contributions in the Member’s Employee Contribution account, and (ii) matched after-tax contributions in the Member’s Employee contribution account and an equal amount of the related Company matching contributions in the Matching Contribution account, each with their related income or loss.

19.9 Average Contribution Percentage

In computing the Average Contribution Percentage, the Company shall take into account, and include as Contribution Percentage Amounts, all Elective Deferrals under this Plan or any other plan of the Company, as provided by regulations.

The amount of Elective Deferrals taken into account as Contribution Percentage Amounts for purposes of calculating the Average Contribution Percentage, subject to such other requirements as may be prescribed by the Secretary of the Treasury, shall be such Elective Deferrals that are needed to meet the Average Contribution Percentage test.

Forfeitures of Excess Aggregate Contributions shall be applied to reduce Company contributions for the Plan Year in which the excess arose.

19.10 Nonforfeitability and Vesting

The Member's accrued benefit derived from Elective Deferrals and Employee Contributions is nonforfeitable. Separate accounts for Elective Deferrals, Employee Contributions, Matching Contributions, and employer matching contributions to the HOVENSA Plan and the Merit Plan transferred to the Plan will be maintained for each Member. Each account will be credited with the applicable contributions and earnings thereon.

19.11 Distribution Requirements

Elective Deferrals and income allocable thereto are not distributable to a Member or his Beneficiary or Beneficiaries, in accordance with such Member's Beneficiary or Beneficiaries election, earlier than upon separation from service, death, or disability.

Such amounts may also be distributed upon:

A. Termination of the Plan without the establishment of another defined contribution plan other than an employee stock ownership plan (as defined in Section 4975(e) or Section 409 of the Code) or a simplified employee pension plan as defined in Section 408(k).

B. The disposition by a corporation to an unrelated corporation of substantially all of the assets (within the meaning of Section 409(d)(2) of the Code) used in a trade or business of such corporation if such corporation continues to maintain this Plan after the disposition, but only with respect to employees who continue employment with the corporation acquiring such assets.

C. The disposition by a corporation to an unrelated entity of such corporation’s interest in a subsidiary (within the meaning of Section 409(d)(3) of the Code) if such corporation continues to maintain this Plan, but only with respect to Employees who continue employment with such subsidiary.

D. The attainment of age 59 1/2.

E. The hardship of the Member as described in Section 19.12.

All distributions that may be made pursuant to one or more of the foregoing distributable events are subject to the Member consent requirements (if applicable) contained in Sections 411(a)(11) of the Code. In addition, distributions that are triggered by any of the first three events enumerated above must be made in a lump sum.

19.12 Hardship Distribution

Distribution of Elective Deferrals (excluding income allocable to such Elective Deferrals) may be made to a Member in the event of hardship. For the purposes of this Section, hardship is defined as an immediate and heavy financial need of the Employee where such Employee lacks other available resources. A request for a hardship withdrawal shall be made on a form or in a manner prescribed by the Committee. Such distribution shall be effective on the earliest practicable Valuation Date following the approval of the request by the Committee.

Special Rules:

A. The following are the only financial needs considered immediate and heavy: expenses incurred or necessary for medical care, described in Section 213(d) of the Code, of the Employee, the Employee’s Spouse, children, or dependents; the purchase (excluding mortgage payments) of a principal residence for the Employee; payment of tuition, room and board and related educational fees for the next 12 months of post-secondary education for the Employee, the Employee’s Spouse, children or dependents; or the need to prevent the eviction of the Employee from, or a foreclosure on the mortgage of, the Employee’s principal residence.

B. A distribution will be considered as necessary to satisfy an immediate and heavy financial need if the Committee relies upon the Employee’s written representation, unless the Committee has knowledge to the contrary, that the need cannot be relieved:

(i) through reimbursement or compensation by insurance or otherwise;

(ii) by reasonable liquidation of the Member’s assets to the extent such liquidation would not itself cause an immediate and heavy financial need;

(iii) by cessation of Elective Deferrals and Employee Contributions under the Plan; or

(iv) by other distributions or nontaxable (at the time of the loan) loans from plans maintained by the Company or by any other employer, or by borrowing from commercial sources on reasonable commercial terms.

C. A hardship distribution shall not require suspension of membership.

19.13 Loans to Members

A. Loans from Member accounts shall be made available to all Members on a reasonably equivalent basis. A request for a loan shall be made on a form or in a manner prescribed by the Committee. To be effective as of a particular Valuation Date in a given month, the request must be received on behalf of the Committee not later than such date.

B. Loans shall not be made available to Highly Compensated Employees in an amount greater than the amount made available to other Employees.

C. Loans must be adequately secured by 50% of the Member’s vested interest in the Plan and must bear a reasonable interest rate. The rate will be commensurate with the interest rate being charged by persons in the business of lending money for loans which would be made under similar circumstances, and shall be 1% above the prime rate in effect at the time the loan is made, or such other rate as may be determined by the Committee from time to time on a nondiscriminatory basis. In addition, the Member must pay the loan origination fee and annual loan recordkeeping fee charged by the Plan’s recordkeeper.

D. Failure by the Member to make required loan payments when due shall cause the loan to be in default. In the event of default, foreclosure on the note and attachment of security will not occur until a distributable event occurs in the Plan, but if the default is not cured by the end of the calendar quarter following the calendar quarter in which the default occurred, the unpaid balance plus accrued unpaid interest shall be reported as taxable income to the Member.

E. Notwithstanding any other provision of this Plan, the portion of the Member’s vested account balance used as a security interest held by the Plan by reason of a loan outstanding to the Member shall be taken into account for purposes of determining the amount of the account balance payable at the time of death or distribution, but only if the reduction is used as repayment of the loan. If less than 100% of the Member's vested account balance (determined without regard to the preceding sentence) is payable to the surviving Spouse, then the account balance shall be adjusted by first reducing the vested account balance by the amount of the security used as repayment of the loan, and then determining the benefit payable to the surviving Spouse.

F. No loan to any Member can be made to the extent that such loan when added to the outstanding balance of all other loans to the Member would exceed the lesser of (a) $50,000 reduced by the highest outstanding balance of loans during the one year period ending on the day before the loan is made, or (b) one-half the vested account balance of the Member. For the purpose of the above limitation, all loans from all plans of the Company and other members of a group of employers described in Sections 414(b), 414(c), and 414(m) and (o) of the Code are aggregated. Furthermore, any loan shall by its terms require that repayment (principal and interest) be amortized in level payments, not less frequently than monthly, over a period not extending beyond five years from the date of the loan, unless such loan is used to acquire a dwelling unit which within a reasonable time (determined as the time the loan is made) will be used as the principal residence of the Member. An assignment or pledge of any portion of the Member's interest in the Plan and a loan, pledge, or assignment with respect to any insurance contract purchased under the Plan, will be treated as a loan under this paragraph.

G. No loan will be made in an amount less than $500.00, and only one loan may be outstanding to a Member at any time.

H. A Member may prepay an outstanding loan in full at any time without penalty.

I. If at any time prior to the full repayment of a loan, the Member should cease to be a Member by reason of his termination of employment (other than as the result of employment by HOVENSA), the unpaid balance owed by the Member on the loan shall be due and payable upon the later of the date of such termination of employment or the date of final payment of any salary continuation payments received by the Member in connection with such termination from which loan payments are deducted, and the amount of the distribution otherwise payable to the Member (or, in the case of his death to his Beneficiary) shall be reduced by the amount owed on the loan at the time of such distribution. If at any time prior to the full repayment of a loan, the Member should cease to be a Member by reason of his employment by HOVENSA, the Member's unpaid loan balance shall be handled as follows:

1. Prior to the Transfer Date, loan repayments will be made through payroll deductions and transmitted by HOVENSA to the Company for forwarding to the Trustee.

2. On and after the Transfer Date the loan balance will be transferred to the HOVENSA Plan with the other assets in the Member's Plan account, the loan shall be treated as having been made under the terms of the HOVENSA Plan, and shall be repaid to the HOVENSA Plan in accordance with the terms of the loan.

J. For the purposes of this Section 19.13, loans outstanding under the terms of the HOVENSA Plan which have not been repaid by the date that a HOVENSA Plan member's account is transferred to the Plan also will be transferred to the Plan, treated as having been made under the terms of the Plan, and repaid to the Plan in accordance with the terms of such loan.

ARTICLE 20
ROLLOVER AMOUNTS FROM OTHER PLANS

20.1 An Employee who would be eligible for membership in the Plan but for his failure to complete one year of Service, or a Member of the Plan, may, after submission of a request on a form or in a manner prescribed by the Committee, roll over to the Trustee all or a portion of the fair market value of —

A. an Eligible Rollover Distribution, or

B. an Individual Retirement Account derived from an Eligible Rollover Distribution, plus earnings thereon.

The rollover shall be effective on the earliest practicable Valuation Date following the later of receipt of the request on behalf of the Committee and receipt of the rolled-over funds by the Trustee.

20.2 The Committee shall establish such procedures, and may require such information from an Employee desiring to make a rollover described in Section 20.1, as it deems necessary or desirable to determine that the proposed rollover will meet the requirements of this Article.

20.3 The amount transferred shall be 100 percent vested in the Member and shall be invested as provided in Section 5.1A, but shall not be considered a Member’s contribution for purposes of Sections 3.1, 4.1, or 8.2. An Employee who would be eligible for membership in the Plan but for his failure to complete one year of Service who rolls over funds to the Trustee in accordance with the provisions of this Article will be treated as a Member of the Plan for all other purposes except that no Member contributions or Elective Deferrals shall be made until the Employee satisfies the normal requirements for Plan membership.

20.4 An Employee may elect to withdraw all or part of his total interest in the Plan derived from the amount rolled-over into the Plan. A request for such a withdrawal shall be made on a form or in a manner prescribed by the Committee. Such withdrawal shall be effective on the earliest practicable Valuation Date following receipt of the form on behalf of the Committee. Such a withdrawal shall have no effect on the Employee’s membership in the Plan.

20.5 Amounts transferred from the Corporate Plan or the HOVENSA Plan constituting rollover amounts to those plans made in accordance with the comparable provisions of the Corporate Plan or the HOVENSA Plan will be treated in the manner described above.

ARTICLE 21
PICK KWIK PLAN ACCOUNTS

21.1 The Pick Kwik Plan was merged into the Corporate Plan on December 31, 1997, and the accounts of all Pick Kwik Plan Participants shall be transferred to the Trustee as soon as practicable thereafter, including contributions and loan repayments for the month of December 1997. The amounts transferred from the Corporate Plan to the Plan with respect to Members of the Plan who are Pick Kwik Plan Participants shall include the amounts transferred from the Pick Kwik Plan.

21.2 A. Each Pick Kwik Plan Participant shall be fully vested in the value of the assets in his account transferred to the Plan from the Pick Kwik Plan.

B. The Member contributions of each Pick Kwik Plan Participant designated under the terms of the Pick Kwik Plan shall be deemed to be an election under the Plan until changed by the Member in accordance with Section 3.2.

C. The balance of any loan made to a Member from the Pick Kwik Plan which shall be outstanding on the date of the merger shall be deemed to a loan made under the Plan and shall be repaid to the Plan in accordance with the terms of such loan.

D. Until the individual participant records have been updated by the Pick Kwik Plan trustee as of the date of the merger and these records have been transferred to the Trustee’s recordkeeping system, no requests will be accepted for changes in Members’ Investment Directions under Paragraph 6.3B with respect to amounts previously invested, Voluntary Withdrawals under Article 8, or Loans under Article 19, and there will be no distributions due to termination of employment or membership under Article 9. The opportunity to make elections under Paragraph 6.3A with respect to amounts to be invested in the future will be available during the month of January 1998.

E. Any beneficiary designation and related consent of spouse in effect under the terms of the Pick Kwik Plan at the time of the transfer to the Corporate Plan shall be deemed to be effective under the Plan until changed by the Member in accordance with Section 1.8.

21.3 Assets transferred from the Pick Kwik Plan shall be recorded separately from the other assets of the Plan and shall be subject to the following special rules, notwithstanding any other provisions of the Plan to the contrary.

A. The initial investment of accounts transferred to the Plan shall be based on the funds in which the transferred assets were invested in the Pick Kwik Plan as follows.

1. Investments in the Emerald Treasury Money Market and the Barnett Stable Value funds shall be transferred to Fund A.

2. Investments in the Emerald Managed Bond Fund shall be transferred to Fund D.

3. Investments in the Emerald Equity Fund and Emerald Small Cap Fund shall be transferred to Fund G.

B. The initial Investment Direction with respect to Member contributions made after the date of the merger shall be based on the funds in which the transferred assets were invested in the Pick Kwik Plan as shown in Paragraph A above, and future Company contributions to the Plan shall be invested in Amerada Hess Corporation common stock.

C. When the recordkeeping requirements of Paragraph D of Section 21.2 have been satisfied, the assets transferred from the Pick Kwik Plan derived from participant contributions will be invested in accordance with the Member's then current Investment Direction. Unless and until such Investment Direction is received, said assets will be invested as described in Paragraph A of this Section.

D. Only funds derived from the Thrift Contribution and Employer Thrift Contributions Accounts of the Pick Kwik Plan shall be subject to Voluntary Withdrawal under Article 8.

E. No hardship withdrawals shall be allowed.

21.4 The following special rules shall apply to Pick Kwik Plan Participants in addition to the other provisions of the Plan.

A. Definitions

1. Account: "Account" shall mean all funds invested under the terms of the Plan by or on behalf of a Member, including, but not limited to, the assets transferred from the Pick Kwik Plan.

2. Annuity Starting Date: "Annuity Starting Date" shall mean (a) the first day of the first period for which an amount is payable as an annuity under the Plan; or (b) in the case of a benefit not payable as an annuity, the first day on which all events have occurred that entitle the Member to that benefit under the Plan.

3. Eligible Spouse: “Eligible Spouse” shall mean a Member’s husband or wife.

4. Qualified Joint and Survivor Annuity: “Qualified Joint and Survivor Annuity” shall mean (a) in the case of a Member who has an Eligible Spouse, an annuity for the life of the Member with a survivor annuity for the life of his spouse that is 50% of the amount of the annuity payable during the joint lives of the member and his spouse; provided, however, that such annuity shall be the actuarial equivalent of the benefit that would otherwise be paid to the Member; and (b) in the case of any other Member, an annuity for the life of the Member.

5. Qualified Preretirement Survivor Annuity: “Qualified Preretirement Survivor Annuity” shall mean a survivor annuity for the life of the surviving Eligible Spouse of the Member equal to 100% of the value of the Member’s Account and that begins within a reasonable time following the death of the Member. The Qualified Preretirement Survivor Annuity shall proportionately represent Employer and Employee contributions.

B. Qualified Joint and Survivor Annuity.

1. In the case of a vested Member who is living on his Annuity Starting Date, any benefit due to a voluntary complete withdrawal under Article 8, or termination of employment or membership under Article 9 shall be paid in the form having the effect of a Qualified Joint and Survivor Annuity, unless the Member elects in writing not to take a Qualified Joint and Survivor Annuity. For purposes of this paragraph, a Member vested only in Employee contributions will be deemed a vested Member.

2. Any such election shall be invalid and shall not take effect unless:

(a) it is made by the Member and received by or on behalf of the Committee during the 90-day period ending on the Annuity Starting Date; and

(b) in the case of Member who has an Eligible Spouse, the Eligible Spouse consents or has consented in writing to the Member’s election not to take the Qualified Joint and Survivor Annuity, such consent acknowledges the effect of such election and such consent is witnessed by a representative of the Plan or a notary public; or the Member or his Beneficiary establishes to the satisfaction of the Committee that the consent otherwise required may not be obtained because there is no Eligible Spouse, because the Eligible Spouse cannot be located or because of such other circumstances as may be prescribed by the Secretary of the Treasury. Any consent by an Eligible Spouse shall only be effective with respect to such spouse. A spouse's consent may be either a restricted consent (which may not be changed as to either the Beneficiary or the form of payment unless the spouse consents to such change in the manner described herein) or a blanket consent (which acknowledges that the spouse has the right to limit consent only to a specific Beneficiary or a specific form of payment, and that the spouse voluntarily elects to relinquish one or both of such rights).

3. At least 30 days, but no more than 90 days, before the Annuity Starting Date, a Member shall be provided a form for the purpose of making the appropriate elections under the foregoing provisions of this paragraph B. Accompanying such election form shall be a written explanation of (a) the terms and conditions of a Qualified Joint and Survivor Annuity; (b) the Member's right to make and the effect of an election to waive the Qualified Joint and Survivor Annuity form of benefit; (c) the material features, and an explanation of the relative values of, the optional forms of benefit available under the Plan; (d) the rights of a Member's spouse; and (e) the right to make, and the effect of, a revocation of a previous election to waive the Qualified Joint and Survivor Annuity. Once an election is made, it may be revoked in writing. Thereafter, another election may be made; provided, however, that the new election is received by the Administrator prior to the date on which payment of benefits commences and the other provisions of this paragraph B are met with respect to such new election.

4. If benefits are paid under the Plan in a form having the effect of a Qualified Joint and Survivor Annuity, the Committee may, in its discretion, purchase and distribute a nontransferable and nonrefundable annuity contract that provides such benefits; provided, however, that the terms of any such annuity contract (deferred or otherwise) shall comply with the requirements of this Plan.

5. For purposes of determining the amount of a Qualified Joint and Survivor Annuity, the Account balance of a Member shall be reduced by any security interests held by the Plan by reason of a loan outstanding to the Member at the time of payment, if such security interest is to be treated as payment in satisfaction of a loan under the Plan.

C. Qualified Preretirement Survivor Annuity.

1. If a vested Member dies before his Annuity Starting Date and has an Eligible Spouse on the date of his death, any death benefit provided under the Plan shall

be paid in the form having the effect of a Qualified Preretirement Survivor Annuity. For purposes of this paragraph, a Member vested only in Employee contributions will be deemed a vested Member.

2. If the Member's death benefit is payable to his Eligible Spouse as a Qualified Preretirement Survivor Annuity under subparagraph 1, the Eligible Spouse may waive the annuity form of benefit after the Member's death and select an optional form of benefit as provided in Paragraph E.

3. If benefits are paid under the Plan in a form having the effect of a Qualified Preretirement Survivor Annuity, the Committee may, in its discretion, purchase and distribute a nontransferable and nonrefundable annuity contract that provides such benefits; provided, however, that the terms of any such annuity contract (deferred or otherwise) shall comply with the requirements of this Plan.

4. For purposes of determining the amount of a Qualified Preretirement Survivor Annuity, the Account balance of a Member shall be reduced by any security interest held by the Plan by reason of a loan outstanding to the Member at the time of death, if such security interest is to be treated as payment in satisfaction of the loan under the Plan.

C. Qualified Preretirement Survivor Annuity.

1. If a vested Member dies before his Annuity Starting Date and has an Eligible Spouse on the date of his death, any death benefit provided under the Plan shall be paid in the form having the effect of a Qualified Preretirement Survivor Annuity unless the Member elects in writing not to receive a Qualified Preretirement Survivor Annuity. For purposes of this paragraph, a Member vested only in Employee contributions will be deemed a vested Member.

2. Such election shall be invalid and shall not take effect unless:

(a) it is made by the Member and received by or on behalf of the Committee during the period that begins on the first day of the Plan Year in which the Member reaches age 35 and that ends on the date of the Member's death subject to such regulations as may be issued by the Secretary of Treasury; and

(b) the Member's Eligible Spouse consents or has consented in writing to such election, such consent acknowledges the effect of such election and such consent is witnessed by a representative of the Plan or a notary public; or the Member or his Beneficiary establishes to the satisfaction of the Committee that the consent otherwise required may not be obtained because there is no Eligible Spouse, because the spouse cannot be located or because of such other circumstances as may be prescribed by the Secretary of the Treasury. Any consent by an Eligible Spouse shall only be effective with respect to such spouse. A spouse's consent may be either a restricted consent (which may not be changed as to the Beneficiary or (except as otherwise permitted by law) form of payment unless the spouse consents to such change in the manner described herein) or a blanket consent (which acknowledges that the spouse has the right to limit consent only to a specific Beneficiary or a specific form of payment, and that the spouse voluntarily elects to relinquish one or both of such rights).

3. A Member shall be provided a form for the purpose of making the appropriate elections under the foregoing provisions of this paragraph C. Such form shall be provided (subject to such regulations as may be issued by the Secretary of the Treasury) during such of the following periods as shall end last:

(a) the period beginning with the first day of the Plan Year in which the Member attains age 32 and ending with the last day of the Plan Year preceding the Plan Year in which the Member attains age 35;

(b) a reasonable period after he becomes a Member;

(c) a reasonable period after his employment is terminated in the case of a Member whose employment is terminated before he attains age 35; or

(d) a reasonable period ending after the survivor annuity requirements of Sections 401(a)(11) and 417 of the Code apply to a participant.

Accompanying such election form shall be a written explanation of the terms and conditions and the financial effect of the election and of the rights of the Member's Eligible Spouse. Once an election is made, it may be revoked in writing. Thereafter, another election may be made; provided that the new election is received by the Administrator prior to the Member's death and the other provisions of this paragraph C are met with respect to such new election.

4. If the Member's death benefit is payable to his Eligible Spouse as a Qualified Preretirement Survivor Annuity under subparagraph 1, or if an Eligible Spouse executes a restricted consent waiving a Qualified Preretirement Survivor Annuity as provided in subparagraph 2(b), the Eligible Spouse, or the Member's designated

Beneficiary, as the case may be, may waive the annuity form of benefit after the Member's death and select an optional form of benefit as provided in Paragraph E.

5. If benefits are paid under the Plan in a form having the effect of a Qualified Preretirement Survivor Annuity, the Committee may, in its discretion, purchase and distribute a nontransferable and nonrefundable annuity contract that provides such benefits; provided, however, that the terms of any such annuity contract (deferred or otherwise) shall comply with the requirements of this Plan.

6. For purposes of determining the amount of a Qualified Preretirement Survivor Annuity, the Account balance of a Member shall be reduced by any security interest held by the Plan by reason of a loan outstanding to the Member at the time of death, if such security interest is to be treated as payment in satisfaction of the loan under the Plan.

D. Lump Sum Payment. Notwithstanding Paragraphs B and C of this Section 21.4, any benefit provided under the Plan that is not more than $5,000 shall be paid in the form of a lump sum.

E. Alternative Methods of Payment.

1. In the case of any Member to whom the provisions of paragraphs B, C and D of this Section 21.4 do not apply, the manner of payment of his distribution or death benefit shall be determined by such Member, or, in case such Member has died, his Beneficiary or Beneficiaries. The options are:

(a) Option A — Such amount shall be paid or applied in annual installments as nearly equal as practicable; provided, however, that no annual payment shall be less than $100; and provided, further, that the Member or his Beneficiary may elect to accelerate the payment of any part or all of the unpaid installments or to provide that the unpaid balance shall be used for the benefit of the Member or his Beneficiary under Option B. In the event this option is selected, the portion of the Account of a Member, or, in case such Member is dead, of his Beneficiary or Beneficiaries, that is not needed to make annual payments during the then current Plan Year shall remain a part of the Plan assets. Installments shall be made as follows:

(i) In the case of a retirement, disability or termination benefit, in no event shall payments under this Option A extend beyond the life expectancy of the Member or the joint life expectancy of the Member and his Beneficiary. If the

Member dies before receiving the entire amount payable to him, the balance shall be paid to his Beneficiary; in each case the balance shall be distributed at least as rapidly as under the method being used prior to the Member’s death.

(ii) In the case of a death benefit, payment under this Option A

(A) to the designated Beneficiary shall begin within one year following the Member’s death (unless the Beneficiary is the Member’s surviving spouse, in which case such benefit shall begin no later than the date the Member would have reached age 70-1/2) and shall not, in any event, extend beyond the life expectancy of the designated Beneficiary; or

(B) to any other Beneficiary shall be totally distributed within five years from the date of the Member’s death.

(b) Option B — Such amount shall be paid in a lump sum.

2. The Member (or his spouse) shall be permitted to elect whether life expectancies will be recalculated for purposes of distributions hereunder. Such election must be made by the Member (or his spouse) no later than the date that distributions are required to commence pursuant to Section 401(a)(9) of the Code. If the Member (or his spouse) fails to make such election, life expectancies shall not be recalculated.

3. Notwithstanding the foregoing, payments under any of the options described in this paragraph shall satisfy the incidental death benefit requirements and all other applicable provisions of Section 401(a)(9) of the Code, the regulations issued thereunder, and such other rules thereunder as may be prescribed by the Commissioner.

21.5 The Qualified Joint and Survivor Annuity and Qualified Preretirement Survivor Annuity shall not be available to a Member who receives a complete distribution of his vested interest from the Plan, including amounts attributable to Company contributions, and subsequently resumes membership in the Plan.

21.6 Sections 21.4 and 21.5 shall be deleted in their entirety on the later of November 1, 2001, or 90 days after the date on which the Pick Kwik Plan Participants are provided with a summary of material modifications reflecting the elimination of all optional forms of benefits except the complete distribution of their vested interest in the Plan in a single sum as specified in Articles 8 and 9, said single sum being otherwise identical to the optional forms of benefit that are being eliminated.

ARTICLE 22
COORDINATION WITH CORPORATE PLAN

22.1 The accounts of all members of the Corporate Plan employed in Company-operated gasoline stations or convenience stores shall be transferred to the Plan as soon as practicable after the Effective Date, including contributions and loan repayments for the month of December 1997, and the accounts of members whose employment has terminated if their distributions are not processed from the Corporate Plan in December 1997. The sum of the account balances of the Corporate Plan and of the Plan shall equal the fair market value (as of the date of the spinoff) of the combined plan assets; and immediately after the spinoff, the assets in each of the plans shall equal the sum of the account balances for all of the Members in that plan.

22.2 Notwithstanding any other provisions of the Plan to the contrary, in connection with the establishment of the Plan, the transfer of assets from the Corporate Plan and the creation of the necessary records by Fidelity Institutional Retirement Services Company, no requests will be accepted for changes in Member contributions under Article 3, changes in Members' Investment Directions under Article 6 with respect to amounts previously invested, Voluntary Withdrawals under Article 8, or Loans or Hardship Withdrawals under Article 19, and there will be no distributions due to termination of employment or membership under Article 9 until a date in march 1998 to be determined by the committee and announced in advance to Plan Members. (Changes in Investment Direction under Article 6 with respect to future contributions may be made during January 1998.)

22.3 The accounts of any Members of the Plan who subsequently become eligible for participation in the Corporate Plan will be handled in the manner described in Section 9.5.

22.4 The account of any member of the Corporate Plan who becomes eligible for participation in the Plan shall be transferred to the Plan as soon as practicable thereafter. Such an individual shall become a Member of the Plan without further action, all accrued rights and interests of such Member as of the date of such transfer shall be preserved under the Plan, and in no event shall such Member be deprived of any benefits under the Corporate Plan which shall have accrued to him as of the effective date of the transfer, provided, however, that such a transferred Member shall not be permitted to make Elective

Deferrals to the Plan until he has satisfied the requirements of Section 2.1. The following special rules shall apply to such a transferred Member.

A. The Member contributions of each transferred Member designated under the terms of the Corporate Plan shall be deemed to be an election under the Plan until changed by the Member in accordance with Section 3.2, provided, however, that if such contributions exceeded 15%, the deemed election under the Plan shall be 15%.

B. The Investment Direction of each transferred Member shall be deemed to be the same as his election under the terms of the Corporate Plan until changed by the member in accordance Section 6.3.

C. Any suspension of member contributions in effect under the terms of the Corporate Plan at the time of the transfer to the Plan shall be deemed to be effective in accordance with Sections 3.4 and 3.5.

D. Any loan made to a Member from the Corporate Plan shall be deemed to have been made under the Plan and the outstanding balance shall be repaid to the Plan in accordance with the terms of such loan. Notwithstanding the provisions of Paragraph 19.13 G, a Member may have two outstanding loans if they were made under the terms of the Corporate Plan on or after January 1, 2002.

E. Any beneficiary designation and related consent of spouse in effect under the terms of the Corporate Plan at the time of the transfer to the Plan shall be deemed to be effective under the Plan until changed by the Member in accordance with Section 1.8.

F. The interest of the transferred Member in the assets of the Plan derived from Company contributions to the Corporate Plan shall be vested upon transfer to the Plan if such assets were vested under the terms of the Corporate Plan.

22.5 Notwithstanding any provisions of the Plan to the contrary, it is the intention of this Article 22 to coordinate all of the provisions of the Plan with those of the Corporate Plan to enable the two plans to operate together to provide benefits as though they were one. Notwithstanding any provisions of the Plan to the contrary, the Plan is to be interpreted to achieve this objective.

ARTICLE 23
COORDINATION WITH HOVENSA PLAN

23.1 The accounts of any Members of the Plan who become employed by HOVENSA will be handled in the manner described in Section 9.5.

23.2 The account of any member of the HOVENSA Plan who becomes employed by a Company shall be transferred to the Plan as soon as practicable thereafter. Such an individual shall become a Member of the Plan without further action, all accrued rights and interests of such Member as of the date of such transfer shall be preserved under the Plan, and in no event shall such Member be deprived of any benefits under the HOVENSA Plan which shall have accrued to him as of the effective date of the transfer. The following special rules shall apply to such a transferred Member.

A. The Member contributions of each transferred Member designated under the terms of the HOVENSA Plan shall be deemed to be an election under the Plan until changed by the Member in accordance with Section 3.2.

B. The Investment Direction of each transferred Member shall be deemed to be the same as his election under the terms of the HOVENSA Plan until changed by the member in accordance Section 6.3.

C. Any suspension of member contributions in effect under the terms of the HOVENSA Plan at the time of the transfer to the Plan shall be deemed to be effective in accordance with Sections 3.4 and 3.5.

D. Any loan made to a Member from the HOVENSA Plan shall be deemed to have been made under the Plan and the outstanding balance shall be repaid to the Plan in accordance with the terms of such loan.

E. Any mutual fund investments derived from employer contributions to the HOVENSA Plan which are transferred to the Plan shall be invested in accordance with the Member’s investment direction made with respect to his own contributions to the HOVENSA Plan until changed by the Member in accordance with Section 3.2. Such mutual fund investments shall remain subject to the Member’s investment direction in the Plan.

F. Any shares of common stock of Amerada Hess Corporation derived from Company contributions originally transferred to the HOVENSA Plan which are transferred to the Plan shall remain invested in such stock and shall not be subject to the Member's investment direction in the Plan.

G. Any beneficiary designation and related consent of spouse in effect under the terms of the HOVENSA Plan at the time of the transfer to the Plan shall be deemed to be effective under the Plan until changed by the Member in accordance with Section 1.9.

23.3 Notwithstanding any provisions of the Plan to the contrary, it is the intention of this Article 23 to coordinate all of the provisions of the Plan with those of the HOVENSA Plan to enable the two plans to operate together as though they were one, and the Plan is to be interpreted to achieve this objective.

ARTICLE 24
MERIT PLAN ACCOUNTS

24.1 The Merit Plan shall be merged into the Corporate Plan on December 31, 2000, at which time legal control of the assets of the Merit Plan shall pass to the Corporate Plan, and the accounts of all Merit Plan Participants shall be transferred to the Trustee as soon as practicable thereafter, including contributions for the month of December 2000. The account balance of any Merit Plan Participant who is eligible for participation in the Plan shall be transferred to the Plan from the Corporate Plan in the manner described in Section 9.5 of the Corporate Plan. In the rest of this Article 24, such amounts shall be described as funds, accounts or assets transferred from the Merit Plan.

24.2 A. Each Merit Plan Participant shall be fully vested in the value of the assets in his account transferred from the Merit Plan on the date of the merger, and shall become a Member of the Plan on that date.

B. The Member contributions of each Merit Plan Participant designated under the terms of the Merit Plan shall not apply under the Plan, and each such Merit Plan Participant must make the election required by Section 3.1 before contributing to the Plan.

C. Until the individual participant records have been updated by the Merit Plan trustee as of the date of the merger and these records have been transferred to the Trustee's recordkeeping system, no requests will be accepted for (i) changes in Members' Investment Directions under Paragraph 6.3B with respect to amounts previously invested, (ii) Voluntary Withdrawals under Article 8, or (iii) loans under Article 19, and there will be no distributions due to termination of employment or membership under Article 9. The opportunity to make contribution elections under Paragraph 3.1 and to make elections under Paragraph 6.3A with respect to amounts to be invested in the future will be available starting during the month of December 2000.

D. Any beneficiary designation and related consent of spouse in effect under the terms of the Merit Plan at the time of the transfer to the Plan shall be deemed to be effective under the Plan until changed by the Member in accordance with Section 1.8.

24.3 Assets transferred from the Merit Plan shall be recorded separately from the other assets of the Plan and shall be subject to the following special rules, notwithstanding any other provisions of the Plan to the contrary.

A. The initial investment of accounts transferred to the Plan in the Funds specified in Section 5.1 shall be based on the funds in which the transferred assets were invested in the Merit Plan as follows.

1. Investments in the Thrift Cash Fund shall be transferred to Fund A.

2. Investments in the Thrift Bond Fund shall be transferred to Fund D.

3. Investments in the Thrift Balanced Fund shall be transferred to Fund E.

4. Investments in the Thrift Growth Fund shall be transferred to Fund G.

B. When the recordkeeping requirements of Paragraph C of Section 24.2 have been satisfied, the assets transferred from the Merit Plan derived from participant contributions will be invested in accordance with the Member’s then current Investment Direction. Unless and until such Investment Direction is received, said assets will be invested as described in Paragraph A of this Section.

C. No hardship withdrawals shall be allowed from the funds transferred from the Merit Plan.

24.4 The following special rules shall apply to Merit Plan Participants with respect to the assets transferred from the Merit Plan in addition to the other provisions of the Plan. These rules shall apply until the later of March 31, 2000, or 90 days after the date on which the Merit Plan Participants are provided with a summary of material modifications reflecting the elimination of all optional forms of benefits except the complete distribution of their vested interest in the Plan in a single sum as specified in Articles 8 and 9, said single sum being otherwise identical to the optional forms of benefit that are being eliminated. All words with initial capitals in the following paragraphs of this Section 24.4 are used as defined in the Merit Plan, and all references to sections are to those in the Merit Plan.

A. Benefit Forms

1. Retirement and Termination Benefits. Vested, Disability and retirement benefits shall be distributed as the Member shall elect, subject to subsection 10(e), in accordance with uniform rules established by the Committee, from the alternatives below:

(a) a straight life annuity for the Member’s life;

(b) a joint and survivor annuity with the Member's spouse as contingent annuitant under which the amount payable to the Member's spouse is 50% of the monthly amount which is payable to the Member during his lifetime;

(c) approximately equal monthly, quarterly, semi-annual or annual installments over any period of time not exceeding the Member's life expectancy at the commencement of distribution, or, if the Member has designated a beneficiary, the joint life expectancy of the Member and the Member's designated beneficiary, and in the event of the Member's death during such period, the remainder shall be payable as a death benefit in accordance with Sections 8 and 10 to the Member's beneficiary;

(d) a lump sum payment; or

(e) any combination of the foregoing.

For purposes of this subsection, life expectancy shall be determined by the Committee in accordance with applicable regulations under the Code. The method so adopted by the Committee shall be uniformly applied to all Members.

2. Death Benefits. Death benefits shall be distributed in one lump sum or in installments within a period not extending beyond five years of the Member's date of death unless payment of benefits commenced under a form of annuity or installment payment before the Member's death in which case benefits shall be paid at least as rapidly as under the method of distribution in effect on the Member's date of death; provided, however,

(a) if any portion of the Member's Accrued Benefit is payable to or for the benefit of a designated beneficiary, such portion may be distributed over a period of time not exceeding the life expectancy of such designated beneficiary, provided distribution begins not later than one year after the date of the Member's death or such later date as applicable regulations under the Code may permit; or

(b) if the designated beneficiary referred to in subsection 10(b)(ii)(A) is the Member's surviving spouse, (1) the date on which the distribution is required to begin shall not be earlier than the date on which the Member would have attained age 70-1/2, (2) the benefit amount will be used to purchase a straight life annuity for the spouse's life unless the spouse elects another form of settlement permitted under the Plan and (3) if the surviving spouse should die before distribution to such spouse begins, this subsection 10(b)(ii) shall apply as if the surviving spouse were the Member.

B. Deferred Payments and Installments. If benefits are to be paid directly by the Trustee in installments or if the payment of benefits is to be deferred, the net value of the benefit determined in accordance with the provisions of Section 9 shall be retained in the Fund subject to the administrative provisions of the Plan and the Trust Agreement. The Committee, according to a uniform rule, may direct the Trustee to segregate all or a portion of the benefit amount into a separate investment account designed to protect principal and yield a reasonable investment return consistent with the preservation of principal and the obligation to make installment payments.

C. Annuity Purchases. If benefits are to be paid in a form of annuity under subsections 10(b)(i)(A), (B) or (E), the Committee shall direct the Trustee to apply the Member’s Accrued Benefit to purchase an appropriate nontransferable annuity contract and to deliver it to the Member.

D. Required Annuity

1. Married Member. If a Member has been married to his current spouse for at least one year on the date on which benefit payments are to commence and his nonforfeitable Accrued Benefit exceeds $5,000, benefits will be distributed in the form described under subsection 10(b)(i)(B) unless the Member, with the written consent of his spouse witnessed by a notary public or a member of the Committee in a manner prescribed by the Committee, elects an alternate form of settlement. Further, no total or partial distribution may be made after the annuity starting date where the present value of the benefit exceeds $5,000 unless the Member and his spouse (or where the Member has died, the surviving spouse) consent in writing witnessed by a notary public or a member of the Committee in a manner prescribed by the Committee prior to such distribution. The consent of the Member and his spouse must be obtained not more than 90 days before the date distribution commences. The Committee shall furnish to such Member a written notification of the availability of the election hereunder at least 90 days before the Member’s anticipated benefit commencement date or, if a Member notifies the Committee of his intent to terminate employment less than 90 days before the proposed benefit commencement date, as soon after the Member notifies the Committee as is administratively feasible. The notification shall explain the terms and conditions of the joint and survivor annuity described in subsection 10(b)(i)(B) and the effect of electing not to take such annuity. The Member may, within a period of 90 days after receipt of the written notification or such longer period

as the Committee may uniformly make available, complete the election. The Member may revoke an election not to take the joint and survivor annuity described in subsection 10(b)(i)(B) or choose again to take such annuity at any time and any number of times within the applicable election period. If a Member requests additional information within 60 days after receipt of the notification of election, the minimum election period shall be extended an additional 60 days following his receipt of such additional information.

2. Single Member. If a Member is not married on the date on which benefits are to commence and his nonforfeitable Accrued Benefit exceeds $5,000, benefits will be distributed in the form described under subsection 10(b)(i)(A) unless the Member elects an alternate form of settlement.

E. Lump Sum Distributions. Benefits distributed in one lump sum shall be adjusted under subsection 7(f) on the Valuation Date coincident with or last preceding distribution.

F. Small Benefit Payments. Notwithstanding any other provision of the Plan, if (1) a Member's vested Accrued Benefit or (2), if the Member has died, the designated beneficiary's benefit, is $5,000 or less at the Member's separation from service, his benefit shall be paid in a cash lump sum without his consent as soon as administratively feasible following such date of determination. If the Member does not have a vested interest in his Accrued Benefit at his separation from service, he shall be deemed to have received a distribution of his entire vested Accrued Benefit. Notwithstanding anything in this subsection 10(i) to the contrary, if (1) a Member's vested Accrued Benefit or (2) if the Member has died, the designated beneficiary's benefit, is $5,000 or less as of May 1, 1998, his benefit shall be paid in a cash lump sum without his consent as soon as administratively feasible following such date of determination.

AMENDMENT 1

Notwithstanding any provision of this plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

AMENDMENT 2

Loan repayments will be suspended under this plan as permitted under Section 414(u)(4) of the Internal Revenue Code.

Model Amendment for Section 415(c)(3) Compensation Definition

For limitation years beginning on and after January 1, 2001, for purposes of applying the limitations described in Sections 1.2, 1.15, 1.20, 1.22, 1.30, 4.4 B, 18.2 A 1, 18.2 C 2, 18.3 B, 18.4 and 19.5 of the Plan, compensation paid or made available during such limitation years shall include elective amounts that are not includible in the gross income of the employee by reason of section 132(f)(4).

This amendment shall also apply to the definition of Compensation for purposes of Section 1.16 of the Plan for Plan Years beginning on and after January 1, 2001.

Model Amendment

With respect to distributions under the Plan made for calendar years beginning on or after January 1, 2002, the Plan will apply the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code in accordance with the regulations under section 401(a)(9) that were proposed on January 17, 2001, notwithstanding any provision of the Plan to the contrary. This amendment shall continue in effect until the end of the last calendar year beginning before the effective date of final regulations under section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service.

AMENDMENT OF THE PLAN FOR EGTRRA

A. Adoption and effective date of amendment.

This amendment of the Plan is adopted to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”). This amendment is intended as good faith compliance with the requirements of EGTRRA and is to be construed in accordance with EGTRRA and guidance issued thereunder. Except as otherwise provided, this amendment shall be effective on January 1, 2002.

B. Limitations on Contributions

1. Effective date. This section shall be effective for limitation years beginning after December 31, 2001.

2. Maximum annual addition. Except to the extent permitted under Paragraph J of this amendment and section 414(v) of the Code, if applicable, the annual addition that may be contributed or allocated to a Member’s account under the Plan for any limitation year shall not exceed the lesser of:

a. $40,000, as adjusted for increases in the cost-of-living under section 415(d) of the Code, or

b. 100 percent of the Member’s compensation, within the meaning of section 415(c)(3) of the Code, for the limitation year.

The compensation limit referred to in (b) shall not apply to any contribution for medical benefits after separation from service (within the meaning of section 401(h) or section 419A(f)(2) of the Code) which is otherwise treated as an annual addition.

C. Increase in Compensation Limit

The annual compensation of each Member taken into account in determining allocations for any Plan Year beginning after December 31, 2001, shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. Annual compensation means compensation during the Plan Year or such other consecutive 12-month period over which compensation is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

D. Direct Rollovers of Plan Distributions

1. Effective date. This section shall apply to distributions made after December 31, 2001.

2. Modification of definition of eligible retirement plan. For purposes of the direct rollover provisions in Section 16.7 of the Plan, an eligible retirement plan shall also mean an annuity contract described in section 403(b) of the Code and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political sub-division of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in section 414(p) of the Code.

3. Modification of definition of eligible rollover distribution to exclude hardship distributions. For purposes of the direct rollover provisions in Section 16.7 of the Plan, any amount that is distributed on account of hardship shall not be an eligible rollover distribution and the distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan.

4. Modification of definition of eligible rollover distribution to include after-tax employee contributions. For purposes of the direct rollover provisions in Section 16.7 of the Plan, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

E. Rollovers from Other Plans

The Plan will accept Member rollover contributions or direct rollovers of distributions made after December 31, 2001, from the types of plans specified below, beginning on January 1, 2002.

1. Direct Rollovers:

The Plan will accept a direct rollover of an eligible rollover distribution from:

a. a qualified plan described in section 401(a) or 403(a) of the Code, excluding after-tax employee contributions;

b. an annuity contract described in section 403(b) of the Code, excluding after-tax employee contributions; or

c. an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

2. Member Rollover Contributions from IRAs:

The Plan will not accept a Member rollover contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

F. Rollovers Disregarded in Involuntary Cash-outs

Rollovers disregarded in determining value of account balance for involuntary distributions.

With respect to distributions made after December 31, 2001, for purposes of Section 9.1 B 1 of the Plan, the value of a Member's nonforfeitable account balance shall be determined without regard to that portion of the account balance that is attributable to rollover contributions (and earnings allocable thereto) within the meaning of sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Code. If the value of the Member's nonforfeitable account balance as so determined is $5,000 or less, the Plan shall immediately distribute the Member's entire nonforfeitable account balance.

G. Repeal of Multiple Use Test

The multiple use test described in Treasury Regulation section 1.401(m)-2 and Paragraph 19.7 C of the Plan shall not apply for Plan Years beginning after December 31, 2001.

H. Elective Deferrals — Contribution Limitation

No Member shall be permitted to have elective deferrals made under this Plan, or any other qualified plan maintained by the employer during any taxable year, in excess of the dollar limitation contained in section 402(g) of the Code in effect for such taxable year, except to the extent permitted under Paragraph J of this amendment and section 414(v) of the Code, if applicable.

I. Modification of Top-heavy Rules

The top-heavy requirements of section 416 of the Code and Article 18 of the Plan shall not apply in any year beginning after December 31, 2001, in which the Plan consists solely of a cash or deferred arrangement which meets the requirements of section 401(k)(12) of the Code and matching contributions with respect to which the requirements of section 401(m)(11) of the Code are met.

J. Catch up Contributions

All employees who are eligible to make elective deferrals under this Plan and who have attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such catch-up contributions. Catch-up Contributions shall apply to contributions after March 31, 2002.

K. Distribution Upon Severance from Employment

1. Effective date. This section shall apply for distributions after December 31, 2001, regardless of when the severance from employment occurred.

2. New distributable event. A Member’s elective deferrals, qualified non-elective contributions, qualified matching contributions, and earnings attributable to these contributions shall be distributed on account of the Member’s severance from employment. However, such a distribution shall be subject to the other provisions of the Plan regarding distributions, other than provisions that require a separation from service before such amounts may be distributed.

IN WITNESS WHEREOF, the Principal Company, by its duly authorized officers, has caused these presents to be signed this 15th day of March 2002.

AMERADA HESS CORPORATION

By: /s/ Neal Gelfand

Neal Gelfand, Senior Vice President

By: /s/ Carl T. Tursi

Carl T. Tursi, Secretary

Exhibit 10(18)

AMERADA HESS CORPORATION
1185 Avenue of the Americas
New York, New York 10036

May 17, 2001

JOHN B. HESS
Chairman of the Board
(212) 536-8514
FAX: (212) 536-8494

Mr. John Rielly
17 Sherbrook Drive
Berkeley Heights, New Jersey 07922-2345

Dear Mr. Rielly:

This letter will confirm our understanding concerning your participation in the Amerada Hess Corporation Pension Restoration Plan (the "PRP") and the deferred compensation you will receive in connection with your employment by Amerada Hess Corporation (the "Corporation") as Vice President and Controller on April 2, 2001.

The Compensation Committee of the Corporation's Board of Directors has determined that you will receive Prior Service (as defined in Section 4.1 of the PRP) for 16 1/2 years of related experience with Ernst & Young LLP ("E&Y") acquired prior to the date of your employment by the Corporation for the purpose of determining PRP benefits, provided, however, that the service requirements for vesting and early retirement under the PRP shall be based on actual service with the Corporation.

In general, PRP benefits are calculated as a life annuity based on the formula of the Corporation's Employees' Pension Plan (the "Pension Plan") as though your Prior Service counted under that plan, and there were no legal limits on qualified plan benefits or annual compensation. The resulting amount is reduced as necessary to account for any payment before age 65 or in any form other than a life annuity based on the actuarial factors used to determine Pension Plan benefits. Then the amount is reduced by subtracting any benefits payable from the Pension Plan. Finally, the PRP amount is reduced by:

> ". . . the monthly benefit actually payable to or on behalf of the Member under the qualified and nonqualified pension plans of any prior employers derived from periods of employment with such employers for which credit for Prior Service was granted, or such amounts as would be payable from investments made with the proceeds of lump sum payments received by the Member from such other plans in a manner determined by the Committee at the time credit for such Prior Service is granted . . . ."

You have advised us that the only pension you are entitled to receive as a result of your employment with E&Y is a monthly benefit from the general employee plan, which is payable when you eventually retire. The life annuity equivalent of this E&Y pension will be coordinated with the PRP benefit at the time of your retirement as described above.

Nothing contained in the Pension Plan, PRP or this letter shall be construed as a contract of employment or as changing the normal terms of the employment relationship.

To qualify for the deferred compensation payments described above, you must sign and return the enclosed copy of this letter by July 13, 2001. If you do not sign and return the letter by then, the deferred compensation payments will not be made available to you in the future.

The deferred compensation plan described above is unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974. You would have the status of a general unsecured creditor of the Corporation with respect to plan payments. The plan constitutes a mere promise to make benefit payments in the future. Your rights with respect to any such payments would not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by your creditors or the creditors of your beneficiaries.

Please indicate your acceptance of and agreement to the foregoing by signing the enclosed copy of this letter in the space provided below and returning it to me.

Yours truly,

AMERADA HESS CORPORATION

/s/ JOHN B. HESS

By: John B. Hess

Accepted and Agreed to by:

/s/ JOHN P. RIELLY

John Rielly

May 17, 2001

Date

Development of new oil and gas fields will provide future growth in value.

Llano Field, Gulf of Mexico

EXPLORATION & PRODUCTION

Amerada Hess made several important oil and gas discoveries in 2002. The Corporation will begin developing a number of these discoveries and is appraising others.

Production

Production increased in 2002 to 451,000 barrels of oil equivalent per day from 433,000 barrels per day in 2001. In 2003, overall production is estimated to drop by about 20% primarily as a result of portfolio reshaping, the Ceiba production plan and natural declines in mature fields.

In Algeria, the Gassi El Agreb redevelopment project operated by SonaHess, a joint operating company between Amerada Hess and Sonatrach, is proceeding well. Production is expected to increase in 2003 to about 19,000 barrels of oil per day for the Corporation from 15,000 barrels per day in 2002.

Late in 2003, production from the Valhall Field (AHC 28.09%) in the Norwegian North Sea will begin to increase as a result of the ongoing enhanced recovery, waterflood project.

The Ceiba Field, which Amerada Hess operates with an 85% working interest, is responding positively to water injection. It will be produced at a lower rate and over a longer period than originally planned. Full field development will continue in 2003, with additional water injection and production wells being drilled.

In Indonesia, Amerada Hess will obtain an interest in Natuna A by transferring its shares of Premier Oil, a British oil company, to Premier in exchange for an equity interest in the block. Upon completion of the transaction, the Corporation’s net share of production will be about 5,000 barrels of oil equivalent per day.

Development

Late in 2002, Amerada Hess submitted development plans for the Okume, Oveng and Elon Fields in the Rio Muni Basin offshore Equatorial Guinea to the Government for approval. First oil from these fields is targeted for 2005.

In the United Kingdom, the Juno development (AHC 35%) was brought on stream in late 2002. The Clair development (AHC 9.29%) is proceeding, with production start-up targeted for 2004. The Atlantic (AHC 25%) and Cromarty (AHC 90%) developments should be sanctioned this year

North Dakota, United States

Valhall Field, Norway

with first production of natural gas anticipated in 2005. Combined net production from these four fields is expected to reach about 30,000 barrels of oil equivalent per day by 2006.

In Indonesia, Amerada Hess is formulating development plans for the Pangkah Field (AHC 66%). Initial production from this field is expected in 2005.

Development of the Llano Field (AHC 27.50%) on Garden Banks Blocks 385 and 386 in the Gulf of Mexico is proceeding. Production from phase one is expected to commence in 2004.

The Corporation’s interest in the large natural gas fields in the Joint Development Area between Malaysia and Thailand increased to 50% from 25% as a result of the exchange of the Corporation’s interest in oil fields in Colombia for the additional interest in the Joint Development Area. Phase one of the development, which covers approximately 25% of the estimated resources in the area, is complete and is awaiting pipeline construction. Final approval for the pipeline is expected to be received in the second quarter of 2003.

Exploration

In Equatorial Guinea, Amerada Hess, with an 85% interest, discovered the Ebano, Abang, Akom and Elon Fields. The Ebano, Akom and Abang discoveries had between 118 feet and 181 feet of net oil bearing pay. Appraisal drilling is planned in 2004 for these discoveries. The Elon Field was appraised in 2002 and will be developed.

Late in 2002, Amerada Hess drilled the G-13 exploration well on a previously untested fairway offshore Equatorial Guinea. That well discovered 251 feet of net oil pay. Early in 2003, an appraisal well was drilled 2.3 miles southeast of the discovery well. The appraisal well encountered 397 feet of net oil pay. A third well is planned for later this year. Amerada Hess has an 85% interest in these wells.

In the Gulf of Mexico, a well drilled on the Shenzi prospect on Green Canyon Block 654 (AHC 28%) made a potentially significant discovery. The well, in 4,400 feet of water, encountered a gross hydrocarbon column of 465 feet with 140 feet of net pay. Drilling of an appraisal well is planned in the second quarter of 2003.

In Brunei, a production sharing agreement with the Government was recently signed for Block J in the deep offshore waters of Brunei Darussalam. Amerada Hess has a 15% interest in the block that covers about 1,900 square miles in water depths ranging from 2,600 to 6,900 feet.

The 2003 exploration program comprises fewer, but higher impact wells. Emphasis is on the deep water Gulf of Mexico, West Africa and Southeast Asia.

The coking unit at HOVENSA will enhance the refinery’s financial returns.

Coking Unit, St. Croix

REFINING & MARKETING

The Corporation’s refining and marketing business is focused on improving financial returns from our HOVENSA refinery joint venture and our marketing network on the East Coast of the United States.

Refining

The HOVENSA refinery in the United States Virgin Islands, jointly owned by the Corporation and Petroleos de Venezuela, S.A. (PDVSA), is one of the largest in the world. HOVENSA completed construction of its 58,000 barrel per day coking unit in 2002, making it a world-class merchant refinery. The coker permits HOVENSA to run lower-cost, heavy crude oils to manufacture gasoline and heating oil. Returns from the coker are supported by a 115,000 barrel per day supply contract with PDVSA for heavy crude oil. PDVSA also supplies HOVENSA with 155,000 barrels per day of medium grade crude oil. With the coker on line, HOVENSA will generally purchase approximately two-thirds of its crude oil from Venezuela. Deliveries of crude oil from Venezuela are returning to normal levels after being interrupted by events in Venezuela in December 2002 and January 2003.

Marketing

The number of HESS retail marketing facilities on the East Coast of the United States increased to nearly 1,200 at year-end 2002 from 638 five years ago, making HESS the leading independent convenience retail marketer on the East Coast of the United States. During 2002, 25 new HESS EXPRESS convenience store retail facilities were added. The Corporation will continue adding HESS EXPRESS convenience stores on the remaining 20% of sites that do not currently have them to take advantage of underutilized, high-quality real estate. HESS EXPRESS convenience stores generally have several fast food offerings, a proprietary coffee program and enhanced fountain service, as well as a wide variety of convenience items. HESS EXPRESS convenience stores significantly outpace the industry average in both fuel and merchandise sales and had significant growth in 2002 in same store sales and gross margins.

FINANCIAL REVIEW

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

Management's Discussion and Analysis of Results of Operations and Financial Condition

Consolidated Results of Operations

The Corporation had a loss of $218 million in 2002 compared with net income of $914 million in 2001 and $1,023 million in 2000. In 2002, the Corporation recorded significant non-cash impairment charges to reduce the carrying value of a producing field in Equatorial Guinea and producing properties and exploration acreage in the United States. These charges and certain other items are further discussed under the caption "Special Items" on page 17. The earnings for the operating segments in the table below exclude these special items and the comparison of results which follows is based on operating earnings. Operating earnings amounted to $551 million in 2002, $945 million in 2001 and $987 million in 2000.

The after-tax results by major operating activity for 2002, 2001 and 2000 are summarized below:

	2002	2001	2000
		Millions of dollars, except per share data	
Exploration and production	$ 752	$ 923	$ 868
Refining and marketing	40	235	288
Corporate	(63)	(78)	(43)
Interest	(178)	(135)	(126)
Operating earnings	551	945	987
Special items	(769)	(31)	36
Net income (loss)	$ (218)	$ 914	$1,023
Net income (loss) per share	$(2.48)	$10.25	$11.38

Comparison of Results

Exploration and Production: Operating earnings from exploration and production activities decreased by $171 million in 2002, primarily due to higher after-tax depreciation, depletion and amortization expenses of approximately $230 million, partially offset by increased crude oil sales volumes, which improved earnings by $120 million. The remainder of the decrease was due to lower natural gas selling prices and higher income taxes. Operating earnings increased by $55 million in 2001 largely due to higher crude oil and natural gas sales volumes.

The Corporation's average selling prices, including the effects of hedging, were as follows:

	2002	2001	2000
Crude oil (per barrel)			
United States	$24.06	$23.29	$23.97
Foreign	24.94	24.58	25.53
Natural gas liquids (per barrel)			
United States	16.10	18.64	22.30
Foreign	18.99	18.91	23.41
Natural gas (per Mcf)			
United States	3.65	3.99	3.74
Foreign	2.26	2.54	2.20

The Corporation's net daily worldwide production was as follows:

	2002	2001	2000
Crude oil (thousands of barrels per day)			
United States	54	63	55
Foreign	250	212	185
Total	304	275	240
Natural gas liquids (thousands of barrels per day)			

United States	12	14	12
Foreign	9	9	9
Total	21	23	21
Natural gas (thousands of Mcf per day)			
United States	373	424	288
Foreign	381	388	391
Total	754	812	679
Barrels of oil equivalent* (thousands of barrels per day)	451	433	374

* Reflects natural gas production converted on the basis of relative energy content (six Mcf equals one barrel).

The Corporation's oil and gas production, on a barrel of oil equivalent basis, increased by 4% in 2002 and 16% in 2001. Amounts produced in 2002 and 2001 included production from fields acquired in Equatorial Guinea, Colombia and the United States. Production from these fields amounted to 83,000 and 43,000 barrels of oil equivalent per day in 2002 and 2001, respectively.

The Corporation presently estimates that its 2003 barrel of oil equivalent production will be approximately 20% less than its 2002 production. Approximately one-third of the expected decrease from 451,000 barrels of oil equivalent per day produced in 2002 is due to potential asset sales and exchanges. The remainder reflects natural decline from mature fields in the United States and United Kingdom and reduced production from the Ceiba field in Equatorial Guinea.

Depreciation, depletion and amortization charges relating to exploration and production activities increased by $350 million (before income taxes) in 2002 and $246 million in 2001. The increases result from higher unit costs, due to the amortization of the purchase price of fields acquired in Equatorial Guinea, Colombia and the United States, and increased production volumes. Production expenses also increased in 2002 and 2001. The increase in 2002 was principally due to increased production from fields with higher costs, including workovers and other maintenance, and higher production volumes. In 2001, the increase in production expense was largely due to higher production volumes. Exploration expense decreased in 2002 compared with 2001, principally reflecting improved drilling results. In 2001, exploration expense was higher than in 2000, due to increased drilling and seismic purchases. General and administrative expenses related to exploration and production activities decreased in 2002, reflecting cost reduction initiatives. General and administrative expenses were comparable in 2001 and 2000. The total cost per barrel of oil equivalent produced (including depreciation, depletion and amortization, production expense, exploration expense and administrative costs) was $15.20 in 2002, $13.15 in 2001 and $11.60 in 2000. Total unit cost per barrel is expected to increase in 2003, primarily due to the anticipated decrease in production.

During 2002, the United Kingdom government enacted a 10% supplementary tax on profits from oil and gas production. A one-time charge of $43 million was recorded as a special item to increase the existing United Kingdom deferred tax liability on the balance sheet. Excluding this deferred tax effect, the supplementary tax reduced 2002 earnings by approximately $37 million and is expected to reduce future earnings by approximately $60 million annually (based on 2002 production volumes and prices). Excluding the one-time charge, the effective income tax rate on exploration and production earnings was 41% in 2002, compared with 40% in 2001 and 41% in 2000. The effective income tax rate is expected to increase to approximately 50% in 2003, reflecting a full year of the supplementary U.K. tax and a change in mix of producing fields. In 2001, exploration and production earnings included $48 million of income from the resolution of a United Kingdom income tax dispute. The effective rates discussed above exclude the impact of this settlement.

The Corporation’s future exploration and production earnings may be impacted by volatility in the selling prices of crude oil and natural gas, reserve and production changes, tax increases, local political disruptions and world events. The Corporation has hedged most of its 2003 production to mitigate volatility in selling prices.

Refining and Marketing: Operating earnings from refining and marketing activities amounted to $40 million in 2002, $235 million in 2001 and $288 million in 2000. The Corporation’s downstream operations include HOVENSA L.L.C. (HOVENSA), a 50% owned refining joint venture with a subsidiary of Petroleos de Venezuela S.A. (PDVSA), accounted for on the equity method. Additional refining and marketing activities include a fluid catalytic cracking facility in Port Reading, New Jersey, as well as retail gasoline stations, energy marketing and trading operations.

HOVENSA: The Corporation’s share of HOVENSA’s 2002 loss was $47 million compared with income of $58 million in 2001 and $121 million in 2000. The decrease in 2002 represents lower refining margins and reduced crude runs resulting from political disturbances in Venezuela, HOVENSA’s principal source of crude oil. In connection with the startup of new coking facilities in 2002, HOVENSA reduced its inventory of high sulfur crude oil. Consequently, LIFO inventory cost, which was lower than current cost, was included in 2002 cost of sales. This reduced the Corporation’s share of HOVENSA’s loss by approximately $15 million. The decrease in HOVENSA’s 2001 earnings compared with 2000 was primarily due to turnarounds at the fluid catalytic cracking unit and a crude unit which resulted in lower charge rates and increased operating expenses. Income taxes (benefits) on the Corporation’s share of HOVENSA’s results are not recorded due to available loss carryforwards.

The Corporation’s share of HOVENSA’s crude runs amounted to 181,000 barrels per day in 2002, 202,000 in 2001 and 211,000 in 2000. The coker at HOVENSA is currently running at the rate of approximately 58,000 barrels per day.

Operating earnings from refining and marketing activities also include interest income on the note received from PDVSA at the formation of the joint venture. Interest on the PDVSA note amounted to $35 million in 2002, $39 million in 2001 and $48 million in 2000. Interest is reflected in non-operating income in the income statement.

Effective October 2002, the Corporation cancelled the $125 million contingent note of PDVSA, issued to it in connection with the formation of HOVENSA. At the same time, there were amendments of certain contracts relating to the HOVENSA joint venture, including a six-year extension of the contract for the supply of Mesa crude oil and an amendment to the pricing formula for Merey crude oil supplied by an affiliate of PDVSA. There was also an amendment to the services agreement between the Corporation and HOVENSA. The contingent note was not valued for accounting purposes and its cancellation had no effect on the Corporation's financial condition.

Retail, Energy Marketing and Other: Retail gasoline operations in 2002 were profitable, but less so than in 2001, reflecting lower margins. In 2001, retail results were substantially better than in 2000, due to higher margins and increased sales volumes. Energy marketing activities were also profitable in 2002 compared with a loss in 2001. Earnings from the Corporation's catalytic cracking facility in New Jersey decreased in 2002, due to lower refining margins. Earnings from the catalytic cracking facility in 2001 exceeded those from 2000, reflecting higher margins and a shutdown for scheduled maintenance in 2000. Total refined product sales volumes were 140 million barrels in 2002, 141 million barrels in 2001 and 134 million barrels in 2000.

The Corporation has a 50% voting interest in a consolidated partnership that trades energy commodities and energy derivatives. The Corporation also takes trading positions in addition to its hedging program. The Corporation's after-tax results from trading activities, including its share of the earnings of the trading partnership, amounted to income of $3 million in 2002, $45 million in 2001 and $22 million in 2000.

Marketing expenses increased in 2002 and 2001, principally reflecting expanded retail operations. The expenses of the trading partnership are also included in marketing expenses and contributed to the increase.

Refining and marketing results will continue to be volatile, reflecting competitive industry conditions and supply and demand factors, including the effects of weather.

Corporate: After-tax corporate expenses amounted to $63 million in 2002, $78 million in 2001 and $43 million in 2000. In 2002, corporate administrative expenses before income taxes were comparable to the 2001 amount. The decrease in after tax expenses in 2002 reflects lower United States taxes on foreign source income. The increase in 2001 reflects increases in certain administrative expenses, including officer severance and charitable contributions, as well as increased income taxes related to foreign operations.

Interest: After-tax interest was $178 million in 2002, $135 million in 2001 and $126 million in 2000. The increase in both years is due to increased borrowings related to acquisitions, partially offset by lower interest rates and higher amounts capitalized. Capitalized interest, before income taxes, was $101 million, $44 million and $3 million in 2002, 2001 and 2000. Interest expense in 2003 is expected to be comparable to the 2002 amount. Although average debt outstanding is expected to be lower in 2003, the amount of interest capitalized is also expected to be reduced.

Consolidated Operating Revenues: Sales and other operating revenues decreased by 11% compared with 2001, due to the sale of the United Kingdom energy marketing business, and lower sales volumes of refined products and purchased natural gas related to U.S. energy marketing activities. These decreases were partially offset by higher production of crude oil and natural gas. In 2001, sales and other operating revenues increased by 12% compared with 2000. The increase was primarily due to higher sales volumes of purchased natural gas related to energy marketing activities in the United States, as well as increased refined products sales. Crude oil and natural gas production volumes were also higher.

Special Items

After-tax special items in 2002, 2001 and 2000 are summarized below:

	Total	Exploration and Production	Refining and Marketing	Corporate
		Millions of dollars		
2002				
Asset impairments	$(786)	$(786)	$ —	$ —
Net gain from asset sales	82	15	67	—
Charge for increase in United Kingdom income tax rate	(43)	(43)	—	—
Reduction in carrying value of intangible assets	(14)	—	(14)	—
Severance accrual	(8)	—	(8)	—
Total	$(769)	$(814)	$ 45	$ —
2001				
Charge related to Enron bankruptcy	$ (19)	$ (19)	$ —	$ —
Severance accrual	(12)	(10)	(2)	—
Total	$ (31)	$ (29)	$ (2)	$ —
2000				
Gain on termination of acquisition	$ 60	$ —	$ —	$ 60
Cost associated with research and development venture	(24)	—	(24)	—
Total	$ 36	$ —	$(24)	$ 60

In 2002, the Corporation recorded a $530 million after-tax impairment charge ($706 million before income taxes) relating to the Ceiba field in Equatorial Guinea. The charge resulted from a reduction in estimates of probable reserves amounting to approximately 12% of total field reserves, as well as anticipated additional development costs needed to produce the remaining reserves over a longer field life. These two factors resulted in projected discounted cash flows less than the book value of the field, which includes allocated purchase price from the Triton acquisition. Excluding 2002 production, the net proved reserves of the Ceiba field did not change. However, proved reserves related to primary recovery were revised downward by 38 million barrels and improved recovery reserves of 38 million barrels were added.

The Corporation also recorded an after-tax impairment charge of $256 million ($394 million before income taxes) to reduce the carrying value of oil and gas properties located primarily in the Main Pass/ Breton Sound area of the Gulf of Mexico. Most of these properties were obtained in the 2001 LLOG acquisition and consist of producing oil and gas fields with proved and probable reserves and exploration acreage. This charge principally reflects reduced reserve estimates on these fields resulting from unfavorable production performance. The fair values of producing properties were determined by using discounted cash flows. Exploration properties were evaluated by using results of drilling and production data from nearby fields and seismic data for these and other properties in the area.

In the third quarter of 2002, the Corporation completed the sale of six United States flag vessels for $161 million in cash and a note for $29 million. The sale resulted in a net gain of $67 million. The Corporation has agreed to support the buyer’s charter rate for these vessels for up to five years. A pre-tax gain of $50 million has been deferred as part of the sale transaction to reflect potential obligations under the support agreement. Under the support agreement, if the actual contracted rate for the charter of a vessel is less than the stipulated charter rate in the agreement for such vessel, the Corporation is required to pay to the buyer the difference between the contracted rate and the stipulated rate for each vessel. If the actual contracted rate exceeds the stipulated rate, the buyer must apply such amount to reimburse the Corporation for any payments made by it up to that date. While the Corporation’s eventual obligations under the support agreement could exceed the amount of the deferred gain, based on current charter rates the amount recorded is appropriate. During 2002, the Corporation paid $2 million relating to this support agreement.

A net gain of $15 million was recorded during 2002 from sales of oil and gas producing properties in the United States, United Kingdom and Azerbaijan, and the Corporation’s energy marketing business in the United Kingdom.

During 2002, the United Kingdom government enacted a 10% supplementary tax on profits from oil and gas production. As a result of this tax law change, the Corporation recorded a one-time charge of $43 million to increase the deferred tax liability on its balance sheet.

The Corporation also recorded an after-tax charge of $14 million in 2002 for the write-off of intangible assets in its U.S. energy marketing business. In addition, after-tax accrued severance of $8 million was recorded for cost reduction initiatives in refining and marketing, principally in energy marketing. Approximately 165 positions were eliminated and an office was closed. The estimated annual savings from the staff reductions is $10 million, after-tax.

In 2001, the Corporation recorded an after-tax charge of $19 million for estimated losses due to the bankruptcy of certain subsidiaries of Enron Corporation. In addition, the Corporation recorded a net charge of $12 million for severance expenses resulting from cost reduction initiatives, principally in exploration and production operations. Approximately 150 positions were eliminated.

In 2000, the after-tax gain of $60 million on termination of a proposed acquisition principally reflected income on foreign currency contracts purchased in anticipation of the acquisition. This special item also included income from a fee on termination of the acquisition, partially offset by transaction costs. The charge in 2000 of $24 million reflects costs associated with an alternative fuel research and development venture.

Liquidity and Capital Resources

Net cash provided by operating activities, including changes in operating assets and liabilities, amounted to $1,965 million in 2002, $1,960 million in 2001 and $1,795 million in 2000. Excluding changes in balance sheet items, operating cash flow was $2,074 million, $2,135 million and $1,948 million in 2002, 2001 and 2000, respectively. Although the Corporation's earnings in 2002 were lower than in 2001, the decrease was primarily due to impairment charges and higher depreciation, depletion and amortization expenses which are non-cash charges. As a result, net cash provided by operating activities in 2002 was comparable to that of 2001. Assuming average 2002 oil and gas selling prices and excluding changes in working capital and proceeds from asset sales, the Corporation anticipates that operating cash flow will decline in 2003 by approximately 30% and, therefore, less cash flow will be available for financial management purposes, including debt reduction. This decline is primarily due to lower anticipated production in 2003.

A portion of the lower anticipated production resulted from reduced proved reserve estimates on the LLOG fields acquired in 2001 and a reduction of probable reserves and an extended field life with lower planned production rates on the Ceiba field, also acquired in 2001. The reduced production and reserves will result in lower than expected cash flows and growth from these two fields over the next several years, assuming average 2002 oil and gas prices.

In 2002, the Corporation sold United States flag vessels, its energy marketing business in the United Kingdom and several small oil and gas fields for net proceeds of $412 million.

In February 2003, the Corporation exchanged its crude oil producing properties in Colombia, plus $10 million in cash, for an additional 25% interest in natural gas reserves in the joint development area of Malaysia and Thailand. Current production from Colombia is approximately 20,000 barrels of crude oil per day. Net income in 2002 from operations in Colombia amounted to $96 million. Expected income in 2003 would have been significantly below this amount as a result of higher depreciation, depletion and amortization expenses and an increased effective income tax rate. This transaction is expected to result in a net charge to earnings of approximately $60 million in the first quarter of 2003. This charge reflects the adjustment of the book value of the asset being transferred to fair value.

In the first quarter of 2003, the Corporation also completed the sale of its 1.5% interest in the Trans Alaska Pipeline System and will record a net gain of approximately $30 million. The Corporation also entered into an agreement during 2002 with Premier Oil plc to exchange its 25% shareholding interest in Premier, plus $17 million in cash, for a 23% interest in Natuna Sea Block A in Indonesia. Completion of the transaction is conditional upon certain governmental consents. The Corporation does not expect a material income statement impact from this transaction.

In addition, several non-strategic oil and gas assets are being considered for sale. These assets include certain Gulf of Mexico shelf properties, several small United Kingdom fields and interests in Indonesian fields. These properties have current production of approximately 25,000 barrels of oil equivalent per day.

The balances in accounts receivable, as well as accounts payable and accrued liabilities, are substantially lower at December 31, 2002 than at December 31, 2001. Consolidated revenues are also lower and certain expenses, including marketing expenses, are lower than they otherwise would have been. These decreases are largely due to the sale of the United Kingdom energy marketing business in the first quarter of 2002.

Total debt was $4,992 million at December 31, 2002 compared with $5,665 million at December 31, 2001. The Corporation's debt to capitalization ratio was 54.0% at December 31, 2002 compared with 53.6% at the prior year-end. Debt reduction of $673 million in 2002 did not reduce the debt to capitalization ratio, because of the net loss in 2002 and required reduction in stockholders' equity for the pension plan and deferred hedging losses recorded in accumulated other comprehensive income.

Loan agreement covenants allow the Corporation to borrow an additional $1.9 billion for the construction or acquisition of assets at December 31, 2002. At year-end, the amount that can be borrowed under the loan agreements for the payment of dividends is $720 million. At December 31, 2002, the Corporation has $1.5 billion of additional borrowing capacity available under its revolving credit agreements and has additional unused lines of credit for $206 million under uncommitted arrangements with banks.

Following is a table showing aggregated information about certain contractual obligations at December 31, 2002:

	Total	Payments due by Period 2003	2004 and 2005	2006 and 2007	Thereafter
			Millions of dollars		
Short-term notes	$ 2	$ 2	$ —	$ —	$ —
Long-term debt, including capital leases	4,990	14	623	826	3,527
Operating leases	1,297	107	166	131	893
Purchase obligations					
Supply commitments	12,143	4,196	3,986	3,961	*
Capital expenditures	194	164	30	—	—
Operating expenses	429	225	101	63	40
Other long-term liabilities	215	14	132	12	57

* The Corporation intends to continue purchasing its refined product supply from HOVENSA. Current purchases amount to approximately $2 billion annually.

The Corporation has leveraged lease financings not included in its balance sheet primarily related to retail gasoline station leases. The commitments under these leases are included in the operating lease obligations shown in the accompanying table. The net present value of the financings is $449 million at December 31, 2002, using interest rates inherent in the leases. The Corporation's December 31, 2002 debt to capitalization ratio would increase from 54.0% to 56.2% if the leveraged lease financings were included.

In the preceding table, the Corporation's supply commitments include its estimated purchases of 50% of HOVENSA's production of refined products, after anticipated sales by HOVENSA to unaffiliated parties. Also included are normal term purchase agreements for additional gasoline necessary to supply the Corporation's retail marketing system and feedstocks for the Port Reading refining facility. In addition, the Corporation has commitments to purchase natural gas for use in supplying contracted customers in its energy marketing business. These commitments were computed based on year-end market prices.

The table also reflects that portion of the Corporation's planned capital expenditures which are contractually committed at December 31. The Corporation's 2003 capital expenditures are estimated to be $1,475 million and are more fully explained on page 20. Obligations for operating expenses include commitments for transportation, seismic purchases, oil and gas production expenses and other normal business expenses. Other long-term liabilities reflect contractually committed obligations on the balance sheet at December 31, including minimum pension plan funding requirements.

None of the Corporation's debt or lease obligations would be terminated, nor would principal or interest payments be accelerated, as a result of a credit rating downgrade. However, if the Corporation's credit rating were reduced below its present level, certain fees and interest rates would increase and certain contracts with hedging and trading counterparties would require additional cash margin or collateral. The amount of potential margin fluctuates depending on trading volumes and market prices and at December 31, 2002 was estimated to be approximately $82 million.

If the Corporation's credit rating was reduced below investment grade, the Corporation may be required to provide additional security under a lease with remaining payments of $50 million and to comply with more stringent financial covenants contained in debt instruments assumed in the Triton acquisition, unless it elected to defease these obligations. The Corporation would have been in compliance with such covenants as of December 31, 2002. In addition, the amount of cash margin or collateral required under contracts with hedging and trading counterparties at December 31, 2002 would increase by $42 million to $124 million.

The Corporation guarantees the payment of up to 50% of the value of HOVENSA's crude oil purchases from suppliers other than PDVSA. At December 31, 2002, this amount was $280 million. This amount fluctuates based on the volume of crude oil purchased and the related crude oil prices. The year-end amount guaranteed is not representative of the normal contingent obligation because reduced crude oil shipments from Venezuela in December caused HOVENSA to purchase additional crude oil from other parties. Generally, this contingent obligation is approximately $100 million.

In addition, the Corporation has agreed to provide funding, in proportion to its 50% interest, to the extent HOVENSA does not have funds to meet its senior debt obligations due prior to the completion of coker construction, as defined. At December 31, 2002, the Corporation's pro rata share of HOVENSA's senior debt was $221 million, after deducting HOVENSA funds available for debt service. After completion of the coker construction project, this pro-rata share becomes $40 million until completion of construction required to meet final low sulfur fuel regulations, after which the amount reduces to $15 million.

The Corporation has a contingent purchase obligation to acquire the remaining 50% interest in a retail marketing and gasoline station joint venture for $90 million.

At December 31, the Corporation is contingently liable under letters of credit and under guarantees of the debt of other entities directly related to its business, as follows:

	Total
	Millions of dollars
Letters of credit	$ 89
Guarantees	269*
	$358

* Includes $221 million HOVENSA guarantee discussed above.

The Corporation conducts exploration and production activities in many foreign countries, including the United Kingdom, Norway, Denmark, Gabon, Indonesia, Thailand, Azerbaijan, Algeria, Malaysia, Colombia and Equatorial Guinea. Therefore, the Corporation is subject to the risks associated with foreign operations. These exposures include political risk (including tax law changes) and currency risk. The effects of these changes are accounted for when they occur and generally have not been material to the Corporation's liquidity or financial position.

HOVENSA L.L.C., owned 50% by the Corporation and 50% by Petroleos de Venezuela, S.A. (PDVSA), owns and operates a refinery in the Virgin Islands. Although there have been political disruptions in Venezuela which have reduced the availability of Venezuelan crude oil used in refining operations, the Corporation does not anticipate any material adverse effect on its financial position. The Corporation also has a note receivable of $395 million at December 31, 2002 from a subsidiary of PDVSA. The Corporation has collected the principal and interest payment due in February 2003 on the PDVSA note and anticipates collection of the remaining balance.

Capital Expenditures

The following table summarizes the Corporation's capital expenditures in 2002, 2001 and 2000:

	2002	2001	2000
		Millions of dollars	
Exploration and production			
Exploration	$ 239	$ 171	$167
Production and development	1,095	1,250	536
Acquisitions	70	3,640	80
	1,404	5,061	783
Refining and marketing			
Operations	83	110	109
Acquisitions	47	50	46
	130	160	155
Total	$1,534	$5,221	$938

The amounts shown for acquisitions in 2002 principally represent final installment payments on prior year acquisitions. Capital expenditures in 2001 include $2,720 million for the Triton acquisition, excluding the assumption of debt. In addition, the Corporation purchased crude oil and natural gas reserves in the Gulf of Mexico and onshore Louisiana for $920 million. Capital expenditures above do not include an investment of $86 million in 2001 for a 50% interest in a retail marketing and gasoline station joint venture in the southeastern United States.

During 2000, the Corporation acquired from the Algerian National Oil Company a 49% interest in three producing Algerian oil fields. At December 31, 2002, the Corporation is committed to additional expenditures for the redevelopment of these fields of approximately $340 million for new wells, workovers of existing wells and water injection and gas compression facilities. A significant portion of the future expenditures will be funded by the cash flows from these fields.

During 2000, the Corporation acquired the remaining outstanding stock of the Meadville Corporation for $168 million in cash, deferred payments and preferred stock.

Capital expenditures in 2003, are currently expected to be approximately $1,475 million. It is anticipated that these expenditures will be financed by internally generated funds.

Market Risk Disclosure

In the normal course of its business, the Corporation is exposed to commodity risks related to changes in the price of crude oil, natural gas, refined products and electricity, as well as to changes in interest rates and foreign currency values. In the disclosures which follow, these operations are referred to as non-trading activities. The Corporation also has trading operations, principally through a 50% voting interest in a trading partnership. These activities are also exposed to commodity risks principally related to the prices of crude oil, natural gas and refined products. The following describes how these risks are controlled and managed.

Controls: The Corporation maintains a control environment under the direction of its chief risk officer and through its corporate risk policy, which the Corporation's senior management has approved. Controls include volumetric, term and value-at-risk limits. In addition, the chief risk officer must approve the use of new instruments or commodities. Risk limits are monitored daily and exceptions are reported to business units and to senior management. The Corporation's risk management department also performs independent verifications of sources of fair values and validations of valuation models. The Corporation's treasury department administers foreign exchange rate and interest rate hedging programs. These controls apply to all of the Corporation's non-trading and trading activities, including the consolidated trading partnership.

Instruments: The Corporation uses forward commodity contracts, foreign exchange forward contracts, futures, swaps and options in the Corporation's non-trading and trading activities. These contracts are widely traded instruments with standardized terms. The following are definitions of these instruments:

- *Forward Commodity Contracts:* The forward purchase and sale of commodities is performed as part of the Corporation's normal activities. At title date, the notional value of the contract is exchanged for physical delivery of the commodity. Forward contracts that are designated as normal purchase and sale contracts under FAS No. 133 are excluded from the quantitative market risk disclosures.

- *Forward Foreign Exchange Contracts:* Forward contracts include forward purchase contracts for both the British pound sterling and the Danish kroner. These foreign currency contracts commit the Corporation to purchase a fixed amount of pound sterling and kroner at a predetermined exchange rate on a certain date.

- *Futures:* The Corporation uses exchange based futures contracts on a number of different underlying energy commodities. These contracts are settled daily with the relevant exchange and are subject to exchange position limits.

- *Swaps:* Swap contracts with third parties on commodities typically have periodic settlement dates over the life of the contract.

- *Options:* Options on various underlying energy commodities include exchange traded and third party contracts and have various exercise periods. As a writer of options, the Corporation receives a premium at the outset and bears the risk of unfavorable changes in the price of the commodity underlying the option. As a purchaser of options, the Corporation pays a premium at the outset and has the right to participate in the favorable price movements in the underlying commodities.

Quantitative Measures: The Corporation uses value-at-risk to monitor and control commodity risk within its trading and non-trading activities. The value-at-risk model uses historical simulation and the results represent the potential loss in fair value over one day at a 95% confidence level. The model captures both first and second order sensitivities for options. The potential change in fair value based on commodity price risk is presented in the non-trading and trading sections below.

For foreign exchange rate risk, the impact of a 10% change in foreign exchange rates on the value of the Corporation's portfolio of foreign currency forward contracts is presented in the non-trading section. Similarly, the impact of a 15% change in interest rates on the fair value of the Corporation's debt is also presented in the non-trading section. A 10% change in foreign exchange rates and a 15% change in interest rates over one year are considered reasonable possibilities for the purpose of providing sensitivity disclosures.

Non-Trading: The Corporation's non-trading activities include hedging of crude oil and natural gas production. Futures and swaps are used to fix the selling prices of a portion of the Corporation's future production and the related gains or losses are an integral part of the Corporation's selling prices. As of December 31, the Corporation has open hedge positions equal to 82% of its estimated 2003 worldwide crude oil production, excluding the potential effect of asset sales on future production, and 13% of its estimated 2004 worldwide crude oil production. The average price for West Texas Intermediate (WTI) related open hedge positions is $24.90 in 2003 and $24.00 in 2004. The average price for Brent related open hedge positions is $24.05 in 2003 and $23.00 in 2004. Approximately 25% of the Corporation's hedges are WTI related and the remainder are Brent. The Corporation also has hedged 45% of its 2003 United States natural gas production at an average price of $4.14 per Mcf. As market conditions change, the Corporation may adjust its hedge positions.

The Corporation also markets energy commodities including refined petroleum products, natural gas and electricity. The Corporation uses futures and swaps to fix the purchase prices of commodities to be sold under fixed-price sales contracts.

The following table summarizes the value-at-risk results for commodity related derivatives that are settled in cash and used in non-trading activities. The results may vary from time to time as hedge levels change.

	Non-Trading Activities
	Millions of dollars
2002	
At December 31	$ 50
Average for the year	49
High during the year	62
Low during the year	34
2001	
At December 31	$ 35
Average for the year	33
High during the year	45
Low during the year	17

The Corporation uses foreign exchange contracts to reduce its exposure to fluctuating foreign exchange rates. To counteract these foreign exchange exposures, the Corporation enters into forward purchase contracts for both the British pound sterling and the Danish kroner. At December 31, 2002, the Corporation has $307 million of notional value foreign exchange contracts maturing in 2003 ($136 million at December 31, 2001). The change in fair value of the foreign exchange contracts from a 10% change in exchange rates is estimated to be $33 million at December 31, 2002 ($14 million at December 31, 2001).

The Corporation may use interest-rate swaps to balance exposure to interest rates. At December 31, 2002, the interest rate on substantially all of the Corporation's debt is fixed and there are no interest rate swaps. The Corporation's outstanding debt of $4,992 million has a fair value of $5,569 million at December 31, 2002 (debt of $5,665 million at December 31, 2001 had a fair value of $5,800 million). A 15% change in interest rates would change the fair value of debt at December 31, 2002 by $270 million. The impact of a 15% change in interest rates on the fair value at December 31, 2001 would have been $350 million.

Trading: The trading partnership in which the Corporation has a 50% voting interest trades energy commodities and derivatives. The accounts of the partnership are consolidated with those of the Corporation. The Corporation also takes trading positions for its own account. These strategies include proprietary position management and trading to enhance the potential return on assets. The information that follows represents 100% of the trading partnership and the Corporation's proprietary trading accounts.

In trading activities, the Corporation is exposed to changes in crude oil, natural gas and refined product prices, primarily in North America and Europe. Trading positions include futures, swaps and options. In some cases, physical purchase and sale contracts are used as trading instruments and are included in the trading results.

Derivative trading transactions are marked-to-market and are reflected in income currently. Total realized gains for the year amounted to $6 million. The following table provides an assessment of the factors affecting the changes in fair value of trading activities in 2002 and represents 100% of the trading partnership and other trading activities.

	Millions of dollars
Fair value of contracts outstanding at the beginning of the year	$(58)
Change in fair value of contracts outstanding at the beginning of the year and still outstanding at the end of year	(14)
Reversal of fair value for contracts closed during the year	75
Fair value of contracts entered into during the year	33
Fair value of contracts outstanding at the end of the year	$ 36

The Corporation uses observable market values for determining the fair value of its trading instruments. The majority of valuations are based on actively quoted market values. In cases where actively quoted prices are not available, other external sources are used which incorporate information about commodity prices in actively quoted markets, quoted prices in less active markets and other market fundamental analysis. Internal estimates are based on internal models incorporating underlying market information such as commodity volatilities and correlations. The Corporation's risk management department compares valuations regularly to independent sources and models.

	Total	2003	2004
	Millions of dollars		
Source of fair value			
Prices actively quoted	$ 40	$ 29	$ 11
Other external sources	(14)	(14)	—
Internal estimates	10	11	(1)
Total	$ 36	$ 26	$ 10

The following table summarizes the value-at-risk results for all trading activities, including commodities. The results may change from time to time as strategies change to capture potential market rate movements.

	Trading Activities
	Millions of dollars
2002	
At December 31	$ 6
Average for the year	10
High during the year	12
Low during the year	6
2001	
At December 31	$ 13
Average for the year	17
High during the year	22
Low during the year	12

The following table summarizes the fair values of net receivables, including option premiums, relating to the Corporation's trading activities and the credit rating of counterparties at December 31:

	2002	2001
	Millions of dollars	
Investment grade determined by outside sources	$309	$260
Investment grade determined internally*	70	110
Less than investment grade	61	24
Not determined	2	4
	$442	$398

* Based on information provided by counterparties and other available sources.

Critical Accounting Policies

Accounting policies affect the recognition of assets and liabilities on the Corporation's balance sheet and revenues and expenses on the income statement. The accounting methods used can affect net income, stockholders' equity and various financial statement ratios. However, the Corporation's accounting policies generally do not change cash flows or liquidity.

The Corporation uses the successful efforts method of accounting for oil and gas producing activities. Costs to acquire or lease unproved and proved oil and gas properties are capitalized. Costs incurred in connection with the drilling and equipping of successful exploratory wells are also capitalized. If proved reserves are not found, these costs are charged to expense. Other exploration costs, including seismic, are charged to expense as incurred. Development costs, which include the costs of drilling and equipping development wells, are capitalized. Depreciation, depletion and amortization of capitalized costs of proved oil and gas properties are computed on the unit-of-production method on a field basis.

The determination of proved reserves is a significant element in arriving at the results of operations of exploration and production activities. The estimates of proved reserves can impact well capitalizations, undeveloped lease impairments and the depreciation rates of proved properties, wells and equipment. Reduction in reserve estimates may result in the need for impairments of proved properties and related assets.

The Corporation reviews long-lived assets, including oil and gas fields, for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recovered. If the carrying amounts are not expected to be recovered by undiscounted future cash flows, the assets are impaired and an impairment loss is recorded. The amount of impairment is based on the estimated fair value of the assets determined by discounting anticipated future net cash flows. In the case of oil and gas fields, the net present value of future cash flow is based on management's best estimate of future prices, which is determined with reference to recent historical prices and published forward prices, applied to projected production volumes of individual fields and discounted at a rate commensurate with the risks involved. The projected production volumes represent reserves, including probable reserves, expected to be produced based on a stipulated amount of capital expenditures. The production volumes, prices and timing of production are consistent with internal projections and other externally reported information. Oil and gas prices used for determining asset impairments will generally differ from those used in the standardized measure of discounted future net cash flows, since the standardized measure requires the use of actual prices on the last day of the year.

The Corporation's impairment tests are based on its best estimates of future production volumes (including recovery factors), selling prices, operating and capital costs and the timing of future production, which are updated each time an impairment test is performed. In 2002, the Corporation recorded significant impairments of the Ceiba field and LLOG properties that were required primarily because of reduced estimates of oil and gas production volumes and, in the case of Ceiba, anticipated additional development costs. The impairment charges did not result from changes in the other factors. The change in timing of production on the Ceiba field did not significantly affect the undiscounted future cash flows, but did reduce the fair value of the field determined by discounted cash flows. The Corporation could have additional impairments if the projected production volumes on other fields were reduced. Significant extended declines in crude oil and natural gas selling prices could also result in asset impairments.

The Corporation has recorded $977 million of goodwill in connection with the purchase of Triton. In accordance with FAS No. 142, goodwill is no longer amortized but must be tested for impairment annually. The impairment test is performed at the reporting unit level, which for the Corporation is the exploration and production operating segment. The determination of the fair value of the exploration and production operating segment depends on judgments about oil and gas reserves, future prices and timing of future cash flows. Significant extended declines in crude oil and natural gas prices or reduced reserve estimates could lead to a decrease in the fair value of the exploration and production operating segment that could result in an impairment of goodwill. The Corporation evaluates its goodwill at the level of the exploration and production operating segment because the exploration and production components have similar economic characteristics. No impairment of goodwill exists because the fair value of the exploration and production operating segment exceeds its recorded book value.

As part of its initiative to monitor the public filings of Fortune 500 companies, the Staff of the Division of Corporation Finance of the Securities and Exchange Commission reviewed and commented on the Corporation's Form 10-K for the year ended December 31, 2001 and certain quarterly and current reports on Forms 10-Q and 8-K filed or furnished thereafter. While most of the Staff's comments have been resolved, the Staff has questioned whether geographic components of the Corporation's exploration and production business should constitute operating segments and reporting units. The Corporation and its independent auditors continue to believe that its overall exploration and production business is the operating segment and the reporting unit, that this treatment is consistent with the manner in which the business is managed, and this determination conforms with the applicable accounting requirements; however, the Staff may disagree. If it was ultimately determined that the overall exploration and production business is not the operating segment, and is therefore not the reporting unit, goodwill would be allocated and tested for impairment at a lower reporting unit level, which could result in the Corporation recognizing an impairment of goodwill that it would not otherwise need to recognize.

The Corporation has hedged most of its 2003 crude oil and natural gas production and a portion of its 2004 production. The hedging contracts correlate to the selling prices of crude oil or natural gas and are designated as hedges. Therefore, gains or losses on these instruments are recorded in income in the period in which the production is sold. At December 31, 2002, the Corporation has $91 million of deferred hedging losses after income taxes included in other comprehensive income.

Environment, Health and Safety

The Corporation is committed to continuous improvement of its environmental, health and safety performance. This includes compliance with all laws and regulations covering environment, health and safety wherever it operates and the establishment of internal standards that may go beyond local requirements. The Corporation is committed to promoting environment, health, safety and social responsibility policies and management systems that protect the Corporation’s work-force, customers and local communities. In 2002, the Corporation established new environment, health and safety and social responsibility policies. Senior management has overall responsibility for setting environment, health and safety direction and providing oversight.

To ensure that the Corporation meets its goals and the requirements of regulatory authorities, the Corporation has programs for compliance evaluation, facility auditing and employee training. Environment and safety management systems, based on international standards, are used throughout the Corporation to ensure consistency and adherence to policy objectives. Improved performance in environment, health and safety raises the Corporation’s operating costs and requires increased capital expenditures while reducing potential risks to corporate assets, reputation and ability to operate.

The Port Reading refining facility and the HOVENSA refinery manufacture conventional and reformulated gasolines that are cleaner burning than required under U.S. regulations currently in effect. In addition, the benzene and sulfur content in the Corporation’s gasoline is approximately one-half of the national average (excluding California), resulting in significantly lower toxic emissions than the industry average.

The regulation of motor fuels in the United States and elsewhere continues to be an area of considerable change and will require large capital expenditures in future years. In December 1999, the United States Environmental Protection Agency (“EPA”) adopted rules that phase in limitations on the sulfur content of gasoline beginning in 2004. In December 2000, the EPA adopted regulations to reduce substantially the allowable sulfur content of diesel fuel by 2006.

The Corporation and HOVENSA continue to review options to determine the most cost effective compliance strategies for these fuel regulations. The costs to comply will depend on a variety of factors, including the availability of suitable technology and contractors and the credit trading programs. Capital expenditures necessary to comply with the low-sulfur gasoline requirements at Port Reading are expected to be approximately $70 million over the next four years. Capital expenditures to comply with low-sulfur gasoline and diesel fuel requirements at HOVENSA are presently expected to be $450 million over the next four years. HOVENSA expects to finance these capital expenditures through cash flow and, if necessary, future borrowings.

Legislation to restrict or ban the use of MTBE, a gasoline oxygenate, and to require the use of ’renewable’ fuels was considered by the United States Congress in 2002 and will likely be reconsidered. The Corporation and HOVENSA both manufacture and use MTBE primarily to meet the federal requirement for oxygen in reformulated gasoline, and do not presently use ethanol. Several states in the Corporation’s market area have enacted bans on MTBE use, including Connecticut (effective October 2003) and New York (effective January 2004), and other states are considering them. If Congress bans MTBE or if state bans take effect, or if an obligation to use ethanol or other renewable fuels is imposed, the effect on the Corporation and HOVENSA could be significant. Whether the effect is significant will depend on several factors, including the extent and timing of any such bans or obligations, requirements for maintenance of certain air emission reductions if MTBE is banned, the cost and availability of alternative oxygenates or credits and whether the minimum oxygen content standard for reformulated gasoline remains in effect. The Corporation is reviewing its options to market and produce reformulated gasolines if MTBE bans take effect.

EPA issued several draft and final rules in 2002 to implement requirements of the Clean Air Act to reduce hazardous air pollutant emissions from certain sources, including certain refinery sources. Some capital expenditures could be required by the Corporation or HOVENSA to comply with these regulations, but further review of these rules is continuing to determine their impact.

The Corporation expects continuing expenditures for environmental assessment and remediation related primarily to existing conditions. Sites where corrective action may be necessary include gasoline stations, terminals, onshore exploration and production facilities, refineries (including solid waste management units under permits issued pursuant to the Resource Conservation and Recovery Act) and, although not significant, "Superfund" sites where the Corporation has been named a potentially responsible party. The Corporation expects that existing reserves for environmental liabilities will adequately cover costs to assess and remediate known sites.

The Corporation spent $9 million in 2002, $8 million in 2001 and $7 million in 2000 for remediation. Capital expenditures for facilities, primarily to comply with federal, state and local environmental standards, were $5 million in 2002, $6 million in 2001 and $5 million in 2000.

Forward Looking Information

Certain sections of the Financial Review, including references to the Corporation's future results of operations and financial position, liquidity and capital resources, capital expenditures, oil and gas production, tax rates, debt repayment, hedging, derivative and environmental disclosures, represent forward looking information. Forward looking disclosures are based on the Corporation's current understanding and assessment of these activities and reasonable assumptions about the future. Actual results may differ from these disclosures because of changes in market conditions, government actions and other factors.

Dividends

Cash dividends on common stock totaled $1.20 per share ($.30 per quarter) during 2002 and 2001.

Stock Market Information

The common stock of Amerada Hess Corporation is traded principally on the New York Stock Exchange (ticker symbol: AHC). High and low sales prices in 2002 and 2001 were as follows:

	2002		2001	
Quarter Ended	High	Low	High	Low
March 31	$80.15	$57.60	$79.45	$66.25
June 30	84.70	74.61	90.40	73.40
September 30	83.00	61.36	82.39	59.07
December 31	71.48	49.40	68.96	53.75

Quarterly Financial Data

Quarterly results of operations for the years ended December 31, 2002 and 2001 follow:

Millions of dollars, except per share data	Sales and other operating revenues	Gross profit(a)	Net income (loss)	Net income (loss) per share
2002				
First	$3,021	$402	$ 140(b)	$ 1.58
Second	2,796	438	149(c)	1.66
Third	2,818	432	(136)(d)	(1.54)
Fourth	3,297	460	(371)(e)	(4.20)
2001				
First	$4,183	$707	$ 337	$ 3.79
Second	3,461	617	357	3.98
Third	2,888	375	166	1.86
Fourth	2,881	414	54(f)	.61

(a) Gross profit represents sales and other operating revenues, less cost of products sold, production expenses, marketing expenses, other operating expenses and depreciation, depletion and amortization.

(b) Reflects a net gain from asset sales of $27 million.

(c) Includes charges of $14 million for the reduction in carrying value of intangible assets related to energy marketing activities and $8 million for a severance accrual.

(d) Reflects a net charge of $256 million for impairment of U.S. producing properties and exploration acreage. Also includes a net gain from asset sales of $42 million and a deferred tax charge of $43 million for an increase in the United Kingdom income tax rate.

(e) Includes a net charge of $530 million for impairment of the Ceiba field. Also includes a net gain from an asset sale of $13 million.

(f) Includes a net charge of $19 million related to the Enron bankruptcy and $12 million for a severance accrual.

The results of operations for the periods reported herein should not be considered as indicative of future operating results.

CONSOLIDATED BALANCE SHEET

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

Millions of dollars; thousands of shares

	At December 31	
	2002	2001
Assets		
Current Assets		
Cash and cash equivalents	$ 197	$ 37
Accounts receivable		
Trade	1,785	2,841
Other	187	121
Inventories	492	550
Other current assets	95	397
Total current assets	2,756	3,946
Investments and Advances		
HOVENSA L.L.C.	842	889
Other	780	747
Total investments and advances	1,622	1,636
Property, Plant and Equipment		
Exploration and production	14,699	15,194
Refining and marketing	1,450	1,433
Total — at cost	16,149	16,627
Less reserves for depreciation, depletion, amortization and lease impairment	9,117	8,462
Property, plant and equipment — net	7,032	8,165
Notes Receivable	363	395
Goodwill	977	982
Deferred Income Taxes and Other Assets	512	245
Total Assets	$13,262	$15,369

	At December 31	
	2002	2001
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable — trade	$ 1,401	$ 1,807
Accrued liabilities	830	1,115
Taxes payable	306	414
Notes payable	2	106
Current maturities of long-term debt	14	276
Total current liabilities	2,553	3,718
Long-Term Debt	4,976	5,283
Deferred Liabilities and Credits		
Deferred income taxes	1,044	1,111
Other	440	350
Total deferred liabilities and credits	1,484	1,461
Stockholders' Equity		
Preferred stock, par value $1.00, 20,000 shares authorized		
3% cumulative convertible series		
Authorized — 330 shares		
Issued — 327 shares in 2002 and 2001 ($16 million liquidation preference)	—	—
Common stock, par value $1.00		
Authorized — 200,000 shares		
Issued — 89,193 shares in 2002; 88,757 shares in 2001	89	89
Capital in excess of par value	932	903
Retained earnings	3,482	3,807
Accumulated other comprehensive income (loss)	(254)	108
Total stockholders' equity	4,249	4,907
Total Liabilities and Stockholders' Equity	$13,262	$15,369

The consolidated financial statements reflect the successful efforts method of accounting for oil and gas exploration and producing activities.

See accompanying notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED INCOME

Amerada Hess Corporation and Consolidated Subsidiaries

Millions of dollars, except per share data

	For the Years Ended December 31		
	2002	2001	2000
Revenues and Non-operating Income			
Sales (excluding excise taxes) and other operating revenues	$11,932	$13,413	$11,993
Non-operating income			
Gain on asset sales	117	—	—
Equity in income (loss) of HOVENSA L.L.C.	(47)	58	121
Other	91	142	163
Total revenues and non-operating income	12,093	13,613	12,277
Costs and Expenses			
Cost of products sold	7,156	8,735	7,883
Production expenses	822	711	557
Marketing expenses	703	663	542
Exploration expenses, including dry holes and lease impairment	319	368	289
Other operating expenses	199	224	234
General and administrative expenses	256	313	224
Interest expense	269	194	162
Depreciation, depletion and amortization	1,320	967	714
Asset impairments	1,100	—	—
Total costs and expenses	12,144	12,175	10,605
Income (loss) before income taxes	(51)	1,438	1,672
Provision for income taxes	167	524	649
Net Income (Loss)	$ (218)	$ 914	$ 1,023
Net Income (Loss) Per Share			
Basic	$ (2.48)	$ 10.38	$ 11.48
Diluted	(2.48)	10.25	11.38

STATEMENT OF CONSOLIDATED RETAINED EARNINGS

Millions of dollars, except per share data

	For the Years Ended December 31		
	2002	2001	2000
Balance at Beginning of Year	$3,807	$3,069	$2,287
Net income (loss)	(218)	914	1,023
Dividends declared — common stock ($1.20 per share in 2002 and 2001; $.60 per share in 2000)	(107)	(107)	(54)
Common stock acquired and retired	—	(69)	(187)
Balance at End of Year	$3,482	$3,807	$3,069

See accompanying notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED CASH FLOWS

Amerada Hess Corporation and Consolidated Subsidiaries

Millions of dollars

	For the Years Ended December 31		
	2002	2001	2000
Cash Flows From Operating Activities			
Net income (loss)	$ (218)	$ 914	$ 1,023
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	1,320	967	714
Asset impairments	1,100	—	—
Exploratory dry hole costs	159	204	133
Lease impairment	41	38	33
Gain on asset sales	(117)	—	—
Provision (benefit) for deferred income taxes	(258)	64	164
Undistributed earnings of affiliates	47	(52)	(119)
Changes in other operating assets and liabilities			
(Increase) decrease in accounts receivable	(104)	650	(1,792)
(Increase) decrease in inventories	51	(131)	(23)
Increase (decrease) in accounts payable and accrued liabilities	(217)	(553)	1,617
Increase (decrease) in taxes payable	50	(185)	272
Changes in prepaid expenses and other	111	44	(227)
Net cash provided by operating activities	1,965	1,960	1,795
Cash Flows From Investing Activities			
Capital expenditures			
Exploration and production	(1,404)	(2,341)	(783)
Refining and marketing	(130)	(160)	(155)
Total capital expenditures	(1,534)	(2,501)	(938)
Acquisition of Triton Energy Limited, net of cash acquired	—	(2,720)	—
Payment received on note	48	48	48
Investment in affiliates	—	(86)	(38)
Proceeds from asset sales and other	390	54	26
Net cash used in investing activities	(1,096)	(5,205)	(902)
Cash Flows From Financing Activities			
Debt with maturities of 90 days or less — increase (decrease)	(581)	564	(131)
Debt with maturities of greater than 90 days			
Borrowings	637	2,595	20
Repayments	(686)	(54)	(296)
Cash dividends paid	(107)	(94)	(54)
Common stock and warrants acquired	—	(100)	(220)
Stock options exercised	28	59	59
Net cash provided by (used in) financing activities	(709)	2,970	(622)
Net Increase (Decrease) in Cash and Cash Equivalents	160	(275)	271
Cash and Cash Equivalents at Beginning of Year	37	312	41
Cash and Cash Equivalents at End of Year	$ 197	$ 37	$ 312

See accompanying notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED CHANGES IN PREFERRED STOCK,

COMMON STOCK AND CAPITAL IN EXCESS OF PAR VALUE

Amerada Hess Corporation and Consolidated Subsidiaries

Millions of dollars; thousands of shares

	Preferred Stock		Common Stock		
	Number of shares	Amount	Number of shares	Amount	Capital in excess of par value
Balance at January 1, 2000	—	$ —	90,676	$ 91	$782
Distributions to trustee of nonvested common stock awards (net)	—	—	461	—	28
Common stock acquired and retired	—	—	(3,475)	(3)	(31)
Employee stock options exercised	—	—	1,082	1	69
Issuance of preferred stock	327	—	—	—	16
Balance at December 31, 2000	327	—	88,744	89	864
Distributions to trustee of nonvested common stock awards (net)	—	—	38	—	1
Common stock acquired and retired	—	—	(1,078)	(1)	(11)
Employee stock options exercised	—	—	1,053	1	69
Warrants purchased	—	—	—	—	(20)
Balance at December 31, 2001	327	—	88,757	89	903
Cancellations of nonvested common stock awards (net)	—	—	(55)	—	(3)
Employee stock options exercised	—	—	491	—	32
Balance at December 31, 2002	327	$ —	89,193	$ 89	$932

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

Millions of dollars

	For the Years Ended December 31		
	2002	2001	2000
Components of Comprehensive Income (Loss)			
Net income (loss)	$(218)	$ 914	$1,023
Change in foreign currency translation adjustment	34	(2)	(17)
Additional minimum pension liability, after tax	(71)	—	—
Unrealized gains (losses) on oil and gas cash flow hedges, after tax FAS 133 transition adjustment	—	100	—
Reclassification of deferred hedging gains to income	(56)	(74)	—
Net change in fair value of cash flow hedges	(269)	223	—
Comprehensive Income (Loss)	$(580)	$1,161	$1,006

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amerada Hess Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting Policies

Nature of Business: Amerada Hess Corporation and subsidiaries (the “Corporation”) engage in the exploration for and the production, purchase, transportation and sale of crude oil and natural gas. These activities are conducted primarily in the United States, United Kingdom, Norway, Denmark and Equatorial Guinea. The Corporation also has oil and gas activities in Algeria, Azerbaijan, Colombia, Gabon, Indonesia, Malaysia, Thailand and other countries. In addition, the Corporation manufactures, purchases, transports, trades and markets refined petroleum and other energy products. The Corporation owns 50% of HOVENSA L.L.C., a refinery joint venture in the United States Virgin Islands. An additional refining facility, terminals and retail gasoline stations are located on the East Coast of the United States.

In preparing financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenues and expenses in the income statement. Actual results could differ from those estimates. Among the estimates made by management are: oil and gas reserves, asset valuations and depreciable lives, pension liabilities, environmental obligations, dismantlement costs and income taxes.

Principles of Consolidation: The consolidated financial statements include the accounts of Amerada Hess Corporation and entities in which the Corporation owns more than a 50% voting interest or entities that the Corporation controls. The Corporation’s undivided interests in unincorporated oil and gas exploration and production ventures are proportionately consolidated.

Investments in affiliated companies, 20% to 50% owned, including HOVENSA but excluding a trading partnership, are stated at cost of acquisition plus the Corporation’s equity in undistributed net income since acquisition. The change in the equity in net income of these companies is included in non-operating income in the income statement. The Corporation consolidates the trading partnership in which it owns a 50% voting interest and over which it exercises control.

Intercompany transactions and accounts are eliminated in consolidation.

Revenue Recognition: The Corporation recognizes revenues from the sale of crude oil, natural gas, petroleum products and other merchandise when title passes to the customer.

The Corporation recognizes revenues from the production of natural gas properties in which it has an interest based on sales to customers. Differences between natural gas volumes sold and the Corporation’s share of natural gas production are not material.

Cash and Cash Equivalents: Cash equivalents consist of highly liquid investments, which are readily convertible into cash and have maturities of three months or less when acquired.

Inventories: Crude oil and refined product inventories are valued at the lower of average cost or market. For inventories valued at cost, the Corporation uses principally the last-in, first-out (LIFO) inventory method.

Inventories of materials and supplies are valued at the lower of cost or market.

Exploration and Development Costs: Oil and gas exploration and production activities are accounted for using the successful efforts method. Costs of acquiring unproved and proved oil and gas leasehold acreage, including lease bonuses, brokers’ fees and other related costs, are capitalized.

Annual lease rentals and exploration expenses, including geological and geophysical expenses and exploratory dry hole costs, are charged against income as incurred.

Costs of drilling and equipping productive wells, including development dry holes, and related production facilities are capitalized.

The costs of exploratory wells that find oil and gas reserves are capitalized pending determination of whether proved reserves have been found. In an area requiring a major capital expenditure before production can begin, an exploration well is carried as an asset if sufficient reserves are discovered to justify its completion as a production well, and additional exploration drilling is underway or firmly planned. The Corporation does not capitalize the cost of other exploratory wells for more than one year unless proved reserves are found.

Depreciation, Depletion and Amortization: The Corporation calculates depletion expense for acquisition costs of proved properties using the units of production method over proved oil and gas reserves. Depreciation and depletion expense for oil and gas production equipment and wells is calculated using the units of production method over proved developed oil and gas reserves. Depreciation of all other plant and equipment is determined on the straight-line method based on estimated useful lives.

Provisions for impairment of undeveloped oil and gas leases are based on periodic evaluations and other factors.

The estimated costs of dismantlement, restoration and abandonment, less estimated salvage values, of offshore oil and gas production platforms and pipelines are accrued using the units-of-production method and are reported as a component of depreciation expense and accumulated depreciation (see Note 16).

Retirement of Property, Plant and Equipment: Costs of property, plant and equipment retired or otherwise disposed of, less accumulated reserves, are reflected in non-operating income.

Impairment of Long-Lived Assets: The Corporation reviews long-lived assets, including oil and gas properties at a field level, for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recovered. If the carrying amounts are not expected to be recovered by undiscounted future cash flows, the assets are impaired and an impairment loss is recorded. The amount of impairment is based on the estimated fair value of the assets determined by discounting anticipated future net cash flows. In the case of oil and gas fields, the net present value of future cash flows is based on management’s best estimate of future prices, which is determined with reference to recent historical prices and published forward prices, applied to projected production volumes of individual fields and discounted at a rate commensurate with the risks involved. The projected production volumes represent reserves, including probable reserves, expected to be produced based on a stipulated amount of capital expenditures. The production volumes, prices and timing of production are consistent with internal projections and other externally reported information. Oil and gas prices used for determining asset impairments will generally differ from those used at year-end in the standardized measure of discounted future net cash flows.

Impairment of Equity Investees: The Corporation reviews equity method investments for impairment whenever events or changes in circumstances indicate that an other than temporary decline in value has occurred. The amount of the impairment is based on quoted market prices, where available, or other valuation techniques, including discounted cash flows.

Impairment of Goodwill: In accordance with FAS No. 142, *Goodwill and Other Intangible Assets*, goodwill cannot be amortized; however, it must be tested annually for impairment. This impairment test is calculated at the reporting unit level, which is the exploration and production segment for the Corporation’s goodwill. The Corporation identifies potential impairments by comparing the fair value of the reporting unit to its book value, including goodwill. If the fair value of the reporting unit exceeds the carrying amount, goodwill is not impaired. If the carrying value exceeds the fair value, the Corporation calculates the possible impairment loss by comparing the implied fair value of goodwill with the carrying amount. If the implied goodwill is less than the carrying amount, a write-down is recorded.

Maintenance and Repairs: The estimated costs of major maintenance, including turnarounds at the Port Reading refining facility, are accrued. Other expenditures for maintenance and repairs are charged against income as incurred. Renewals and improvements are treated as additions to property, plant and equipment, and items replaced are treated as retirements.

Environmental Expenditures: The Corporation capitalizes environmental expenditures that increase the life or efficiency of property or that reduce or prevent environmental contamination. The Corporation accrues for environmental expenses resulting from existing conditions related to past operations when the future costs are probable and reasonably estimable.

Employee Stock Options and Nonvested Common Stock Awards: The Corporation uses the intrinsic value method to account for employee stock options. Because the exercise prices of employee stock options equal or exceed the market price of the stock on the date of grant, the Corporation does not recognize compensation expense. The Corporation records compensation expense for non-vested common stock awards ratably over the vesting period. The following pro forma financial information presents the effect on net income and earnings per share as if the Corporation used the fair value method.

	2002	2001	2000
		Millions of dollars, except per share data	
Net income (loss)	$ (218)	$ 914	$1,023
Add stock-based employee compensation expense included in net income, net of taxes	5	8	4
Less total stock-based employee compensation expense determined using the fair value method, net of taxes	(19)	(22)	(21)
Pro forma net income (loss)	$ (232)	$ 900	$1,006
Net income (loss) per share as reported			
Basic	$(2.48)	$10.38	$11.48
Diluted	(2.48)	10.25	11.38
Pro forma net income (loss) per share			
Basic	$(2.63)	$10.23	$11.29
Diluted	(2.63)	10.10	11.19

Foreign Currency Translation: The U.S. dollar is the functional currency (primary currency in which business is conducted) for most foreign operations. For these operations, adjustments resulting from translating foreign currency assets and liabilities into U.S. dollars are recorded in income. For operations that use the local currency as the functional currency, adjustments resulting from translating foreign functional currency assets and liabilities into U.S. dollars are recorded in a separate component of stockholders’ equity entitled accumulated other comprehensive income. Gains or losses resulting from transactions in other than the functional currency are reflected in net income.

Hedging: The Corporation uses futures, forwards, options and swaps, individually or in combination, to reduce the effects of fluctuations in crude oil, natural gas and refined product prices. The Corporation also uses derivatives in its energy marketing activities to fix the purchase and selling prices of energy products. Related hedge gains or losses are an integral part of the selling or purchase prices. Generally, these derivatives are designated as hedges of expected future cash flows or forecasted transactions (cash flow hedges), and the gains or losses are recorded in accumulated other comprehensive income. These transactions meet the requirements for hedge accounting, including correlation. The Corporation reclassifies hedging gains and losses included in accumulated other comprehensive income to earnings at the time the hedged transactions are recognized. The ineffective portion of hedges is included in current earnings. The Corporation's remaining derivatives, including foreign currency contracts, are not designated as hedges and the change in fair value is included in income currently.

Trading: Derivatives used in energy trading activities are marked to market, with net gains and losses recorded in operating revenue.

2. Special Items

2002: The Corporation recorded a pre-tax impairment charge of $706 million relating to the Ceiba field in Equatorial Guinea. The charge resulted from a reduction in probable reserves of approximately 12% of total field reserves, as well as the additional development costs of producing these reserves over a longer field life. Fair value was determined by discounting anticipated future net cash flows. Discounted cash flow was less than the book value of the field, which included allocated purchase price from the Triton acquisition. The Corporation also recorded a pre-tax impairment charge of $394 million to reduce the carrying value of oil and gas properties located primarily in the Main Pass/ Breton Sound area of the Gulf of Mexico. Most of these properties were obtained in the 2001 LLOG acquisition and consisted of producing oil and gas fields with proved and probable reserves and exploration acreage. This charge principally reflects reduced reserve estimates on these fields resulting from unfavorable production performance. The fair values of producing properties were determined by using discounted cash flows. Exploration properties were evaluated by using results of drilling and production data from nearby fields and seismic data for these and other properties in the area. The pre-tax amounts of these charges were recorded in the caption asset impairments in the income statement.

During 2002, the Corporation completed the sale of six United States flag vessels for $161 million in cash and a note for $29 million. The sale resulted in a pre-tax gain of $102 million. The Corporation has agreed to support the buyer's charter rate for these vessels for up to five years. A pre-tax gain of $50 million has been deferred as part of the sale transaction to reflect potential obligations of the support agreement. The support agreement requires that, if the actual contracted rate for the charter of a vessel is less than the stipulated charter rate in the agreement, the Corporation pay to the buyer the difference between the contracted rate and the stipulated rate. If the actual contracted rate exceeds the stipulated rate, the buyer must apply such amount to reimburse the Corporation for any payments made by the Corporation up to that date. While the Corporation's eventual obligations under the support agreement could exceed the amount of the deferred gain, based on current charter rates the amount recorded is appropriate. During 2002, the Corporation paid $2 million relating to this support agreement.

A net pre-tax gain of $14 million was recorded during 2002 from sales of oil and gas producing properties in the United States, United Kingdom and Azerbaijan and the Corporation's energy marketing business in the United Kingdom.

The sale of the six United States flag vessels related to the refining and marketing segment and the remaining asset sales related to exploration and production activities. The pre-tax amounts of these asset sales are recorded in non-operating income in the income statement.

The United Kingdom government enacted a 10% supplementary tax on profits from oil and gas production in 2002. As a result of this tax law change, the Corporation recorded a one-time provision for deferred taxes of $43 million to increase the deferred tax liability on its balance sheet.

In 2002, the Corporation recorded a pre-tax charge of $22 million for the write-off of intangible assets in its U.S. energy marketing business. In addition, accrued severance of $13 million was recorded for cost reduction initiatives in refining and marketing, principally in energy marketing. Approximately 165 positions were eliminated and an office was closed. The estimated annual savings from the staff reduction is $10 million, after-tax.

During 2002, the Corporation paid $21 million against its severance reserves, including amounts provided in 2001 for exploration and production operations. At December 31, 2002 the remaining balance in the severance reserves is $8 million.

2001: The Corporation recorded a pre-tax charge of $29 million for estimated losses due to the bankruptcy of certain subsidiaries of Enron Corporation. The charge reflected losses on less than 10% of the Corporation's crude oil and natural gas hedges. In addition, the Corporation recorded a pre-tax charge of $18 million for severance expenses resulting from cost reduction initiatives. The cost reduction program reflected the elimination of approximately 150 positions, principally in exploration and production operations. Substantially all of the pre-tax cost of the special items are reflected in general and administrative expense in the income statement.

2000: The Corporation recorded a pre-tax gain of $97 million from the termination of its proposed acquisition of another oil company. The income principally reflected foreign currency gains on pound sterling contracts which were purchased in anticipation of the acquisition. The Corporation also recorded income from a termination payment which was received from the other company, partially offset by transaction costs. The combined results of this transaction were recorded as a special item in the Corporate segment. Refining and marketing results included a pre-tax charge of $38 million for costs associated with an alternative fuel research and development venture. Both of the special items are reflected in non-operating income in the income statement.

3. Acquisition of Triton Energy Limited

In 2001, the Corporation acquired 100% of the outstanding ordinary shares of Triton Energy Limited, an international oil and gas exploration and production company. The Corporation's consolidated financial statements include Triton's results of operations from August 14, 2001. The acquisition of Triton increased the size and scope of the Corporation's exploration and production operations, providing access to long-lived international reserves and exploration potential. The purchase price resulted in the recognition of goodwill. Factors contributing to the recognition of goodwill included the strategic value of expanding global operations to access new growth areas outside of the United States and the North Sea, obtaining critical mass in Africa and Southeast Asia, and enabling cost savings and portfolio high grading opportunities.

The Corporation accounted for the acquisition as a purchase using the accounting standards established in Statements of Financial Accounting Standards No. 141, *Business Combinations,* and No. 142, *Goodwill and Other Intangible Assets*. The accounting standard requires that the goodwill arising from the purchase method of accounting not be amortized, however, it must be tested for impairment at least annually.

The estimated fair values of assets acquired and liabilities assumed at August 14, 2001 follow:

	Millions of dollars
Current assets (net of cash acquired)	$ 101
Investments and advances	447
Property, plant and equipment	2,605
Other assets	7
Goodwill	982
Total assets acquired	4,142
Current liabilities	(282)
Long-term debt, average rate 6.3%, due through 2007	(555)
Deferred liabilities and credits	(585)
Total liabilities assumed	(1,422)
Net assets acquired	$ 2,720

The goodwill is assigned to the exploration and production reporting unit and is not deductible for income tax purposes, but is taken into account in the determination of foreign tax credits. Since the acquisition, goodwill has decreased by $5 million, mainly related to changes in contingent liabilities.

The following pro forma results of operations present information as if the Triton acquisition occurred at the beginning of each year:

	2001	2000
	Millions of dollars, except per share data	
Pro forma revenue	$13,936	$12,620
Pro forma income	$ 914	$ 1,010
Pro forma earnings per share		
Basic	$ 10.38	$ 11.34
Diluted	$ 10.25	$ 11.24

4. Inventories

Inventories at December 31 are as follows:

	2002	2001
	Millions of dollars	
Crude oil and other charge stocks	$ 99	$ 108
Refined and other finished products	497	440

Less: LIFO adjustment	(261)	(111)
	335	437
Materials and supplies	157	113
Total	$ 492	$ 550

5. Refining Joint Venture

The Corporation has an investment in HOVENSA L.L.C., a 50% joint venture with Petroleos de Venezuela, S.A. (PDVSA). HOVENSA owns and operates a refinery in the Virgin Islands, previously wholly-owned by the Corporation.

The Corporation accounts for its investment in HOVENSA using the equity method. Summarized financial information for HOVENSA as of December 31, 2002, 2001 and 2000 and for the years then ended follows:

	2002	2001	2000
		Millions of dollars	
Summarized Balance Sheet			
At December 31			
Current assets	$ 520	$ 491	$ 523
Net fixed assets	1,895	1,846	1,595
Other assets	40	35	37
Current liabilities	(335)	(294)	(425)
Long-term debt	(467)	(365)	(131)
Deferred liabilities and credits	(45)	(23)	(22)
Partners' equity	$ 1,608	$ 1,690	$ 1,577
Summarized Income Statement			
For the years ended December 31			
Total revenues	$ 3,783	$ 4,209	$ 5,243
Costs and expenses	(3,872)	(4,089)	(4,996)
Net income (loss)*	$ (89)	$ 120	$ 247

* The Corporation's share of HOVENSA's loss was $47 million in 2002, compared with income of $58 million in 2001 and $121 million in 2000.

The Corporation has agreed to purchase 50% of HOVENSA's production of refined products at market prices, after sales by HOVENSA to unaffiliated parties. Such purchases amounted to approximately $1,280 million during 2002, $1,500 million during 2001 and $2,080 million during 2000. The Corporation sold crude oil to HOVENSA for approximately $80 million during 2002, $110 million during 2001 and $98 million during 2000. The Corporation guarantees the payment of up to 50% of the value of HOVENSA's crude oil purchases from suppliers other than PDVSA. At December 31, 2002, this amount was $280 million. This amount fluctuates based on the volume of crude oil purchased and the related crude oil prices. The year-end amount guaranteed is not representative of the normal contingent obligation, because reduced crude oil shipments from Venezuela in December caused HOVENSA to purchase additional crude oil from other parties. Generally, this contingent obligation is approximately $100 million.

In addition, the Corporation has agreed to provide funding, in proportion to its 50% interest, to the extent HOVENSA does not have funds to meet its senior debt obligations due prior to the completion of coker construction, as defined. At December 31, 2002, the Corporation's pro-rata share of HOVENSA's senior debt was $221 million, after deducting HOVENSA funds available for debt service. After completion of the coker construction project, this amount becomes $40 million until completion of construction required to meet final low sulfur fuel regulations, after which the amount reduces to $15 million.

At formation of the joint venture, PDVSA V.I., a wholly-owned subsidiary of PDVSA, purchased a 50% interest in the fixed assets of the Corporation's Virgin Islands refinery for $62.5 million in cash and a 10-year note from PDVSA V.I. for $562.5 million bearing interest at 8.46% per annum and requiring principal payments over its term. At December 31, 2002 and December 31, 2001, the principal balance of the note was $395 million and $443 million, respectively. In October 2002, the Corporation cancelled the $125 million contingent note of PDVSA V.I. also issued to it in connection with the formation of HOVENSA. The contingent note was not valued for accounting purposes and its cancellation had no effect on the Corporation's financial position. At the same time, there were amendments of certain contracts relating to the HOVENSA joint venture, including a six-year extension of the contract for the supply of Mesa crude oil by an affiliate of PDVSA, an amendment to the pricing formula for the Merey crude oil supplied by an affiliate of PDVSA and an amendment to the services agreement between the Corporation and HOVENSA.

6. Property, Plant and Equipment

Property, plant and equipment at December 31 consists of the following:

	2002	2001
	Millions of dollars	
Exploration and production		
Unproved properties	$ 1,020	$ 1,099
Proved properties	2,843	3,804
Wells, equipment and related facilities	10,836	10,291
Refining and marketing	1,450	1,433
Total — at cost	16,149	16,627
Less reserves for depreciation, depletion, amortization and lease	9,117	8,462

impairment		
Property, plant and equipment, net	$ 7,032	$ 8,165

7. Short-Term Notes and Related Lines of Credit

Short-term notes payable to banks amounted to $2 million at December 31, 2002 and $106 million at December 31, 2001. The weighted average interest rates on these borrowings were 1.4% and 2.5% at December 31, 2002 and 2001, respectively. At December 31, 2002, the Corporation has uncommitted arrangements with banks for unused lines of credit aggregating $206 million.

8. Long-Term Debt

Long-term debt at December 31 consists of the following:

	2002	2001
	Millions of dollars	
Fixed rate debentures, weighted average rate 6.9%, due through 2033	$4,237	$3,986
6.1% Marine Terminal Revenue Bonds — Series 1994 — City of Valdez, Alaska, due 2024	20	20
Pollution Control Revenue Bonds, weighted average rate 5.9%, due through 2032	53	53
Fixed rate notes, payable principally to insurance companies, weighted average rate 8.4%, due through 2014	450	645
Revolving Credit Facility with banks	—	32
Commercial paper	—	539
Project lease financing, weighted average rate 5.1%, due through 2014	169	174
Notes payable for asset purchases	—	98
Capitalized lease obligations, weighted average rate 6.5%, due through 2009	56	7
Other loans, weighted average rate 9.2%, due through 2019	5	5
	4,990	5,559
Less amount included in current maturities	14	276
Total	$4,976	$5,283

The aggregate long-term debt maturing during the next five years is as follows (in millions): 2003 — $14 (included in current liabilities); 2004 — $465; 2005 — $158; 2006 — $536 and 2007 — $290.

The Corporation's long-term debt agreements contain restrictions on the amount of total borrowings and cash dividends allowed. At December 31, 2002, the Corporation is permitted to borrow an additional $1.9 billion for the construction or acquisition of assets. At year-end, the amount that can be borrowed for the payment of dividends is $720 million.

During 2002, the Corporation refinanced existing debt by the issuance of $600 million of public debentures bearing interest at 7.125%, due in 2033. At December 31, 2002, the Corporation's public fixed rate debentures have a face value of $4,255 million ($4,237 million net of unamortized discount). Borrowings are due commencing in 2004 and extend through 2033. Interest rates on the debentures range from 5.3% to 7.9% and have a weighted average rate of 6.9%.

In connection with the sale of the Corporation's interest in the Trans Alaska Pipeline in January 2003, $20 million of Marine Terminal Revenue Bonds have been assumed by the purchaser.

The Corporation has a $1.5 billion revolving credit agreement, which was unutilized at December 31 and expires in January 2006. Borrowings under the facility bear interest at .725% above the London Interbank Offered Rate. A facility fee of .15% per annum is currently payable on the amount of the credit line. The interest rate and facility fee would be increased if the Corporation's public debt rating is lowered.

In 2002, 2001 and 2000, the Corporation capitalized interest of $101 million, $44 million and $3 million, respectively, on major development projects. The total amount of interest paid (net of amounts capitalized), principally on short-term and long-term debt, in 2002, 2001 and 2000 was $274 million, $121 million and $168 million, respectively.

9. Stock Based Compensation Plans

The Corporation has outstanding stock options and nonvested common stock under its Amended and Restated 1995 Long-Term Incentive Plan. Generally, stock options vest one year from the date of grant and the exercise price equals or exceeds the market price on the date of grant. Nonvested common stock vests five years from the date of grant.

The Corporation's stock option activity in 2002, 2001 and 2000 consisted of the following:

	Options (thousands)	Weighted-average exercise price per share
Outstanding at January 1, 2000	4,507	$56.18
Granted	870	60.39
Exercised	(1,082)	54.41
Outstanding at December 31, 2000	4,295	57.47
Granted	1,674	60.91
Exercised	(1,053)	56.28
Forfeited	(42)	61.79
Outstanding at December 31, 2001	4,874	58.87
Granted	46	66.45
Exercised	(492)	57.81
Forfeited	(53)	59.79
Outstanding at December 31, 2002	4,375	$59.06
Exercisable at December 31, 2000	3,425	$56.73
Exercisable at December 31, 2001	3,216	57.85
Exercisable at December 31, 2002	4,329	58.99

Exercise prices for employee stock options at December 31, 2002 ranged from $49.19 to $84.61 per share. The weighted-average remaining contractual life of employee stock options is 7 years.

The Corporation uses the Black-Scholes model to estimate the fair value of employee stock options for pro forma disclosure of the effects on net income and earnings per share. The Corporation used the following weighted-average assumptions in the Black-Scholes model for 2002, 2001 and 2000, respectively: risk-free interest rates of 4.2%, 4.1% and 5.4%; expected stock price volatility of .262, .244 and .225; dividend yield of 1.9%, 2.0% and 1.0%; and an expected life of seven years. The Corporation's net income would have been reduced by approximately $14 million in 2002 and 2001 and $17 million in 2000 if option expense were recorded using the fair value method.

The weighted-average fair values of options granted for which the exercise price equaled the market price on the date of grant were $19.63 in 2002, $16.20 in 2001 and $20.04 in 2000.

Total compensation expense for nonvested common stock was $7 million in 2002, $12 million in 2001 and $7 million in 2000. Awards of nonvested common stock were as follows:

	Shares of nonvested common stock awarded (thousands)	Weighted-average price on date of grant
Granted in 2000	519	$59.65
Granted in 2001	108	67.25
Granted in 2002	21	66.29

At December 31, 2002, the number of common shares reserved for issuance is as follows (in thousands):

1995 Long-Term Incentive Plan	
Future awards	937*
Stock options outstanding	4,375
Stock appreciation rights	15
Total	5,327

* In February 2003, the Corporation awarded 742,500 shares of non-vested common stock.

10. Foreign Currency Translation

Foreign currency gains amounted to $10 million and $7 million after income taxes in 2002 and 2001. In 2000, after-tax foreign currency gains amounted to $45 million, including a gain of $53 million related to the termination of the proposed acquisition of another oil company.

The balance in accumulated other comprehensive income related to foreign currency translation was a reduction in stockholders' equity of $107 million at December 31, 2002 compared with a reduction of $141 million at December 31, 2001.

11. Pension Plans

The Corporation has defined benefit pension plans for substantially all of its employees. The following table reconciles the benefit obligation and fair value of plan assets and shows the funded status:

	2002	2001
	Millions of dollars	
Reconciliation of pension benefit obligation		
Benefit obligation at January 1	$ 623	$ 589
Service cost	23	20
Interest cost	44	41
Actuarial (gain) loss	60	(5)
Acquisition of business	—	7
Benefit payments	(29)	(29)
Pension benefit obligation at December 31	721	623
Reconciliation of fair value of plan assets		
Fair value of plan assets at January 1	495	543
Actual return on plan assets	(42)	(39)
Employer contributions	63	12
Acquisition of business	—	8
Benefit payments	(29)	(29)
Fair value of plan assets at December 31	487	495
Funded status at December 31		
Funded status	(234)	(128)
Prior service cost	5	5
Unrecognized loss	214	76
Net amount recognized	$ (15)	$ (47)

Amounts recognized in the consolidated balance sheet at December 31 consists of the following:

	2002	2001
	Millions of dollars	
Accrued benefit liability	$(130)	$(47)
Intangible asset	5	—
Accumulated other comprehensive income	110	—
Net amount recognized	$ (15)	$(47)

Pension expense consisted of the following:

	2002	2001	2000
		Millions of dollars	
Service cost	$ 23	$ 20	$ 18
Interest cost	44	41	37
Expected return on plan assets	(44)	(48)	(45)
Amortization of prior service cost	1	1	2
Amortization of net (gain) loss	5	—	(1)
Pension expense*	$ 29	$ 14	$ 11

* Pension expense is expected to increase to approximately $50 million in 2003.

Prior service costs and gains and losses in excess of 10% of the greater of the benefit obligation or the market value of assets are amortized over the average remaining service period of active employees.

The weighted-average actuarial assumptions used by the Corporation’s pension plans at December 31 were as follows:

	2002	2001
Discount rate	6.6%	7.0%
Expected long-term rate of return on plan assets	9.0*	9.0
Rate of compensation increases	4.4	4.5

* Decreased to 8.5% effective January 1, 2003.

The Corporation also has a nonqualified supplemental pension plan covering certain employees. The supplemental pension plan provides for incremental pension payments from the Corporation’s funds so that total pension payments equal amounts that would have been payable from the Corporation’s principal pension plan were it not for limitations imposed by income tax regulations. The benefit obligation related to this unfunded plan totaled $61 million at December 31, 2002 and $59 million at December 31, 2001. Pension expense for the plan was $8 million in 2002, $9 million in 2001 and $7 million in 2000. The Corporation has accrued $43 million for this plan at December 31, 2002 ($44 million at December 31, 2001). The trust established to fund the supplemental plan held assets valued at $26 million at December 31, 2002 and $23 million at December 31, 2001.

12. Provision for Income Taxes

The provision for income taxes consisted of:

	2002	2001	2000
		Millions of dollars	
United States Federal			
Current	$ 4	$ 77	$ 92
Deferred	(158)	50	62
State	5	27	22
	(149)	154	176
Foreign			
Current	416	356	371
Deferred	(143)	14	102
	273	370	473
Adjustment of deferred tax liability for foreign income tax rate change	43	—	—
Total	$ 167	$524*	$649

* Includes benefit of $48 million relating to prior year refunds of United Kingdom Advance Corporation Taxes and deductions for exploratory drilling.

Income (loss) before income taxes consisted of the following:

	2002	2001	2000
		Millions of dollars	
United States	$(446)	$ 385	$ 497
Foreign*	395	1,053	1,175
Total	$ (51)	$1,438	$1,672

* Foreign income includes the Corporation's Virgin Islands, shipping and other operations located outside of the United States.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their recorded amounts in the financial statements. A summary of the components of deferred tax liabilities and assets at December 31 follows:

	2002	2001
	Millions of dollars	
Deferred tax liabilities		
Fixed assets and investments	$ 943	$1,168
Foreign petroleum taxes	256	209
Other	138	118
Total deferred tax liabilities	1,337	1,495
Deferred tax assets		
Accrued liabilities	124	176
Net operating and capital loss carryforwards	543	350
Tax credit carryforwards	61	32
Other	33	44
Total deferred tax assets	761	602
Valuation allowance	(95)	(93)
Net deferred tax assets	666	509
Net deferred tax liabilities	$ 671	$ 986

The difference between the Corporation's effective income tax rate and the United States statutory rate is reconciled below:

	2002	2001	2000
United States statutory rate	(35.0)%	35.0%	35.0%
Effect of foreign operations, including foreign tax credits	380.2*	1.1	3.5
Loss on repurchase of bonds	(19.8)	—	—
State income taxes, net of Federal income tax benefit	6.8	1.2	.8
Prior year adjustments	(1.9)	(1.4)	(.6)
Other	(.1)	.5	.1
Total	330.2%	36.4%	38.8%

* Reflects high effective tax rates in certain foreign jurisdictions, including special taxes in the United Kingdom and Norway, and losses in other jurisdictions which were benefited at lower rates.

The Corporation has not recorded deferred income taxes applicable to undistributed earnings of foreign subsidiaries that are expected to be indefinitely reinvested in foreign operations. Undistributed earnings amounted to approximately $1.9 billion at December 31, 2002 and include amounts which, if remitted, would result in U.S. income taxes at less than the statutory rate, because of available foreign tax credits. If the earnings of such foreign subsidiaries were not indefinitely reinvested, a deferred tax liability of approximately $150 million would have been required.

For income tax reporting at December 31, 2002, the Corporation has alternative minimum tax credit carryforwards of approximately $60 million, which can be carried forward indefinitely. At December 31, 2002, the Corporation has a net operating loss carryforward in the United States of approximately $600 million. At December 31, 2002, a net operating loss carryforward of approximately $550 million is also available to offset income from the Corporation's share of the HOVENSA joint venture and to reduce taxes on interest from the PDVSA note. In addition, a foreign exploration and production subsidiary has a net operating loss carryforward of approximately $475 million.

Income taxes paid (net of refunds) in 2002, 2001 and 2000 amounted to $410 million, $605 million and $249 million, respectively.

13. Net Income Per Share

The weighted average number of common shares used in the basic and diluted earnings per share computations are summarized below:

	2002	2001	2000
		Thousands of shares	
Common shares — basic	88,187	88,031	89,063
Effect of dilutive securities			
Stock options	—	468	339
Nonvested common stock	—	425	358
Convertible preferred stock	—	205	118
Common shares — diluted	88,187	89,129	89,878

Diluted common shares include shares that would be outstanding assuming the exercise of stock options, the fulfillment of restrictions on nonvested shares and the conversion of preferred stock. In 2002, the above table excludes the antidilutive effect of 424,000 stock options, 461,000 nonvested common shares and 205,000 shares of convertible preferred stock. The table also excludes the effect of out-of-the-money options on 633,000 shares, 139,000 shares and 1,063,000 shares in 2002, 2001 and 2000, respectively.

14. Leased Assets

The Corporation and certain of its subsidiaries lease gasoline stations, tankers, floating production systems, drilling rigs, office space and other assets for varying periods. At December 31, 2002, future minimum rental payments applicable to noncancelable leases with remaining terms of one year or more (other than oil and gas leases) are as follows:

	Operating Leases	Capital Leases
	Millions of dollars	
2003	$ 107	$ 13
2004	100	12
2005	66	13
2006	65	13
2007	66	13
Remaining years	893	3
Total minimum lease payments	1,297	67
Less: Imputed interest	—	11
Income from subleases	18	—
Net minimum lease payments	$1,279	$ 56
Capitalized lease obligations		
Current		$ 9
Long-term		47
Total		$ 56

Certain operating leases provide an option to purchase the related property at fixed prices.

Rental expense for all operating leases, other than rentals applicable to oil and gas leases, was as follows:

	2002	2001	2000
		Millions of dollars	
Total rental expense	$160	$206	$199

Less income from subleases	34	63	86
Net rental expense	$126	$143	$113

15. Financial Instruments, Non-Trading and Trading Activities

On January 1, 2001, the Corporation adopted FAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. This statement requires that the Corporation recognize all derivatives on the balance sheet at fair value and establishes criteria for using derivatives as hedges.

The January 1, 2001 transition adjustment resulting from adopting FAS No. 133 was a cumulative increase in other comprehensive income of $100 million after income taxes ($145 million before income taxes). Substantially all of the transition adjustment resulted from crude oil and natural gas cash flow hedges. The transition adjustment did not have a material effect on net income or retained earnings. The accounting change also affected current assets and liabilities.

Non-Trading: The Corporation uses futures, forwards, options and swaps, individually or in combination, to reduce the effects of fluctuations in crude oil, natural gas and refined product selling prices. The Corporation also uses derivatives in its energy marketing activities to fix the purchase and selling prices of energy products. Related hedge gains or losses are an integral part of the selling or purchase prices. Generally, these derivatives are designated as hedges of expected future cash flows or forecasted transactions (cash flow hedges), and the gains or losses are recorded in other comprehensive income until the hedged transactions are recognized. The Corporation’s use of fair value hedges is not material.

The Corporation reclassifies hedging gains and losses from accumulated other comprehensive income to earnings at the time the hedged transactions are recognized. In 2002, hedging increased exploration and production results by $56 million after income taxes ($82 million before income taxes). Results from exploration and production activities in 2001 were increased $74 million after income taxes ($106 million before income taxes) by reclassified hedge gains. This included $53 million after income taxes ($82 million before income taxes) associated with the transition adjustment at the beginning of the year. The ineffective portion of hedges is included in current earnings in cost of products sold. The amount of hedge ineffectiveness was not material during the years ended December 31, 2002 and 2001.

The Corporation produced 119 million barrels of crude oil and natural gas liquids and 275 million Mcf of natural gas in 2002. At December 31, 2002, the Corporation’s crude oil and natural gas hedging activities included commodity futures, option and swap contracts. Crude oil hedges mature in 2003 and 2004 and cover 91 million barrels of crude oil production (29 million barrels of crude oil in 2001). The Corporation has natural gas hedges covering 35 million Mcf of natural gas production at December 31, 2002, which mature in 2003 (143 million Mcf of natural gas at December 31, 2001).

Since the contracts described above are designated as hedges and correlate to price movements of crude oil and natural gas, any gains or losses resulting from market changes will be offset by losses or gains on the Corporation’s production. At December 31, 2002, net after-tax deferred losses in accumulated other comprehensive income from the Corporation’s crude oil and natural gas hedging contracts expiring through 2004 were $91 million ($141 million before income taxes), including $71 million of unrealized losses. Of the net after tax deferred loss, $97 million matures during 2003. At December 31, 2001 after tax deferred gains were $249 million ($374 million before income taxes), including $164 million of unrealized gains. Creditworthiness of counterparties to hedging transactions is reviewed regularly and full performance is expected.

In its energy marketing business, the Corporation has entered into cash flow hedges to fix the purchase prices of natural gas, heating oil and electricity. The fair value of these contracts is $25 million and is included in other comprehensive income. These contracts mature generally through 2004. There is no significant concentration of credit risk with counterparties.

Commodity Trading: The Corporation, principally through a consolidated partnership, trades energy commodities, including futures, forwards, options and swaps, based on expectations of future market conditions. The Corporation’s net income from trading activities, including its share of the earnings of the trading partnership amounted to $3 million in 2002, $45 million in 2001 and $22 million in 2000.

Financial Instruments: Foreign currency contracts are used to protect the Corporation from fluctuations in exchange rates. The Corporation enters into foreign currency contracts, which are not designated as hedges, and the change in fair value is included in income currently. The Corporation has $307 million of notional value foreign currency forward contracts maturing in 2003 ($136 million at December 31, 2001). Notional amounts do not quantify risk or represent assets or liabilities of the Corporation, but are used in the calculation of cash settlements under the contracts. The Corporation also has $149 million in letters of credit outstanding at December 31, 2002 ($225 million at December 31, 2001). Of the total letters of credit outstanding at December 31, 2002, $89 million represents contingent liabilities; the remaining $60 million relates to liabilities recorded on the balance sheet.

Fair Value Disclosure: The Corporation estimates the fair value of its fixed-rate notes receivable and debt generally using discounted cash flow analysis based on current interest rates for instruments with similar maturities. Interest-rate swaps and foreign currency exchange contracts are valued based on current termination values or quoted market prices of comparable contracts. The Corporation's valuation of commodity contracts considers quoted market prices where applicable. In the absence of quoted market prices, the Corporation values contracts at fair value considering time value, volatility of the underlying commodities and other factors.

The following table presents the year-end fair values of energy commodities and derivative instruments used in non-trading and trading activities:

	Fair Value At Dec. 31	
	2002	**2001**
	Millions of dollars, asset (liability)	
Commodities	$ 27	$ 54
Futures and forwards		
Assets	370	154
Liabilities	(378)	(323)
Options		
Held	65	420
Written	(27)	(466)
Swaps		
Assets	1,323	1,472
Liabilities	(1,394)	(1,109)

The carrying amounts of the Corporation's financial instruments and commodity contracts, including those used in the Corporation's non-trading and trading activities, generally approximate their fair values at December 31, 2002 and 2001, except as follows:

	2002		2001	
	Balance Sheet Amount	Fair Value	Balance Sheet Amount	Fair Value
	Millions of dollars, asset (liability)			
Fixed-rate notes receivable	$ 424	$ 364	$ 443	$ 440
Fixed-rate debt	(4,984)	(5,561)	(4,936)	(5,070)

Market and Credit Risks: The Corporation's financial instruments expose it to market and credit risks and may at times be concentrated with certain counterparties or groups of counterparties. The credit worthiness of counterparties is subject to continuing review and full performance is anticipated. In its trading activities, the Corporation reduces its risk related to certain counterparties by using master netting agreements and requiring collateral, generally cash.

In its trading activities, the Corporation has net receivables of $442 million at December 31, 2002, which are concentrated with counter-parties, as follows: domestic and foreign trading companies — 40%, gas and power companies — 32%, banks and major financial institutions — 15% and integrated energy companies — 7%.

16. Future Accounting Changes

During 2002, the Emerging Issues Task Force issued EITF 02-3, *Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities*. In accordance with EITF 02-3, the Corporation began accounting for trading inventory purchased after October 25, 2002 at the lower of cost or market. Inventory purchased prior to this date was marked-to-market and reflected in income currently. Beginning January 1, 2003, the Corporation will account for all trading inventory at the lower of cost or market. This accounting change will not have a material effect on the Corporation's income or financial position.

The Financial Accounting Standards Board issued FAS No. 143, *Accounting for Asset Retirement Obligations*. This statement changes the method of accruing for costs associated with the retirement of fixed assets for which a legal retirement obligation exists, such as the dismantlement of oil and gas production facilities. This standard is effective in 2003. The effect of this new accounting standard is not material to the Corporation's income or financial position.

17. Guarantees and Contingencies

In the normal course of business, the Corporation provides guarantees for investees of the Corporation. These guarantees are contingent commitments that ensure the performance of investees for repayment of borrowings and other arrangements. The maximum potential amount of future payments that the Corporation could be required to make under its guarantees at December 31, 2002 is $269 million. The Corporation has guaranteed $221 million of the senior debt obligation of HOVENSA (see Note 5). The remainder relates generally to guarantees of performance under lease terms of a natural gas pipeline in which the Corporation owns a 5% interest. The amount of this guarantee declines over a 15 year term.

The Corporation is subject to contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings. The Corporation considers these routine and incidental to its business and not material to its financial position or results of operations. The Corporation accrues liabilities when the future costs are probable and reasonably estimable.

18. Subsequent Event

In February 2003, the Corporation exchanged its crude oil producing properties in Colombia, plus $10 million in cash, for an additional 25% interest in natural gas reserves in the joint development area of Malaysia and Thailand. At December 31, 2002, the net book value of fixed assets in Colombia was approximately $685 million and the related deferred income tax liability was approximately $145 million. The exchange is expected to result in a net charge to income of approximately $60 million in the first quarter of 2003. This charge reflects the adjustment of the book value of the assets and liabilities being exchanged to fair value.

In January 2003, the Corporation also sold its 1.5% interest in the Trans Alaska Pipeline System and recognized a net gain of approximately $30 million.

19. Segment Information

Financial information by major geographic area for each of the three years ended December 31, 2002 follows:

	United States	Europe	Africa, Asia and other	Consolidated
			Millions of dollars	
2002				
Operating revenues	$8,749	$2,237	$ 946	$11,932
Property, plant and equipment (net)	1,770	2,327	2,935	7,032
2001				
Operating revenues	$9,824	$3,138	$ 451	$13,413
Property, plant and equipment (net)	2,469	2,322	3,374	8,165
2000				
Operating revenues	$8,953	$2,825	$ 215	$11,993
Property, plant and equipment (net)	1,558	2,269	496	4,323

The Corporation has two operating segments that comprise the structure used by senior management to make key operating decisions and assess performance. These are (1) exploration and production and (2) refining and marketing. Operating segments have not been aggregated. Exploration and production operations include the exploration for and the production, purchase, transportation and sale of crude oil and natural gas. Refining and marketing operations include the manufacture, purchase, transportation, trading and marketing of petroleum and other energy products.

The following table presents financial data by operating segment for each of the three years ended December 31, 2002:

	Exploration and Production	Refining and Marketing	Corporate and Interest	Consolidated*
		Millions of dollars		
2002				
Operating revenues				
Total operating revenues	$ 4,195	$8,351	$ 1	
Less: Transfers between affiliates	615	—	—	
Operating revenues from unaffiliated customers	$ 3,580	$8,351	$ 1	$11,932
Operating earnings (loss)	$ 752	$ 40	$(241)	$ 551
Special items	(814)	45	—	(769)
Net income (loss)	$ (62)	$ 85	$(241)	$ (218)
Earnings of equity affiliates	$ (4)	$ (38)	$ —	$ (42)
Interest income	5	38	1	44
Interest expense	—	—	269	269
Depreciation, depletion, amortization and lease impairment	1,305	55	1	1,361
Asset impairments	1,100	—	—	1,100
Provision (benefit) for income taxes	252	47	(132)	167
Investments in equity affiliates	617	1,001	—	1,618
Identifiable assets	8,392	4,218	652	13,262
Capital employed	6,657	2,465	118	9,240
Capital expenditures	1,404	123	7	1,534
2001				
Operating revenues				
Total operating revenues	$ 4,812	$9,454	$ 2	
Less: Transfers between affiliates	855	—	—	
Operating revenues from unaffiliated customers	$ 3,957	$9,454	$ 2	$13,413
Operating earnings (loss)	$ 923	$ 235	$(213)	$ 945
Special items	(29)	(2)	—	(31)
Net income (loss)	$ 894	$ 233	$(213)	$ 914
Earnings of equity affiliates	$ (2)	$ 54	$ —	$ 52
Interest income	6	45	8	59
Interest expense	—	—	194	194
Depreciation, depletion, amortization and lease impairment	951	51	3	1,005
Provision (benefit) for income taxes	528	65	(69)	524
Investments in equity affiliates	580	1,052	—	1,632
Identifiable assets	10,412	4,797	160	15,369
Capital employed	7,534	2,999	39	10,572
Capital expenditures	5,061	155	5	5,221
2000				
Operating revenues				
Total operating revenues	$ 3,970	$8,813	$ 2	
Less: Transfers between affiliates	792	—	—	
Operating revenues from unaffiliated customers	$ 3,178	$8,813	$ 2	$11,993
Operating earnings (loss)	$ 868	$ 288	$(169)	$ 987
Special items	—	(24)	60	36
Net income (loss)	$ 868	$ 264	$(109)	$ 1,023
Earnings of equity affiliates	$ 1	$ 121	$ 6	$ 128
Interest income	7	59	11	77
Interest expense	—	—	162	162

Depreciation, depletion, amortization and lease impairment	700	39	8	747
Provision (benefit) for income taxes	612	50	(13)	649
Investments in equity affiliates	147	894	—	1,041
Identifiable assets	4,688	4,976	610	10,274
Capital employed	2,817	2,747	369	5,933
Capital expenditures	783	154	1	938

* After elimination of transactions between affiliates, which are valued at approximate market prices.

REPORT OF MANAGEMENT

Amerada Hess Corporation and Consolidated Subsidiaries

The consolidated financial statements of Amerada Hess Corporation and consolidated subsidiaries were prepared by and are the responsibility of management. These financial statements conform with generally accepted accounting principles and are, in part, based on estimates and judgements of management. Other information included in this Annual Report is consistent with that in the consolidated financial statements.

The Corporation maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that transactions are properly executed and recorded. Judgements are required to balance the relative costs and benefits of this system of internal controls.

The Corporation's consolidated financial statements have been audited by Ernst & Young LLP, independent auditors, who have been selected by the Audit Committee and the Board of Directors and approved by the stockholders. Ernst & Young LLP assesses the Corporation's system of internal controls and performs tests and procedures that they consider necessary to arrive at an opinion on the fairness of the consolidated financial statements.

The Audit Committee of the Board of Directors consists solely of independent directors. The Audit Committee meets periodically with the independent auditors, internal auditors and management to review and discuss the annual audit scope and plans, the adequacy of staffing, the system of internal controls and the results of examinations. At least annually, the Audit Committee meets with the independent auditors and with the internal auditors without management present. The Audit Committee also reviews the Corporation's financial statements with management and the independent auditors. This review includes a discussion of accounting principles, significant judgements inherent in the financial statements, disclosures and such other matters required by generally accepted auditing standards. Ernst & Young LLP and the Corporation's internal auditors have unrestricted access to the Audit Committee.

John B. Hess

John B. Hess
Chairman of the Board and Chief Executive Officer

John Y. Schreyer
Executive Vice President and Chief Financial Officer

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Amerada Hess Corporation

We have audited the accompanying consolidated balance sheet of Amerada Hess Corporation and consolidated subsidiaries as of December 31, 2002 and 2001 and the related consolidated statements of income, retained earnings, cash flows, changes in preferred stock, common stock and capital in excess of par value and comprehensive income for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amerada Hess Corporation and consolidated subsidiaries at December 31, 2002 and 2001 and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 15 to the consolidated financial statements, the Corporation adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, effective January 1, 2001.

Ernst + Young LLP

New York, NY

February 21, 2003

SUPPLEMENTARY OIL AND GAS DATA (UNAUDITED)

Amerada Hess Corporation and Consolidated Subsidiaries

The supplementary oil and gas data that follows is presented in accordance with Statement of Financial Accounting Standards (FAS) No. 69, *Disclosures about Oil and Gas Producing Activities*, and includes (1) costs incurred, capitalized costs and results of operations relating to oil and gas producing activities, (2) net proved oil and gas reserves, and (3) a standardized measure of discounted future net cash flows relating to proved oil and gas reserves, including a reconciliation of changes therein.

The Corporation produces crude oil and/or natural gas in the United States, Europe, Equatorial Guinea, Gabon, Indonesia, Thailand, Azerbaijan, Algeria and Colombia. Exploration activities are also conducted, or are planned, in additional countries.

Through an equity investee, the Corporation owns a 25% interest in certain oil and gas fields in the joint development area of Malaysia and Thailand (JDA). The Corporation also owns a 25% interest in an oil and gas exploration and production company, Premier Oil plc. The Corporation accounts for both of these investments on the equity method.

Subsequent to year-end, the Corporation exchanged its producing properties in Colombia for an additional 25% interest in the JDA. The Corporation's JDA interest will be consolidated in future periods. The Corporation has also agreed to exchange its interest in Premier for an interest in a producing gas field in Indonesia.

Costs Incurred in Oil and Gas Producing Activities

For the Years Ended December 31	Total	United States	Europe	Africa, Asia and other
			(Millions of dollars)	
2002				
Property acquisitions				
Proved	$ 70	$ —	$ —	$ 70
Unproved	23	22	—	1
Exploration	335	120	53	162
Development	1,095	146	509	440
Share of equity investees' costs incurred	39	—	25	14
2001				
Property acquisitions				
Proved	$2,772	$831	$ —	$1,941
Unproved	820	121	1	698
Exploration	297	107	87	103
Development	1,182	322	516	344
Share of equity investees' costs incurred	14	—	9	5
2000				
Property acquisitions				
Proved	$ 80	$ —	$ —	$ 80
Unproved	38	22	8	8
Exploration	252	119	49	84
Development	536	155	321	60
Share of equity investees' costs incurred	49	—	9	40

Capitalized Costs Relating to Oil and Gas Producing Activities

At December 31	2002	2001
	(Millions of dollars)	
Unproved properties	$ 1,020	$ 1,099
Proved properties	2,843	3,804
Wells, equipment and related facilities	10,836	10,291
Total costs	14,699	15,194
Less: Reserve for depreciation, depletion, amortization and lease impairment	8,539	7,907
Net capitalized costs	$ 6,160	$ 7,287
Share of equity investees' capitalized costs	$ 704	$ 655

The results of operations for oil and gas producing activities shown below exclude sales of purchased natural gas, non-operating income (including gains on sales of oil and gas properties), interest expense and gains and losses resulting from foreign exchange transactions. Therefore, these results are on a different basis than the net income from exploration and production operations reported in management's discussion and analysis of results of operations and in Note 19 to the financial statements.

Results of Operations for Oil and Gas Producing Activities

For the Years Ended December 31	Total	United States	Europe	Africa, Asia and other
			(Millions of dollars)	
2002				
Sales and other operating revenues				
Unaffiliated customers	$3,139	$ 429	$1,819	$ 891
Inter-company	647	615	32	—
Total revenues	3,786	1,044	1,851	891
Costs and expenses				
Production expenses, including related taxes	822	241	405	176
Exploration expenses, including dry holes and lease impairment	319	85	94	140
Other operating expenses	143	46	17	80
Depreciation, depletion and amortization	1,263	460	525	278
Asset impairments	1,100	394	—	706
Total costs and expenses	3,647	1,226	1,041	1,380
Results of operations before income taxes	139	(182)	810	(489)
Provision for income taxes	220	(64)	387	(103)
Results of operations	$ (81)	$ (118)	$ 423	$ (386)
Share of equity investees' results of operations	$ 8	$ —	$ (3)	$ 11
2001				
Sales and other operating revenues				
Unaffiliated customers	$2,519	$ 378	$1,706	$ 435
Inter-company	1,032	856	176	—
Total revenues	3,551	1,234	1,882	435
Costs and expenses				
Production expenses, including related taxes	711	213	374	124
Exploration expenses, including dry holes and lease impairment	368	156	103	109
Other operating expenses	153	80	25	48
Depreciation, depletion and amortization	913	368	446	99
Total costs and expenses	2,145	817	948	380
Results of operations before income taxes	1,406	417	934	55
Provision for income taxes	523	143	320	60
Results of operations	$ 883	$ 274	$ 614	$ (5)
Share of equity investees' results of operations	$ 17	$ —	$ 12	$ 5
2000				
Sales and other operating revenues				
Unaffiliated customers	$2,153	$146	$1,813	$194
Inter-company	944	792	152	—
Total revenues	3,097	938	1,965	194
Costs and expenses				
Production expenses, including related taxes	557	147	361	49
Exploration expenses, including dry holes and lease impairment	289	141	51	97
Other operating expenses	86	44	20	22
Depreciation, depletion and amortization	667	175	450	42
Total costs and expenses	1,599	507	882	210

Results of operations before income taxes	1,498	431	1,083	(16)
Provision for income taxes	613	158	442	13
Results of operations	$ 885	$273	$ 641	$ (29)
Share of equity investees’ results of operations	$ 2	$ —	$ (3)	$ 5

The Corporation’s net oil and gas reserves have been estimated by independent consultants DeGolyer and MacNaughton. The reserves in the tabulation below include proved undeveloped crude oil and natural gas reserves that will require substantial future development expenditures. On a barrel of oil equivalent basis, 33% of the Corporation’s December 31, 2002 worldwide proved reserves are undeveloped. The estimates of the Corporation’s proved reserves of crude oil and natural gas (after deducting royalties and operating interests owned by others) follow:

Oil and Gas Reserves

	Crude Oil, Condensate and Natural Gas Liquids (Millions of barrels)						Natural Gas (Millions of Mcf)					
	United States	Europe	Africa, Asia and other	Total	Equity Investees	World-wide	United States	Europe	Africa, Asia and other	Total	Equity Investees	World-wide
Net Proved Developed and Undeveloped Reserves												
At January 1, 2000	163	438	97	698	14	712	605	998	301	1,904	277	2,181
Revisions of previous estimates	9	31	5	45	(1)	44	2	33	7	42	2	44
Extensions, discoveries and other additions	7	16	4	27	—	27	43	47	14	104	44	148
Purchases of minerals in-place	1	4	83	88	—	88	8	2	—	10	—	10
Sales of minerals in-place	—	(5)	(2)	(7)	—	(7)	—	(4)	—	(4)	—	(4)
Production	(24)	(65)	(7)	(96)	(2)	(98)	(106)	(131)	(12)	(249)	(3)	(252)
At December 31, 2000	156	419	180	755	11	766	552	945	310	1,807	320	2,127
Revisions of previous estimates	3	(1)	4	6	(1)	5	31	(25)	(17)	(11)	46	35
Improved recovery	—	34	—	34	—	34	—	27	—	27	—	27
Extensions, discoveries and other additions	9	18	8	35	—	35	62	196	33	291	—	291
Purchases of minerals in-place	22	1	190	213	13	226	227	—	10	237	493	730
Sales of minerals in-place	—	—	—	—	—	—	—	(1)	—	(1)	(25)	(26)
Production	(28)	(63)	(18)	(109)	(2)	(111)	(155)	(131)	(10)	(296)	(7)	(303)
At December 31, 2001	162	408	364	934	21	955	717	1,011	326	2,054	827	2,881
Revisions of previous estimates(a)	(10)	7	(111)	(114)	(5)	(119)	(82)	(16)	8	(90)	(81)	(171)
Improved recovery	—	—	38	38	—	38	—	—	—	—	—	—
Extensions, discoveries and other additions	13	11	15	39	—	39	69	24	31	124	3	127
Sales of minerals in-place	(3)	(1)	(6)	(10)	—	(10)	(29)	(43)	—	(72)	—	(72)
Production	(24)	(61)	(34)	(119)	(2)	(121)	(136)	(124)	(15)	(275)	(13)	(288)
At December 31, 2002	138	364	266	768	14(d)	782(b)	539(c)	852	350	1,741	736(d)	2,477(b)
Net Proved Developed Reserves												
At January 1, 2000	136	351	26	513	10	523	477	841	119	1,437	87	1,524
At December 31, 2000	140	353	80	573	9	582	476	842	111	1,429	199	1,628
At December 31, 2001	144	318	196	658	7	665	580	709	111	1,400	220	1,620
At December 31, 2002	113	294	140	547	8	555	450	631	154	1,235	221	1,456

(a) Revisions include reductions of approximately 44 million barrels of crude oil and 26 million Mcf of natural gas relating to the impact of higher selling prices on production sharing contracts with cost recovery provisions and stipulated rates of return. Also includes reductions in reserves on fields acquired in the LLOG and Triton acquisitions.

(b) Includes 27% of crude oil reserves and 33% of natural gas reserves held under production sharing contracts. These reserves are located outside of the United States and are subject to different political and economic risks.

(c) Excludes 443 million Mcf of carbon dioxide gas for sale or use in company operations.

(d) Substantially all of these reserves are outside of the United States and Europe.

The standardized measure of discounted future net cash flows relating to proved oil and gas reserves required to be disclosed by FAS No. 69 is based on assumptions and judgements. As a result, the future net cash flow estimates are highly subjective and could be materially different if other assumptions were used. Therefore, caution should be exercised in the use of the data presented below.

Future net cash flows are calculated by applying year-end oil and gas selling prices (adjusted for price changes provided by contractual arrangements) to estimated future production of proved oil and gas reserves, less estimated future development and production costs, which are based on year-end costs and existing economic assumptions. Future income tax expenses are computed by applying the appropriate year-end statutory tax rates to the pre-tax net cash flows relating to the Corporation’s proved oil and gas reserves. Future net cash flows are discounted at the prescribed rate of 10%. No recognition is given in the discounted future net cash flow estimates to depreciation, depletion, amortization and lease impairment, exploration expenses, interest expense, corporate general and administrative expenses and changes in future prices and costs. The selling prices of crude oil and natural gas have increased during 2002 and are highly volatile. The year-end prices which are required to be used for the discounted future net cash flows and do not include the effects of hedges may not be representative of future selling prices.

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

At December 31	Total	United States	Europe	Africa, Asia and other
			(Millions of dollars)	
2002				
Future revenues	$27,994	$6,219	$13,203	$8,572
Less:				
Future development and production costs	10,133	1,843	4,863	3,427
Future income tax expenses	6,661	1,228	4,042	1,391
	16,794	3,071	8,905	4,818
Future net cash flows	11,200	3,148	4,298	3,754
Less: Discount at 10% annual rate	4,115	1,178	1,441	1,496
Standardized measure of discounted future net cash flows	$ 7,085	$1,970	$ 2,857	$2,258
Share of equity investees’ standardized measure	$ 587	$ —	$ 23	$ 564
2001				
Future revenues	$22,666	$4,884	$10,569	$7,213
Less:				
Future development and production costs	10,335	1,817	4,889	3,629
Future income tax expenses	3,989	686	2,495	808
	14,324	2,503	7,384	4,437
Future net cash flows	8,342	2,381	3,185	2,776
Less: Discount at 10% annual rate	3,286	809	1,132	1,345
Standardized measure of discounted future net cash flows	$ 5,056	$1,572	$ 2,053	$1,431
Share of equity investees’ standardized measure	$ 543	$ —	$ 28	$ 515
2000				
Future revenues	$25,889	$9,297	$12,433	$4,159
Less:				
Future development and production costs	8,672	1,551	4,808	2,313
Future income tax expenses	6,716	2,568	3,560	588
	15,388	4,119	8,368	2,901
Future net cash flows	10,501	5,178	4,065	1,258
Less: Discount at 10% annual rate	3,673	1,923	1,136	614
Standardized measure of discounted future net cash flows	$ 6,828	$3,255	$ 2,929	$ 644
Share of equity investees’ standardized measure	$ 305	$ —	$ 44	$ 261

Changes in Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

For the years ended December 31	2002	2001	2000
		(Millions of dollars)	
Standardized measure of discounted future net cash flows at beginning of year	$ 5,056	$ 6,828	$ 5,110
Changes during the year			
Sales and transfers of oil and gas produced during year, net of production costs	(2,964)	(2,840)	(2,540)
Development costs incurred during year	1,095	1,182	536
Net changes in prices and production costs applicable to future production	5,767	(4,346)	3,349
Net change in estimated future development costs	(546)	(838)	(931)
Extensions and discoveries (including improved recovery) of oil and gas reserves, less related costs	287	521	551
Revisions of previous oil and gas reserve estimates	(939)	231	396
Purchases (sales) of minerals in-place, net	(247)	1,186	230
Accretion of discount	796	1,087	832
Net change in income taxes	(1,701)	1,943	(840)
Revision in rate or timing of future production and other changes	481	102	135
Total	2,029	(1,772)	1,718
Standardized measure of discounted future net cash flows at end of year	$ 7,085	$ 5,056	$ 6,828

TEN-YEAR SUMMARY OF FINANCIAL DATA

Amerada Hess Corporation and Consolidated Subsidiaries

Millions of dollars, except per share data	2002	2001	2000
Statement of Consolidated Income			
Revenues and Non-operating Income			
Sales (excluding excise taxes) and other operating revenues			
Crude oil (including sales of purchased oil)	$ 2,833	$ 2,343	$ 2,177
Natural gas (including sales of purchased gas)	3,088	4,614	3,319
Petroleum products	4,871	5,308	5,545
Other operating revenues	1,140	1,148	952
Total	11,932	13,413	11,993
Non-operating income			
Gain on asset sales	117	—	—
Equity in income (loss) of HOVENSA L.L.C.	(47)	58	121
Other	91	142	163
Total revenues and non-operating income	12,093	13,613	12,277
Costs and expenses			
Cost of products sold	7,156	8,735	7,883
Production expenses	822	711	557
Marketing expenses	703	663	542
Exploration expenses, including dry holes and lease impairment	319	368	289
Other operating expenses	199	224	234
General and administrative expenses	256	313	224
Interest expense	269	194	162
Depreciation, depletion and amortization	1,320	967	714
Impairment of assets and operating leases	1,100	—	—
Total costs and expenses	12,144	12,175	10,605
Income (loss) before income taxes	(51)	1,438	1,672
Provision (benefit) for income taxes	167	524	649
Net income (loss)	$ (218)(a)	$ 914(c)	$ 1,023(d)
Net income (loss) per share			
Basic	$ (2.48)	$ 10.38	$ 11.48
Diluted	(2.48)	10.25	11.38
Dividends Per Share of Common Stock	$ 1.20	$ 1.20	$ .60
Weighted Average Diluted Shares Outstanding (thousands)	88,187(b)	89,129	89,878

(a) Includes net after-tax special charges aggregating $769 million, principally resulting from asset impairments. See Note 2 to financial statements.

(b) Represents basic shares.

(c) Reflects after-tax special charges aggregating $31 million for losses related to the bankruptcy of certain subsidiaries of Enron and accrued severance.

(d) Includes an after-tax gain of $60 million on termination of acquisition, partially offset by a $24 million charge for costs associated with a research and development venture.

(e) On January 1, 1999, the Corporation adopted the last-in, first-out (LIFO) inventory method for refining and marketing inventories.

(f) Includes after-tax gains on asset sales of $176 million and special tax benefits of $54 million, partially offset by impairment of assets and operating leases of $99 million (after income taxes).

(g) Reflects after-tax special charges aggregating $263 million representing impairments of assets and operating leases, a net loss on asset sales and accrued severance.

(h) After income taxes, the net gain was $421 million.

(i) After income taxes, the net charge was $416 million.

See accompanying notes to consolidated financial statements, including Note 3 on Acquisition of Triton Energy Limited in August of 2001.

TEN-YEAR SUMMARY OF FINANCIAL DATA

Amerada Hess Corporation and Consolidated Subsidiaries

1999(e)	1998	1997	1996	1995	1994	1993
$ 1,407	$ 894	$ 1,436	$ 1,528	$ 1,565	$ 1,228	$ 1,220
1,856	1,711	1,414	1,365	1,120	1,063	1,021
3,003	3,464	4,961	5,081	4,311	3,981	3,349
773	511	413	296	303	328	290
7,039	6,580	8,224	8,270	7,299	6,600	5,880
273	(26)	16	529(h)	96	42	—
7	(16)	—	—	—	—	—
142	83	120	125	125	49	17
7,461	6,621	8,360	8,924	7,520	6,691	5,897
4,240	4,373	5,578	5,386	4,501	3,795	3,509
487	518	557	621	611	601	626
387	379	329	264	259	261	247
261	349	422	384	382	331	351
217	224	232	129	186	124	242
232	271	236	238	263	230	229
158	153	136	166	247	245	157
649	662	663	722	840	868	759
128	206	80	—	584(i)	—	—
6,759	7,135	8,233	7,910	7,873	6,455	6,120
702	(514)	127	1,014	(353)	236	(223)
264	(55)	119	354	41	162	45
$ 438(f)	$ (459)(g)	$ 8	$ 660	$ (394)	$ 74	$ (268)
$ 4.88	$ (5.12)	$ .08	$ 7.13	$ (4.26)	$ .80	$ (2.91)
4.85	(5.12)	.08	7.09	(4.26)	.79	(2.91)
$ .60	$ .60	$ .60	$ .60	$ .60	$ .60	$ .60
90,280	89,585(b)	91,733	93,110	92,509(b)	92,968	92,213(b)

TEN-YEAR SUMMARY OF FINANCIAL DATA

Amerada Hess Corporation and Consolidated Subsidiaries

Millions of dollars, except per share data

	2002	2001	2000
Selected Balance Sheet Data at Year-End			
Cash and cash equivalents	$ 197	$ 37	$ 312
Working capital	203	228	577
Property, plant and equipment			
Exploration and production	$14,699	$15,194	$10,499
Refining and marketing	1,450	1,433	1,399
Total — at cost	16,149	16,627	11,898
Less reserves	9,117	8,462	7,575
Property, plant and equipment — net	$ 7,032	$ 8,165	$ 4,323
Total assets	$13,262	$15,369	$10,274
Total debt	4,992	5,665	2,050
Stockholders' equity	4,249	4,907	3,883
Stockholders' equity per common share	$ 47.46	$ 55.11	$ 43.58
Summarized Statement of Cash Flows			
Net cash provided by operating activities	$ 1,965	$ 1,960	$ 1,795
Cash flows from investing activities			
Capital expenditures			
Exploration and production	(1,404)	(5,061)	(783)
Refining and marketing	(130)	(160)	(155)
Total capital expenditures	(1,534)	(5,221)	(938)
Proceeds from sales of property, plant and equipment and other	438	16	36
Net cash provided by (used in) investing activities	(1,096)	(5,205)	(902)
Cash flows from financing activities			
Debt with maturities of 90 days or less — increase (decrease)	(581)	564	(131)
Debt with maturities of greater than 90 days			
Borrowings	637	2,595	20
Repayments	(686)	(54)	(296)
Cash dividends paid	(107)	(94)	(54)
Common stock acquired	—	(100)	(220)
Stock options exercised	28	59	59
Net cash provided by (used in) financing activities	(709)	2,970	(622)
Net increase (decrease) in cash and cash equivalents	$ 160	$ (275)	$ 271
Stockholder Data at Year-End			
Number of common shares outstanding (thousands)	89,193	88,757	88,744
Number of stockholders (based on number of holders of record)	7,272	6,481	7,709
Market price of common stock	$ 55.05	$ 62.50	$ 73.06

1999	1998	1997	1996	1995	1994	1993
$ 41	$ 74	$ 91	$ 113	$ 56	$ 53	$ 80
249	90	464	690	358	520	245
$ 9,974	$ 9,718	$ 8,780	$ 8,233	$ 9,392	$ 9,791	$ 9,361
1,091	1,309	3,842	3,669	3,672	4,514	4,426
11,065	11,027	12,622	11,902	13,064	14,305	13,787
7,013	6,835	7,431	6,995	7,694	7,939	7,052
$ 4,052	$ 4,192	$ 5,191	$ 4,907	$ 5,370	$ 6,366	$ 6,735
$ 7,728	$ 7,883	$ 7,935	$ 7,784	$ 7,756	$ 8,338	$ 8,642
2,310	2,652	2,127	1,939	2,718	3,340	3,688
3,038	2,643	3,216	3,384	2,660	3,100	3,029
$ 33.51	$ 29.26	$ 35.16	$ 36.35	$ 28.60	$ 33.33	$ 32.71
$ 746	$ 519	$ 1,250	$ 808	$ 1,241	$ 957	$ 819
(727)	(1,307)	(1,158)	(788)	(626)	(532)	(755)
(70)	(132)	(188)	(73)	(66)	(64)	(593)
(797)	(1,439)	(1,346)	(861)	(692)	(596)	(1,348)
397	500	61	1,040	148	74	12
(400)	(939)	(1,285)	179	(544)	(522)	(1,336)
(1,060)	213	398	(825)	(352)	(575)	558
990	441	2	—	25	290	108
(273)	(137)	(209)	(42)	(311)	(121)	(168)
(54)	(55)	(55)	(56)	(56)	(56)	(42)
—	(59)	(122)	(8)	—	—	—
18	—	—	—	—	—	—
(379)	403	14	(931)	(694)	(462)	456
$ (33)	$ (17)	$ (21)	$ 56	$ 3	$ (27)	$ (61)
90,676	90,357	91,451	93,073	93,011	92,996	92,587
7,416	8,959	9,591	10,153	11,294	11,506	12,000
$ 56.75	$ 49.75	$ 54.88	$ 57.88	$ 53.00	$ 45.63	$ 45.13

TEN-YEAR SUMMARY OF OPERATING DATA

Amerada Hess Corporation and Consolidated Subsidiaries

	2002	2001	2000
Production Per Day (net)			
Crude oil (thousands of barrels)			
United States	54	63	55
United Kingdom	112	119	119
Equatorial Guinea	37	6	—
Norway	24	25	25
Denmark	23	20	25
Colombia	22	10	—
Algeria	15	13	2
Gabon	9	9	7
Indonesia	4	6	4
Azerbaijan	4	4	3
Canada and Abu Dhabi	—	—	—
Total	304	275	240
Natural gas liquids (thousands of barrels)			
United States	12	14	12
United Kingdom	6	7	6
Norway	1	1	2
Thailand	2	1	1
Canada	—	—	—
Total	21	23	21
Natural gas (thousands of Mcf)			
United States	373	424	288
United Kingdom	277	291	297
Denmark	37	43	37
Thailand	35	20	23
Norway	25	25	24
Indonesia	6	8	10
Colombia	1	1	—
Canada	—	—	—
Total	754	812	679
Well Completions (net)			
Oil wells	38	50	29
Gas wells	39	31	11
Dry holes	16	15	18
Productive Wells at Year-End (net)			
Oil wells	760	858	774
Gas wells	237	257	188
Total	997	1,115	962
Undeveloped Net Acreage at Year-End (thousands)			
United States	743	625	616
Foreign(a)	12,224	15,999	14,419
Total	12,967	16,624	15,035
Shipping			
Vessels owned or under charter at year-end	5	8	8
Total deadweight tons (thousands)	743	890	884
Refining (thousands of barrels per day)			
Amerada Hess Corporation	—	—	—
HOVENSA L.L.C.(c)	181	202	211
Petroleum Products Sold (thousands of barrels per day)			
Gasoline, distillates and other light products	329	322	304
Residual fuel oils	54	65	62
Total	383	387	366

Storage Capacity at Year-End (thousands of barrels)	36,140	36,298	37,487
Number of Employees (average)	11,662(d)	10,838	9,891

(a) Includes acreage held under production sharing contracts.

(b) Through ten months of 1998.

(c) Reflects 50% of HOVENSA refinery crude runs from November 1, 1998.

(d) Includes approximately 6,650 employees of retail operations.

1999	1998	1997	1996	1995	1994	1993
55	37	35	41	52	56	60
112	109	126	135	135	122	80
—	—	—	—	—	—	—
25	27	30	28	26	24	26
7	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
10	14	10	9	10	9	8
3	3	1	—	—	—	—
2	—	—	—	—	—	—
—	—	—	6	17	18	22
214	190	202	219	240	229	196
10	8	8	9	11	12	12
5	6	6	7	7	7	4
2	2	2	2	1	1	1
1	—	—	—	—	—	—
—	—	—	—	2	2	2
18	16	16	18	21	22	19
338	294	312	338	402	427	502
258	251	226	254	239	209	188
3	—	—	—	—	—	—
8	—	—	—	—	—	—
31	28	30	30	28	24	29
5	3	1	—	—	—	—
—	—	—	—	—	—	—
—	—	—	63	215	186	168
643	576	569	685	884	846	887
28	28	42	39	33	28	48
11	20	11	25	41	44	49
9	25	24	40	50	24	37
735	721	860	854	2,154	2,160	2,189
161	252	447	455	1,160	1,146	1,115
896	973	1,307	1,309	3,314	3,306	3,304
678	748	915	891	1,440	1,685	1,854
15,858	16,927	10,180	7,455	5,871	4,570	4,310
16,536	17,675	11,095	8,346	7,311	6,255	6,164
8	9	14	13	16	17	15
884	952	1,602	1,236	2,010	2,265	2,398
—	419(b)	411	396	377	388	351
209	217	—	—	—	—	—
284	411	436	412	401	375	291
60	71	73	83	86	93	95
344	482	509	495	487	468	386
38,343	56,070	87,000	86,986	89,165	94,597	94,380
8,485	9,777	9,216	9,085	9,574	9,858	10,173

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	Organized under the laws of
Triton Energy Limited	Cayman Islands and Delaware
Amerada Hess Limited	United Kingdom
Hess Oil Virgin Islands Corp.	U.S. Virgin Islands
Amerada Hess Norge A/S	Norway
Hess Energy Trading Company, LLC	Delaware
Amerada Hess (Denmark) ApS	Denmark
Amerada Hess Oil and Gas Holdings, Inc.	Cayman Islands
Amerada Hess (GEA) Limited	Cayman Islands
Amerada Hess Production Gabon	Gabon
Amerada Hess (Thailand) Limited	United Kingdom
Amerada Hess (Brazil) Limited	United Kingdom
Amerada Hess NWE Holdings	United Kingdom
Hess Microgen LLC	Delaware
Tioga Gas Plant, Inc.	Delaware
Hess Mart, Inc.	Delaware
Delta Hess (Azerbaijan) Limited	United Kingdom
Jamestown Insurance Company Limited	Bermuda
Hess Oil St. Lucia Limited	St. Lucia

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	Organized under the laws of
Amerada Hess Norge Inc.	Delaware
Amerada Hess Overseas Limited	United Kingdom
Amerada Hess (Malaysia — PM304) Limited	United Kingdom
Amerada Hess (Malaysia — SB302) Limited	Cayman Islands
A.H. Shipping Guaranty Corporation	Delaware
Amerada Hess (Vietnam E&P) Limited	Cayman Islands
Amerada Hess (Scandanavia) ApS	Denmark
Amerada Hess Shipping Corporation	Liberia
Solar Gas Inc.	Nevada
Amerada Hess (Indonesia Jabung) Limited	United Kingdom
Tug New York Company	Delaware
First Tug/Barge Corporation	Delaware
Second Tug/Barge Corporation	Delaware
Third Tug/Barge Corporation	Delaware
Fourth Tug/Barge Corporation	Delaware
Fifth Tug/Barge Corporation	Delaware
Sixth Tug/Barge Corporation	Delaware
Amerada Hess Pipeline Corporation	Delaware

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	Organized under the laws of
Other subsidiaries (names omitted because such unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary)	

Each of the foregoing subsidiaries conducts business under the name listed, and is 100% owned by the Registrant, except for Hess Energy Trading Company, LLC, which is a trading company that is a joint venture between the Registrant and unrelated parties

Name of Affiliate	
HOVENSA, LLC (50% owned)	U.S. Virgin Islands

HOVENSA, LLC financial statements are incorporated under Part IV – Item 15 of Registrant's Form 10-K (Page numbers H-1 through H-14).

Exhibit 99(1)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Amerada Hess Corporation (the "Corporation") on Form 10-K for the period ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John B. Hess, Chairman of the Board and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By /s/ JOHN B. HESS
....
John B. Hess
Chairman of the Board and
Chief Executive Officer

Date: March 26, 2003

Exhibit 99(2)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Amerada Hess Corporation (the “Corporation”) on Form 10-K for the period ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John Y. Schreyer, Executive Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By /s/ JOHN Y. SCHREYER

....

John Y. Schreyer
Executive Vice President and
Chief Financial Officer

Date: March 26, 2003