

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Form 10-Q

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

For the quarter ended *March 31, 2020*

or

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

**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:

<i>Title of each class</i>	<i>Trading Symbol</i>	<i>Name of exchange on which registered</i>
Common Stock	HES	New York Stock Exchange

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  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At March 31, 2020, there were 307,158,340 shares of Common Stock outstanding.

**HESS CORPORATION**  
**Form 10-Q**  
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*Unless the context indicates otherwise, references to “Hess”, the “Corporation”, “Registrant”, “we”, “us”, “our” and “its” refer to the consolidated business operations of Hess Corporation and its subsidiaries.*

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET (UNAUDITED)**

	March 31, 2020	December 31, 2019
	(In millions, except share amounts)	
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,080	\$ 1,545
Accounts receivable:		
From contracts with customers	600	940
Joint venture and other	194	230
Crude oil derivative contracts	1,098	125
Inventories	230	261
Other current assets	68	55
<b>Total current assets</b>	<b>4,270</b>	<b>3,156</b>
Property, plant and equipment:		
Total — at cost	31,704	35,820
Less: Reserves for depreciation, depletion, amortization and lease impairment	16,893	19,006
Property, plant and equipment — net	14,811	16,814
Operating lease right-of-use assets — net	386	447
Finance lease right-of-use assets — net	187	299
Goodwill	360	360
Deferred income taxes	77	80
Other assets	626	626
<b>Total Assets</b>	<b>\$ 20,717</b>	<b>\$ 21,782</b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 431	\$ 411
Accrued liabilities	1,334	1,803
Taxes payable	33	97
Current maturities of long-term debt	3	—
Current portion of operating and finance lease obligations	146	199
<b>Total current liabilities</b>	<b>1,947</b>	<b>2,510</b>
Long-term debt	8,191	7,142
Long-term operating lease obligations	357	353
Long-term finance lease obligations	233	238
Deferred income taxes	328	415
Asset retirement obligations	929	897
Other liabilities and deferred credits	554	521
<b>Total Liabilities</b>	<b>12,539</b>	<b>12,076</b>
<b>Equity</b>		
Hess Corporation stockholders' equity:		
Common stock, par value \$1.00; Authorized — 600,000,000 shares		
Issued — 307,158,340 shares (2019: 304,955,472)	307	305
Capital in excess of par value	5,633	5,591
Retained earnings	1,021	3,535
Accumulated other comprehensive income (loss)	239	(699)
<b>Total Hess Corporation stockholders' equity</b>	<b>7,200</b>	<b>8,732</b>
Noncontrolling interests	978	974
<b>Total equity</b>	<b>8,178</b>	<b>9,706</b>
<b>Total Liabilities and Equity</b>	<b>\$ 20,717</b>	<b>\$ 21,782</b>

See accompanying Notes to Consolidated Financial Statements.

**PART I - FINANCIAL INFORMATION (CONT'D.)**

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES  
STATEMENT OF CONSOLIDATED INCOME (UNAUDITED)**

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(In millions, except per share amounts)</b>	
<b>Revenues and Non-Operating Income</b>		
Sales and other operating revenues	\$ 1,354	\$ 1,572
Other, net	15	27
Total revenues and non-operating income	<u>1,369</u>	<u>1,599</u>
<b>Costs and Expenses</b>		
Marketing, including purchased oil and gas	378	408
Operating costs and expenses	303	266
Production and severance taxes	42	39
Exploration expenses, including dry holes and lease impairment	189	34
General and administrative expenses	102	87
Interest expense	113	98
Depreciation, depletion and amortization	561	498
Impairment	2,126	—
Total costs and expenses	<u>3,814</u>	<u>1,430</u>
<b>Income (Loss) Before Income Taxes</b>	(2,445)	169
Provision (benefit) for income taxes	(79)	94
<b>Net Income (Loss)</b>	(2,366)	75
Less: Net income (loss) attributable to noncontrolling interests	67	43
<b>Net Income (Loss) Attributable to Hess Corporation</b>	(2,433)	32
Less: Preferred stock dividends	—	4
<b>Net Income (Loss) Attributable to Hess Corporation Common Stockholders</b>	<u>\$ (2,433)</u>	<u>\$ 28</u>
<b>Net Income (Loss) Attributable to Hess Corporation Per Common Share:</b>		
Basic	\$ (8.00)	\$ 0.09
Diluted	\$ (8.00)	\$ 0.09
<b>Weighted Average Number of Common Shares Outstanding:</b>		
Basic	304.0	297.4
Diluted	304.0	299.7
<b>Common Stock Dividends Per Share</b>	\$ 0.25	\$ 0.25

See accompanying Notes to Consolidated Financial Statements.

**PART I - FINANCIAL INFORMATION (CONT'D.)**

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES  
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME (UNAUDITED)**

	Three Months Ended	
	March 31,	
	2020	2019
	(In millions)	
<b>Net Income (Loss)</b>	\$ (2,366)	\$ 75
<b>Other Comprehensive Income (Loss):</b>		
<b>Derivatives designated as cash flow hedges</b>		
Effect of hedge (gains) losses reclassified to income	(64)	(15)
Income taxes on effect of hedge (gains) losses reclassified to income	—	—
Net effect of hedge (gains) losses reclassified to income	(64)	(15)
Change in fair value of cash flow hedges	990	(346)
Income taxes on change in fair value of cash flow hedges	—	—
Net change in fair value of cash flow hedges	990	(346)
<b>Change in derivatives designated as cash flow hedges, after taxes</b>	926	(361)
<b>Pension and other postretirement plans</b>		
(Increase) reduction in unrecognized actuarial losses	—	6
Income taxes on actuarial changes in plan liabilities	—	—
(Increase) reduction in unrecognized actuarial losses, net	—	6
Amortization of net actuarial losses	12	11
Income taxes on amortization of net actuarial losses	—	—
Net effect of amortization of net actuarial losses	12	11
<b>Change in pension and other postretirement plans, after taxes</b>	12	17
<b>Other Comprehensive Income (Loss)</b>	938	(344)
<b>Comprehensive Income (Loss)</b>	(1,428)	(269)
Less: Comprehensive income (loss) attributable to noncontrolling interests	67	43
<b>Comprehensive Income (Loss) Attributable to Hess Corporation</b>	\$ (1,495)	\$ (312)

See accompanying Notes to Consolidated Financial Statements.

**PART I - FINANCIAL INFORMATION (CONT'D.)**

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES  
STATEMENT OF CONSOLIDATED CASH FLOWS (UNAUDITED)**

	Three Months Ended March 31,	
	2020	2019
	(In millions)	
<b>Cash Flows From Operating Activities</b>		
Net income (loss)	\$ (2,366)	\$ 75
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	561	498
Impairment	2,126	—
Exploratory dry hole costs	135	—
Exploration lease and other impairment	32	7
Stock compensation expense	29	27
Noncash (gains) losses on commodity derivatives, net	70	29
Provision (benefit) for deferred income taxes and other tax accruals	(85)	(1)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	258	(117)
(Increase) decrease in inventories	31	(29)
Increase (decrease) in accounts payable and accrued liabilities	(263)	(204)
Increase (decrease) in taxes payable	(63)	8
Changes in other operating assets and liabilities	(20)	(55)
Net cash provided by (used in) operating activities	<u>445</u>	<u>238</u>
<b>Cash Flows From Investing Activities</b>		
Additions to property, plant and equipment - E&P	(740)	(521)
Additions to property, plant and equipment - Midstream	(78)	(150)
Payments for Midstream equity investments	—	(7)
Other, net	—	(2)
Net cash provided by (used in) investing activities	<u>(818)</u>	<u>(680)</u>
<b>Cash Flows From Financing Activities</b>		
Net borrowings (repayments) of debt with maturities of 90 days or less	60	199
Debt with maturities of greater than 90 days:		
Borrowings	1,000	—
Repayments	—	(3)
Payments on finance lease obligations	(1)	(23)
Common stock acquired and retired	—	(25)
Cash dividends paid	(81)	(88)
Noncontrolling interests, net	(63)	(13)
Other, net	(7)	1
Net cash provided by (used in) financing activities	<u>908</u>	<u>48</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	535	(394)
<b>Cash and Cash Equivalents at Beginning of Year</b>	1,545	2,694
<b>Cash and Cash Equivalents at End of Period</b>	<u>\$ 2,080</u>	<u>\$ 2,300</u>

See accompanying Notes to Consolidated Financial Statements.

**PART I - FINANCIAL INFORMATION (CONT'D.)**

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES  
STATEMENT OF CONSOLIDATED EQUITY (UNAUDITED)**

	<b>Mandatory Convertible Preferred Stock</b>	<b>Common Stock</b>	<b>Capital in Excess of Par</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Hess Stockholders' Equity</b>	<b>Noncontrolling Interests</b>	<b>Total Equity</b>
<b>(In millions)</b>								
<b>For the Three Months Ended March 31, 2020</b>								
Balance at January 1, 2020	\$ —	\$ 305	\$ 5,591	\$ 3,535	\$ (699)	\$ 8,732	\$ 974	\$ 9,706
Net income (loss)	—	—	—	(2,433)	—	(2,433)	67	(2,366)
Other comprehensive income (loss)	—	—	—	—	938	938	—	938
Share-based compensation	—	2	42	(5)	—	39	—	39
Dividends on common stock	—	—	—	(76)	—	(76)	—	(76)
Noncontrolling interests, net	—	—	—	—	—	—	(63)	(63)
Balance at March 31, 2020	<u>\$ —</u>	<u>\$ 307</u>	<u>\$ 5,633</u>	<u>\$ 1,021</u>	<u>\$ 239</u>	<u>\$ 7,200</u>	<u>\$ 978</u>	<u>\$ 8,178</u>
<b>For the Three Months Ended March 31, 2019</b>								
Balance at January 1, 2019	\$ 1	\$ 291	\$ 5,386	\$ 4,257	\$ (306)	\$ 9,629	\$ 1,259	\$ 10,888
Net income (loss)	—	—	—	32	—	32	43	75
Other comprehensive income (loss)	—	—	—	—	(344)	(344)	—	(344)
Preferred stock conversion	(1)	12	(11)	—	—	—	—	—
Share-based compensation	—	1	28	—	—	29	—	29
Dividends on preferred stock	—	—	—	(4)	—	(4)	—	(4)
Dividends on common stock	—	—	—	(78)	—	(78)	—	(78)
Sale of water business to Hess Infrastructure Partners	—	—	78	—	—	78	(78)	—
Noncontrolling interests, net	—	—	—	—	—	—	(13)	(13)
Balance at March 31, 2019	<u>\$ —</u>	<u>\$ 304</u>	<u>\$ 5,481</u>	<u>\$ 4,207</u>	<u>\$ (650)</u>	<u>\$ 9,342</u>	<u>\$ 1,211</u>	<u>\$ 10,553</u>

See accompanying Notes to Consolidated Financial Statements.

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1. Basis of Presentation**

The financial statements included in this report reflect all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of our consolidated financial position at March 31, 2020 and December 31, 2019, the consolidated results of operations for the three months ended March 31, 2020 and 2019, and consolidated cash flows for the three months ended March 31, 2020 and 2019. The unaudited results of operations for the interim periods reported are not necessarily indicative of results to be expected for the full year.

The financial statements were prepared in accordance with the requirements of the Securities and Exchange Commission (SEC) for interim reporting. As permitted under those rules, certain notes or other financial information that are normally required by generally accepted accounting principles (GAAP) in the United States have been condensed or omitted from these interim financial statements. These statements, therefore, should be read in conjunction with the consolidated financial statements and related notes included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2019.

In the first quarter of 2020, we adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses*. This ASU makes changes to the impairment model for trade receivables, net investments in leases, debt securities, loans and certain other instruments. The standard requires the use of a forward-looking "expected loss" model compared with the prior "incurred loss" model. We calculate expected credit losses for our receivables using the probability of default and the expected loss given default. Historical data, current market conditions, and forecasts of future economic conditions are used to determine the probability of default and the expected loss given default. The adoption of this ASU did not have a material impact to our financial statements.

**2. Impairment***Oil and Gas Properties:*

As a result of the significant decline in crude oil prices due to the global economic slowdown from the coronavirus (COVID-19) pandemic, we reviewed our oil and gas properties within the Exploration and Production operating segment for impairment. In the first quarter of 2020, we recognized pre-tax impairment charges to reduce the carrying value of our oil and gas properties and certain related right-of-use assets at the North Malay Basin in Malaysia by \$755 million (\$755 million after income taxes), the South Arne Field in Denmark by \$670 million (\$594 million after income taxes), and in the Gulf of Mexico, the Stampede Field by \$410 million (\$410 million after income taxes) and the Tubular Bells Field by \$270 million (\$270 million after income taxes) primarily as a result of a lower long-term crude oil price outlook. The impairment charges were based on estimates of fair value determined by discounting internally developed future net cash flows, a Level 3 fair value measurement. The total of the fair value estimates was approximately \$1.05 billion. Significant inputs used in determining the discounted future net cash flows include future prices, projected production volumes using risk adjusted oil and gas reserves, and discount rates. The future pricing assumptions used were based on forward strip crude oil prices as of March 31, 2020 for the remainder of 2020 through 2022, and \$50 per barrel for WTI (\$55 per barrel for Brent) in 2023 and thereafter to the end of field life. The weighted average crude oil benchmark price based on total projected crude oil volumes for the impaired assets was \$48.82 per barrel. A discount rate of 10% was used in each of the fair value measurements which represents the estimated discount rate a market participant would use. We determined the discount rate by considering the weighted average cost of capital for a group of peer companies.

*Other Assets:*

In the first quarter of 2020, we recognized impairment charges totaling \$21 million pre-tax (\$20 million after income taxes) related to drilling rig right-of-use assets in the Bakken and surplus materials and supplies.

**3. Inventories**

Inventories consisted of the following:

	March 31, 2020	December 31, 2019
	(In millions)	
Crude oil and natural gas liquids	\$ 74	\$ 92
Materials and supplies	156	169
Total Inventories	<u>\$ 230</u>	<u>\$ 261</u>

In the first quarter of 2020, we recognized charges of \$53 million (\$52 million after income taxes) recorded in *Marketing, including purchased oil and gas* to reflect crude oil inventories at quarter-end market value.



**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**4. Property Plant and Equipment***Capitalized Exploratory Well Costs:*

The following table discloses the net changes in capitalized exploratory well costs pending determination of proved reserves during the three months ended March 31, 2020 (in millions):

Balance at January 1, 2020	\$	584
Additions to capitalized exploratory well costs pending the determination of proved reserves		47
Capitalized exploratory well costs charged to expense		(125)
Balance at March 31, 2020	\$	<u>506</u>

In the first quarter of 2020, the Corporation expensed previously capitalized well costs of \$125 million, primarily related to the northern portion of the Shenzi Field (Hess 28%) in the Gulf of Mexico due to reprioritization of the Corporation's forward capital program in response to the significant decline in crude oil prices. The table above does not include well costs incurred and expensed during 2020 of \$10 million associated with the Oldfield-1 well in the Gulf of Mexico. Capitalized exploratory well costs capitalized for greater than one year following completion of drilling were \$319 million at March 31, 2020 and primarily related to:

*Guyana:* Approximately 80% of the capitalized well costs in excess of one year relate to twelve successful exploration wells where hydrocarbons were encountered on the Stabroek Block (Hess 30%), offshore Guyana. The operator plans further appraisal drilling for certain fields and is conducting pre-development planning for additional phases of development beyond the two existing sanctioned phases of development.

*Joint Development Area (JDA):* Approximately 10% of the capitalized well costs in excess of one year relates to the JDA (Hess 50%) in the Gulf of Thailand, where hydrocarbons were encountered in three successful exploration wells drilled in the western part of Block A-18. The operator has submitted a development plan concept to the regulator to facilitate ongoing commercial negotiations for an extension of the existing gas sales contract to include development of the western part of the Block.

*Malaysia:* Approximately 10% of the capitalized well costs in excess of one year relate to the North Malay Basin (Hess 50%), offshore Peninsular Malaysia, where hydrocarbons were encountered in five successful exploration wells. Subsurface evaluation and pre-development studies for future phases of development are ongoing.

**5. Hess Midstream LP**

At March 31, 2020 Hess Midstream LP (Hess Midstream), a variable interest entity that is fully consolidated by Hess Corporation, had liabilities totaling \$1,971 million (December 31, 2019: \$1,941 million) that are on a nonrecourse basis to Hess Corporation, while Hess Midstream assets available to settle the obligations of Hess Midstream include cash and cash equivalents totaling \$3 million (December 31, 2019: \$3 million) and property, plant and equipment with a carrying value of \$3,029 million (December 31, 2019: \$3,010 million).

**6. Debt**

In the first quarter of 2020, the Corporation entered into a \$1.0 billion three year term loan agreement with JPMorgan Chase Bank N.A. with a maturity date of March 16, 2023. The term loan contains provisions that require us to reduce JPMorgan's initial funded amount of \$1.0 billion. The Corporation is currently in the process of syndicating with other lenders. Borrowings under the term loan bear interest at the applicable interest rates either, at the Corporation's option, the adjusted LIBOR rate in effect from time to time or the alternate base rate (as described in the term loan agreement) plus the applicable margins specified in the term loan agreement, which generally vary based on the credit rating of the Corporation's senior, unsecured, non-credit enhanced long-term debt. This loan has been classified as noncurrent in the consolidated balance sheet due to the Corporation's ability and intent to refinance any amount we are unable to syndicate to other banks on a long-term basis through the Corporation's existing \$3.5 billion revolving credit facility with a maturity date of May 15, 2023. The term loan agreement contains customary representations, warranties and covenants, including a financial covenant limiting the ratio of Total Consolidated Debt to Total Capitalization (as such terms are defined in the term loan agreement) of the Corporation and its consolidated subsidiaries to 65%, and customary events of default. At March 31, 2020, Hess Corporation had borrowings of \$1.0 billion under this term loan agreement and was in compliance with this financial covenant.

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**7. Retirement Plans**

Components of net periodic pension cost consisted of the following:

	Three Months Ended	
	March 31,	
	2020	2019
	(In millions)	
Service cost	\$ 14	\$ 10
Interest cost (a)	18	24
Expected return on plan assets (a)	(45)	(45)
Amortization of unrecognized net actuarial losses (a)	12	11
Pension (income) expense (a)	\$ (1)	\$ —

(a) Net non-service pension cost included in Other, net in the Statement of Consolidated Income in the first quarter of 2020 was income of \$15 million (2019: \$10 million of income).

To preserve cash in 2020, we are minimizing non-required cash contributions to funded pension plans. In 2020, we expect to contribute approximately \$2 million to our funded pension plans. Through March 31, 2020, we have contributed less than \$1 million.

**8. Revenue**

Revenue from contracts with customers on a disaggregated basis was as follows:

	Exploration and Production						Midstream	Eliminations	Total
	United States	Guyana	Malaysia & JDA	Denmark	Libya	E&P Total			
	(In millions)								
<b>Three Months Ended March 31, 2020</b>									
Sales of our net production volumes:									
Crude oil revenue	\$ 656	\$ 38	\$ 2	\$ 36	\$ —	\$ 732	\$ —	\$ —	\$ 732
Natural gas liquids revenue	49	—	—	—	—	49	—	—	49
Natural gas revenue	38	—	139	2	2	181	—	—	181
Sales of purchased oil and gas	324	1	—	—	—	325	—	—	325
Intercompany revenue	—	—	—	—	—	—	291	(291)	—
Total sales and other operating revenues before other operating revenues	1,067	39	141	38	2	1,287	291	(291)	1,287
Other operating revenues (a)	55	6	1	5	—	67	—	—	67
Total sales and other operating revenues	\$ 1,122	\$ 45	\$ 142	\$ 43	\$ 2	\$ 1,354	\$ 291	\$ (291)	\$ 1,354

**Three Months Ended March 31, 2019**

Sales of our net production volumes:									
Crude oil revenue	\$ 682	\$ —	\$ 21	\$ 16	\$ 91	\$ 810	\$ —	\$ —	\$ 810
Natural gas liquids revenue	68	—	—	—	—	68	—	—	68
Natural gas revenue	42	—	180	3	6	231	—	—	231
Sales of purchased oil and gas	426	—	—	—	22	448	—	—	448
Intercompany revenue	—	—	—	—	—	—	190	(190)	—
Total sales and other operating revenues before other operating revenues	1,218	—	201	19	119	1,557	190	(190)	1,557
Other operating revenues (a)	15	—	—	—	—	15	—	—	15
Total sales and other operating revenues	\$ 1,233	\$ —	\$ 201	\$ 19	\$ 119	\$ 1,572	\$ 190	\$ (190)	\$ 1,572

(a) Includes gains (losses) on commodity derivatives.

There have been no significant changes to contracts with customers or composition thereof during the three months ended March 31, 2020. Generally, we receive payments from customers on a monthly basis, shortly after the physical delivery of the crude oil, natural gas liquids, or natural gas.

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**9. Weighted Average Common Shares**

The Net income (loss) and weighted average number of common shares used in the basic and diluted earnings per share computations were as follows:

	Three Months Ended March 31,	
	2020	2019
	(In millions)	
<b>Net income (loss) attributable to Hess Corporation Common Stockholders:</b>		
Net income (loss)	\$ (2,366)	\$ 75
Less: Net income (loss) attributable to noncontrolling interests	67	43
Less: Preferred stock dividends	—	4
Net income (loss) attributable to Hess Corporation Common Stockholders	\$ (2,433)	\$ 28
<b>Weighted average number of common shares outstanding:</b>		
Basic	304.0	297.4
Effect of dilutive securities		
Restricted common stock	—	1.2
Stock options	—	0.2
Performance share units	—	0.9
Diluted	304.0	299.7

The following table summarizes the number of antidilutive shares excluded from the computation of diluted shares:

	Three Months Ended March 31,	
	2020	2019
Restricted common stock	2,015,659	57,252
Stock options	4,086,340	3,394,418
Performance share units	1,296,356	65,661
Common shares from conversion of preferred stock	—	3,930,663

During the three months ended March 31, 2020, we granted 1,117,009 shares of restricted stock (2019: 941,082), 307,999 performance share units (2019: 234,866) and 686,639 stock options (2019: 526,968).

**10. Guarantees and Contingencies**

We are subject to loss contingencies with respect to various claims, lawsuits and other proceedings. A liability is recognized in our consolidated financial statements when it is probable that a loss has been incurred and the amount can be reasonably estimated. If the risk of loss is probable, but the amount cannot be reasonably estimated or the risk of loss is only reasonably possible, a liability is not accrued; however, we disclose the nature of those contingencies. We cannot predict with certainty if, how or when existing claims, lawsuits and proceedings will be resolved or what the eventual relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek indeterminate damages.

We, along with many companies that have been or continue to be engaged in refining and marketing of gasoline, have been a party to lawsuits and claims related to the use of methyl tertiary butyl ether (MTBE) in gasoline. A series of similar lawsuits, many involving water utilities or governmental entities, were filed in jurisdictions across the U.S. against producers of MTBE and petroleum refiners who produced gasoline containing MTBE, including us. The principal allegation in all cases was that gasoline containing MTBE was a defective product and that these producers and refiners are strictly liable in proportion to their share of the gasoline market for damage to groundwater resources and are required to take remedial action to ameliorate the alleged effects on the environment of releases of MTBE. The majority of the cases asserted against us have been settled. There are three remaining active cases, filed by Pennsylvania, Rhode Island, and Maryland. In June 2014, the Commonwealth of Pennsylvania filed a lawsuit alleging that we and all major oil companies with operations in Pennsylvania, have damaged the groundwater by introducing thereto gasoline with MTBE. The Pennsylvania suit has been forwarded to the existing MTBE multidistrict litigation pending in the Southern District of New York. In September 2016, the State of Rhode Island also filed a lawsuit alleging that we and other major oil companies damaged the groundwater in Rhode Island by introducing thereto gasoline with MTBE. The suit filed in Rhode Island is proceeding in Federal court. In December 2017, the State of Maryland filed a lawsuit alleging that we and other major oil companies damaged the groundwater in Maryland by introducing thereto

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

gasoline with MTBE. The suit filed in Maryland state court, was served on us in January 2018 and has been removed to Federal court by the defendants.

In September 2003, we received a directive from the New Jersey Department of Environmental Protection (NJDEP) to remediate contamination in the sediments of the Lower Passaic River. The NJDEP is also seeking natural resource damages. The directive, insofar as it affects us, relates to alleged releases from a petroleum bulk storage terminal in Newark, New Jersey we previously owned. We and over 70 companies entered into an Administrative Order on Consent with the Environmental Protection Agency (EPA) to study the same contamination; this work remains ongoing. We and other parties settled a cost recovery claim by the State of New Jersey and agreed with the EPA to fund remediation of a portion of the site. On March 4, 2016, the EPA issued a Record of Decision (ROD) in respect of the lower eight miles of the Lower Passaic River, selecting a remedy that includes bank-to-bank dredging at an estimated cost of \$1.38 billion. The ROD does not address the upper nine miles of the Lower Passaic River or the Newark Bay, which may require additional remedial action. In addition, the Federal trustees for natural resources have begun a separate assessment of damages to natural resources in the Passaic River. Given that the EPA has not selected a remedy for the entirety of the Lower Passaic River or the Newark Bay, total remedial costs cannot be reliably estimated at this time. Based on currently known facts and circumstances, we do not believe that this matter will result in a significant liability to us because our former terminal did not store or use contaminants which are of concern in the river sediments and could not have contributed contamination along the river's length. Further, there are numerous other parties who we expect will bear the cost of remediation and damages.

In March 2014, we received an Administrative Order from the EPA requiring us and 26 other parties to undertake the Remedial Design for the remedy selected by the EPA for the Gowanus Canal Superfund Site in Brooklyn, New York. Our alleged liability derives from our former ownership and operation of a fuel oil terminal and connected shipbuilding and repair facility adjacent to the Canal. The remedy selected by the EPA includes dredging of surface sediments and the placement of a cap over the deeper sediments throughout the Canal and in-situ stabilization of certain contaminated sediments that will remain in place below the cap. The EPA's original estimate was that this remedy would cost \$506 million; however, the ultimate costs that will be incurred in connection with the design and implementation of the remedy remain uncertain. We have complied with the EPA's March 2014 Administrative Order and contributed funding for the Remedial Design based on an allocation of costs among the parties determined by a third-party expert. In January 2020, we received an additional Administrative Order from the EPA requiring us and several other parties to begin Remedial Action along the uppermost portion of the Canal. We intend to comply with this Administrative Order. The remediation work is anticipated to begin in the fourth quarter of 2020. The costs will continue to be allocated amongst the parties, as they were for the Remedial Design.

We periodically receive notices from the EPA that we are a "potential responsible party" under the Superfund legislation with respect to various waste disposal sites. Under this legislation, all potentially responsible parties may be jointly and severally liable. For any site for which we have received such a notice, the EPA's claims or assertions of liability against us relating to these sites have not been fully developed, or the EPA's claims have been settled or a settlement is under consideration, in all cases for amounts that are not material. The ultimate impact of these proceedings, and of any related proceedings by private parties, on our business or accounts 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.

From time to time, we are involved in other judicial and administrative proceedings, including proceedings relating to other environmental matters. We cannot predict with certainty if, how or when such proceedings will be resolved or what the eventual relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek indeterminate damages. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters before a loss or range of loss can be reasonably estimated for any proceeding.

Subject to the foregoing, in management's opinion, based upon currently known facts and circumstances, the outcome of lawsuits, claims and proceedings, including the matters disclosed above, is not expected to have a material adverse effect on our financial condition, results of operations or cash flows. However, we could incur judgments, enter into settlements, or revise our opinion regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations in the period in which the amounts are accrued and our cash flows in the period in which the amounts are paid.

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**11. Segment Information**

We currently have two operating segments, Exploration and Production and Midstream. All unallocated costs are reflected under Corporate, Interest and Other. The following table presents operating segment financial data:

	Exploration and Production	Midstream	Corporate, Interest and Other	Eliminations	Total
	(In millions)				
<b>For the Three Months Ended March 31, 2020</b>					
Sales and Other Operating Revenues - Third parties	\$ 1,354	\$ —	\$ —	\$ —	\$ 1,354
Intersegment Revenues	—	291	—	(291)	—
Sales and Other Operating Revenues	<u>\$ 1,354</u>	<u>\$ 291</u>	<u>\$ —</u>	<u>\$ (291)</u>	<u>\$ 1,354</u>
Net Income (Loss) attributable to Hess Corporation	\$ (2,371)	\$ 61	\$ (123)	\$ —	\$ (2,433)
Depreciation, Depletion and Amortization	521	38	2	—	561
Impairment	2,126	—	—	—	2,126
Provision (Benefit) for Income Taxes	(77)	2	(4)	—	(79)
Capital Expenditures	609	57	—	—	666
<b>For the Three Months Ended March 31, 2019</b>					
Sales and Other Operating Revenues - Third parties	\$ 1,572	\$ —	\$ —	\$ —	\$ 1,572
Intersegment Revenues	—	190	—	(190)	—
Sales and Other Operating Revenues	<u>\$ 1,572</u>	<u>\$ 190</u>	<u>\$ —</u>	<u>\$ (190)</u>	<u>\$ 1,572</u>
Net Income (Loss) attributable to Hess Corporation	\$ 109	\$ 37	\$ (114)	\$ —	\$ 32
Depreciation, Depletion and Amortization	464	34	—	—	498
Provision (Benefit) for Income Taxes	95	—	(1)	—	94
Capital Expenditures	515	127	—	—	642

Identifiable assets by operating segment were as follows:

	March 31, 2020	December 31, 2019
	(In millions)	
Exploration and Production	\$ 14,302	\$ 16,790
Midstream	3,519	3,499
Corporate, Interest and Other	2,896	1,493
Total	<u>\$ 20,717</u>	<u>\$ 21,782</u>

**12. Financial Risk Management Activities**

In the normal course of our business, we are exposed to commodity risks related to changes in the prices of crude oil and natural gas as well as changes in interest rates and foreign currency values. Financial risk management activities include transactions designed to reduce risk in the selling prices of crude oil or natural gas we produce or by reducing our exposure to foreign currency or interest rate movements. Generally, futures, swaps or option strategies may be used to fix the forward selling price of a portion of our crude oil or natural gas production. Forward contracts may also be used to purchase certain currencies in which we conduct business with the intent of reducing exposure to foreign currency fluctuations. At March 31, 2020, these forward contracts relate to the British Pound and the Danish Krone. Interest rate swaps may be used to convert interest payments on certain long-term debt from fixed to floating rates.

The notional amounts of outstanding financial risk management derivative contracts were as follows:

	March 31, 2020	December 31, 2019
	(In millions)	
Commodity - crude oil (millions of barrels)	41.3	54.9
Foreign exchange	\$ 65	\$ 90
Interest rate swaps	\$ 100	\$ 100

**HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

For calendar year 2020 we have West Texas Intermediate (WTI) put options with an average monthly floor price of \$55 per barrel for 130,000 barrels of oil per day (bopd), and Brent put options with an average monthly floor price of \$60 per barrel for 20,000 bopd.

The table below reflects the gross and net fair values of risk management derivative instruments and their respective financial statement caption in the *Consolidated Balance Sheet*:

	Assets	Liabilities
	(In millions)	
<b>March 31, 2020</b>		
Derivative Contracts Designated as Hedging Instruments:		
Crude oil derivative contracts	\$ 1,098	\$ —
Interest rate - Other assets (noncurrent)	6	—
Total derivative contracts designated as hedging instruments	1,104	—
Derivative Contracts Not Designated as Hedging Instruments:		
Foreign exchange	—	(2)
Total derivative contracts not designated as hedging instruments	—	(2)
Gross fair value of derivative contracts	1,104	(2)
Master netting arrangements	—	—
Net Fair Value of Derivative Contracts	\$ 1,104	\$ (2)
<b>December 31, 2019</b>		
Derivative Contracts Designated as Hedging Instruments:		
Crude oil derivative contracts	\$ 125	\$ —
Interest rate - Other assets (noncurrent)	1	—
Total derivative contracts designated as hedging instruments	126	—
Derivative Contracts Not Designated as Hedging Instruments:		
Foreign exchange	—	(1)
Total derivative contracts not designated as hedging instruments	—	(1)
Gross fair value of derivative contracts	126	(1)
Master netting arrangements	—	—
Net Fair Value of Derivative Contracts	\$ 126	\$ (1)

All fair values in the table above are based on Level 2 inputs.

Derivative contracts designated as hedging instruments:

*Crude oil derivatives:* Crude oil hedging contracts increased Sales and other operating revenues by \$64 million and \$15 million in the first quarter of 2020 and 2019, respectively. At March 31, 2020, pre-tax deferred gains in *Accumulated other comprehensive income (loss)* related to outstanding crude oil price hedging contracts were \$831 million, all of which will be reclassified into earnings during the remainder of 2020 as the originally hedged crude oil sales are recognized in earnings.

*Interest rate swaps designated as fair value hedges:* At March 31, 2020 and December 31, 2019, we had interest rate swaps with gross notional amounts totaling \$100 million, which were designated as fair value hedges and relate to debt where we have converted interest payments on certain long-term debt from fixed to floating rates. Changes in the fair value of interest rate swaps and the hedged fixed-rate debt are recorded in *Interest expense* in the *Statement of Consolidated Income*. In the first quarter of 2020, the change in fair value of interest rate swaps was an increase in the asset of \$5 million (2019 Q1: decrease in the liability of \$1 million) with a corresponding adjustment in the carrying value of the hedged fixed-rate debt.

Derivative contracts not designated as hedging instruments:

*Foreign exchange:* Foreign exchange gains and losses which are reported in *Other, net* in Revenues and non-operating income in the *Statement of Consolidated Income* were a loss of \$1 million in the first quarter of 2020 (2019 Q1: \$5 million gain). A component of foreign exchange gain is the result of foreign exchange derivative contracts that are not designated as hedges which amounted to a net gain of \$2 million in the first quarter of 2020 (2019 Q1: a net loss of less than \$1 million).

Fair Value Measurement:

We have other short-term financial instruments, primarily cash equivalents, accounts receivable and accounts payable, for which the carrying value approximated fair value at March 31, 2020. At March 31, 2020, total long-term debt, which was primarily comprised of fixed-rate debt instruments, had a carrying value of \$8,194 million and a fair value of \$6,468 million based on Level 2 inputs.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with the unaudited consolidated financial statements and accompanying footnotes for the quarter ended March 31, 2020 included under Item 1. Financial Statements of this Form 10-Q and the audited consolidated financial statements and related notes included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2019. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below under the section entitled "Risk Factors" and those discussed in Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2019.*

**Overview**

Hess Corporation is a global Exploration and Production (E&P) company engaged in exploration, development, production, transportation, purchase and sale of crude oil, natural gas liquids (NGLs), and natural gas with production operations located primarily in the United States (U.S.), Guyana, the Malaysia/Thailand Joint Development Area (JDA), Malaysia, and Denmark. We conduct exploration activities primarily offshore Guyana, the U.S. Gulf of Mexico, and offshore Suriname and Canada. At the Stabroek Block (Hess 30%), offshore Guyana, we have announced sixteen significant discoveries. The Liza Phase 1 development achieved first production in December 2019, with peak production expected to reach up to 120,000 gross bopd. The Liza Phase 2 development was sanctioned in the second quarter of 2019 and is expected to start up in 2022 with production reaching up to 220,000 gross bopd.

Our Midstream operating segment, which is comprised of Hess Corporation's 47% consolidated ownership interest in Hess Midstream LP, provides fee-based services, including gathering, compressing and processing natural gas and fractionating NGL; gathering, terminaling, loading and transporting crude oil and NGL; storing and terminaling propane, and water handling services primarily in the Bakken shale play in the Williston Basin area of North Dakota.

**Hess Response to Global Pandemic and Market Conditions**

The COVID-19 pandemic continues to have a profound impact on society and industry. The Corporation's first priority in the midst of the COVID-19 pandemic has been the health and safety of the Hess workforce and local communities. A multidisciplinary Hess emergency response team has been overseeing plans and precautions to reduce the risks of COVID-19 in the work environment while maintaining business continuity based on the most current recommendations by government and public health agencies. The Corporation has implemented a variety of health and safety measures including enhanced cleaning procedures and modified work practices such as travel restrictions, health screenings, reduced personnel at offshore platforms and onshore work sites wherever this can be done safely, and remote working arrangements for office workers.

In addition to the global health concerns of COVID-19, the pandemic has severely impacted demand for oil. In response to the resulting sharp decline in oil prices, the Corporation's focus is on preserving cash and capability, while protecting the long-term value of its assets. Hess entered into a new \$1.0 billion three-year term loan agreement and further reduced its E&P capital and exploratory budget for 2020 to \$1.9 billion, a 37% reduction from the original budget of \$3.0 billion. This reduction will be achieved primarily by shifting from a six-rig program to one rig in the Bakken and deferring discretionary spending across the portfolio including a six to twelve month deferral in the development of the Payara Field and reduced 2020 drilling activity on the Stabroek Block offshore Guyana.

As a result of the unprecedented reduction in demand due to COVID-19, commercial storage in the United States is expected to reach capacity in the second quarter, which is requiring curtailments and shut-ins of production by the industry. To maximize the value of Hess production, the Corporation has chartered three very large crude carriers (VLCCs) to store 2 million barrels each of May, June and July Bakken crude oil production that is expected to be sold in the fourth quarter of 2020.

**Overview (continued)**

Slowing economic activity caused by the pandemic has impacted natural gas nominations at the Corporation's North Malay Basin (NMB) and JDA assets in Southeast Asia. Production in the first quarter for NMB and JDA was 58,000 barrels of oil equivalent per day (boepd) compared to 68,000 boepd in the first quarter of 2019. Nominations have been reduced due to the decline in business activity and production from NMB and JDA is forecast to be approximately 35,000 boepd in the second quarter and approximately 50,000 boepd for the full year 2020. In Guyana, the operator has temporarily idled two of the four drilling rigs on the Stabroek Block due to pandemic-related travel restrictions. The Liza Destiny floating production, offloading, and storage vessel (FPSO) is expected to reach its full capacity of 120,000 gross bopd, in June, with April gross production of approximately 75,000 bopd. Despite pandemic-related delays, the Liza Phase 2 development remains on schedule to start production in 2022.

**First Quarter Results**

In the first quarter of 2020, we incurred a net loss of \$2,433 million, compared with net income of \$32 million in the first quarter of 2019. Excluding items affecting comparability of earnings between periods detailed on page 22, we incurred an adjusted net loss of \$182 million in the first quarter of 2020. The decline in adjusted first quarter 2020 results, compared with the prior-year quarter, primarily reflects lower realized selling prices from the weak commodity price environment, partially offset by higher production volumes.

Net cash provided by operating activities was \$445 million in the first quarter of 2020, compared with \$238 million in the first quarter of 2019. Net cash provided by operating activities before changes in operating assets and liabilities were \$502 million in the first quarter of 2020 and \$635 million in the first quarter of 2019. Capital expenditures were \$666 million in the first quarter of 2020 and \$642 million in the first quarter of 2019.

**2020 Outlook**

With our revised capital and exploratory budget of \$1.9 billion, we forecast oil and gas production in 2020, excluding Libya, to be approximately 320,000 boepd, which is down from the original guidance range of 330,000 boepd to 335,000 boepd. We have in excess of 80% of our forecasted crude oil production for the remainder of 2020 hedged with \$55 WTI put options for 130,000 bopd and \$60 Brent put options for 20,000 bopd. We also have no near-term debt maturities aside from the new term loan in March 2023.

In 2020, based on current forward strip crude oil prices, we expect cash flow from operating activities, including settlements from crude oil put option contracts, cash and cash equivalents existing at March 31, 2020 of \$2.1 billion, and our available committed revolving credit facility will be sufficient to fund our capital investment program and dividends. Due to the weak commodity price environment, we may take any of the following steps, or a combination thereof, to improve our liquidity and financial position: further reduce the planned capital program and other cash outlays, including dividends, issue debt or equity securities, and pursue asset sales.



**Overview (continued)**

**Exploration and Production Results**

In the first quarter of 2020, E&P had a net loss of \$2,371 million, compared with net income of \$109 million in the first quarter of 2019. Excluding items affecting comparability of earnings between periods, the adjusted net loss for the first quarter of 2020 was \$120 million. Total net production, excluding Libya, averaged 344,000 boepd in the first quarter of 2020, compared with 278,000 boepd in the first quarter of 2019. The average realized crude oil selling price, including hedging, was \$45.94 per barrel, down from \$55.91 per barrel in the first quarter of 2019. The average realized NGLs selling price in the first quarter of 2020 was \$9.32 per barrel, down from \$18.46 per barrel in the prior-year quarter, while the average realized natural gas selling price was \$3.16 per thousand cubic feet (mcf), down from \$4.43 per mcf in the first quarter of 2019.

The following is an update of our ongoing E&P activities:

- In North Dakota, net production from the Bakken oil shale play averaged 190,000 boepd for the first quarter of 2020 (2019 Q1: 130,000 boepd), with net oil production up 34% to 114,000 bopd from 85,000 bopd in the year-ago period, primarily due to increased drilling activity and improved well performance. Natural gas and NGLs production were also higher due to the increased drilling activity, as well as additional natural gas captured with the start-up of the Little Missouri 4 natural gas processing plant in July 2019 and additional NGLs received under percentage of proceeds contracts resulting from lower prices. The Corporation operated six rigs in the first quarter, drilling 41 wells, completing 50 wells and bringing 37 new wells online. We forecast net production to average approximately 175,000 boepd for full year 2020 versus original guidance of 180,000 boepd, reflecting a reduction in the rig count to one from six by the end of May in response to the weak commodity price environment. To date, we have chartered three VLCCs to store 2 million barrels each of May, June and July Bakken crude oil production that is expected to be sold in the fourth quarter of 2020, to maximize the value of Hess production.
- In the Gulf of Mexico, net production for the first quarter of 2020 averaged 74,000 boepd (2019 Q1: 70,000 boepd). The Essox-1 oil discovery in Mississippi Canyon (Hess - 57%) achieved first production in February as a low-cost tieback to the Tubular Bells production facilities.
- At the Stabroek Block (Hess - 30%), offshore Guyana, net production from the Liza Phase 1 development for the first quarter of 2020 averaged 15,000 bopd following first production in December 2019. The operator, Esso Exploration and Production Guyana Limited, expects the Liza Destiny FPSO to reach full capacity of 120,000 gross bopd in June. The first one million barrel cargo of oil allocated to Hess was sold in March 2020.

Phase 2 of the Liza Field development, which will utilize the Liza Unity FPSO with an expected capacity of up to 220,000 gross bopd, remains on target to achieve first oil in 2022. A third development, Payara, with expected production capacity of up to 220,000 gross bopd, is planned. Pending government approval to proceed, some 2020 activities at Payara are now being deferred, creating a potential delay in first production of six to twelve months beyond the initial start-up target in 2023.

As previously announced a 16th discovery was made in the first quarter at the Uaru-1 well, which encountered approximately 94 feet of high-quality oil-bearing sandstone reservoir and is located approximately 10 miles northeast of the Liza Field.

- In the Gulf of Thailand, net production from Block A-18 of the JDA averaged 32,000 boepd for the first quarter of 2020 (2019 Q1: 37,000 boepd), including contribution from unitized acreage in Malaysia. Net production from North Malay Basin, offshore Peninsular Malaysia, averaged 26,000 boepd for the first quarter of 2020 (2019 Q1: 31,000 boepd).
- At the Waha fields (Hess - 8%), onshore Libya, production ceased following the declaration of force majeure in January by the Libyan National Oil Corporation as a result of civil unrest. Net production averaged 5,000 boepd for the first quarter of 2020 (2019 Q1: 21,000 boepd).

**Consolidated Results of Operations**

The after-tax income (loss) by major operating activity is summarized below:

	Three Months Ended	
	March 31,	
	2020	2019
(In millions, except per share amounts)		
<b>Net Income (Loss) Attributable to Hess Corporation:</b>		
Exploration and Production	\$ (2,371)	\$ 109
Midstream	61	37
Corporate, Interest and Other	(123)	(114)
<b>Total</b>	<u>\$ (2,433)</u>	<u>\$ 32</u>
<b>Net Income (Loss) Attributable to Hess Corporation Per Common Share - Diluted (a)</b>	<u>\$ (8.00)</u>	<u>\$ 0.09</u>

(a) Calculated as net income (loss) attributable to Hess Corporation less preferred stock dividends, divided by weighted average number of diluted shares.

**Items Affecting Comparability of Earnings Between Periods**

The following table summarizes, on an after-tax basis, items of income (expense) that are included in net income (loss) and affect comparability of earnings between periods:

	Three Months Ended	
	March 31,	
	2020	2019
(In millions)		
<b>Items Affecting Comparability of Earnings Between Periods, After-Tax:</b>		
Exploration and Production	\$ (2,251)	\$ —
Midstream	—	—
Corporate, Interest and Other	—	—
<b>Total</b>	<u>\$ (2,251)</u>	<u>\$ —</u>

The items in the table above are explained on page 22.

**Reconciliations of GAAP and non-GAAP measures**

The following table reconciles reported net income (loss) attributable to Hess Corporation and adjusted net income (loss) attributable to Hess Corporation:

	Three Months Ended	
	March 31,	
	2020	2019
(In millions)		
<b>Adjusted Net Income (Loss) Attributable to Hess Corporation:</b>		
Net income (loss) attributable to Hess Corporation	\$ (2,433)	\$ 32
Less: Total items affecting comparability of earnings between periods, after-tax	(2,251)	—
<b>Adjusted Net Income (Loss) Attributable to Hess Corporation</b>	<u>\$ (182)</u>	<u>\$ 32</u>

The following table reconciles reported net cash provided by (used in) operating activities and cash provided by (used in) operating activities before changes in operating assets and liabilities:

	Three Months Ended	
	March 31,	
	2020	2019
(In millions)		
<b>Net cash provided by operating activities before changes in operating assets and liabilities:</b>		
Net cash provided by (used in) operating activities	\$ 445	\$ 238
Less: Changes in operating assets and liabilities	(57)	(397)
<b>Net cash provided by (used in) operating activities before changes in operating assets and liabilities</b>	<u>\$ 502</u>	<u>\$ 635</u>

**Consolidated Results of Operations (continued)**

Adjusted net income (loss) attributable to Hess Corporation is a non-GAAP financial measure, which we define as reported net income (loss) attributable to Hess Corporation excluding items identified as affecting comparability of earnings between periods, which are summarized on page 22. Management uses adjusted net income (loss) to evaluate the Corporation's operating performance and believes that investors' understanding of our performance is enhanced by disclosing this measure, which excludes certain items that management believes are not directly related to ongoing operations and are not indicative of future business trends and operations.

Net cash provided by (used in) operating activities before changes in operating assets and liabilities presented in this report is a non-GAAP measure, which we define as reported net cash provided by (used in) operating activities excluding changes in operating assets and liabilities. Management uses net cash provided by (used in) operating activities before changes in operating assets and liabilities to evaluate the Corporation's ability to internally fund capital expenditures, pay dividends and service debt and believes that investors' understanding of our ability to generate cash to fund these items is enhanced by disclosing this measure, which excludes working capital and other movements that may distort assessment of our performance between periods.

These measures are not, and should not be viewed as, substitutes for U.S. GAAP net income (loss) and net cash provided by (used in) operating activities.

In the following discussion and elsewhere in this report, the financial effects of certain transactions are disclosed on an after-tax basis. Management reviews segment earnings on an after-tax basis and uses after-tax amounts in its review of variances in segment earnings. Management believes that after-tax amounts are a preferable method of explaining variances in earnings, since they show the entire effect of a transaction rather than only the pre-tax amount. After-tax amounts are determined by applying the income tax rate in each tax jurisdiction to pre-tax amounts.

**Comparison of Results****Exploration and Production**

Following is a summarized income statement of our E&P operations:

	Three Months Ended March 31,	
	2020	2019
(In millions)		
<b>Revenues and Non-Operating Income</b>		
Sales and other operating revenues	\$ 1,354	\$ 1,572
Other, net	8	20
Total revenues and non-operating income	<u>1,362</u>	<u>1,592</u>
<b>Costs and Expenses</b>		
Marketing, including purchased oil and gas	425	434
Operating costs and expenses	214	213
Production and severance taxes	42	39
Midstream tariffs	241	162
Exploration expenses, including dry holes and lease impairment	189	34
General and administrative expenses	52	42
Depreciation, depletion and amortization	521	464
Impairment	2,126	—
Total costs and expenses	<u>3,810</u>	<u>1,388</u>
<b>Results of Operations Before Income Taxes</b>	(2,448)	204
Provision (benefit) for income taxes	(77)	95
<b>Net Income (Loss) Attributable to Hess Corporation</b>	<u>\$ (2,371)</u>	<u>\$ 109</u>

Excluding the E&P items affecting comparability of earnings between periods detailed on page 22, the changes in E&P results are primarily attributable to changes in selling prices, production and sales volumes, marketing expenses, cash operating costs, Midstream tariffs, depreciation, depletion and amortization (DD&A), exploration expenses and income taxes, as discussed below.

**Consolidated Results of Operations (continued)**

**Selling Prices:** Lower realized selling prices in the first quarter of 2020 decreased after-tax results by approximately \$235 million, compared to the same period in 2019. Average selling prices were as follows:

	Three Months Ended	
	March 31,	
	2020	2019
<b>Average Selling Prices (a)</b>		
<b>Crude Oil – Per Barrel (Including Hedging)</b>		
United States		
Onshore	\$ 44.05	\$ 52.16
Offshore	49.33	59.30
Total United States	45.63	54.76
Guyana	43.26	—
Malaysia and JDA	51.24	59.38
Denmark	55.60	67.26
Libya	—	62.71
Worldwide	45.94	55.91
<b>Crude Oil – Per Barrel (Excluding Hedging)</b>		
United States		
Onshore	\$ 40.54	\$ 50.91
Offshore	45.65	58.05
Total United States	42.07	53.51
Guyana (b)	36.79	—
Malaysia and JDA	51.24	59.38
Denmark	49.14	67.26
Libya	—	62.71
Worldwide	42.08	54.84
<b>Natural Gas Liquids – Per Barrel</b>		
United States		
Onshore	\$ 9.31	\$ 18.69
Offshore	9.39	17.21
Worldwide	9.32	18.46
<b>Natural Gas – Per Mcf</b>		
United States		
Onshore	\$ 1.28	\$ 2.46
Offshore	1.32	2.54
Total United States	1.30	2.50
Malaysia and JDA	4.71	5.28
Denmark	3.73	4.02
Libya	4.89	5.14
Worldwide	3.16	4.43

(a) Selling prices in the United States are adjusted for certain processing and distribution fees included in Marketing expenses. Excluding these fees Worldwide selling prices for the first quarter of 2020 were \$49.44 (Q1 2019: \$59.18) per barrel for crude oil (including hedging), \$45.58 (Q1 2019: \$58.11) per barrel for crude oil (excluding hedging), \$9.52 (Q1 2019: \$18.62) per barrel for NGLs and \$3.26 (Q1 2019: \$4.49) per mcf for natural gas.

(b) Hess Corporation sold its first allocated one million barrel cargo of oil from the Liza Field in March 2020. The realized price reflects the Brent benchmark prices used in the pricing formula at the time of sale in March.

Crude oil hedging activities were a net gain of \$64 million before and after income taxes in the first quarter of 2020, and a net gain of \$15 million before and after income taxes in the first quarter of 2019. For calendar year 2020, we have WTI put options with an average monthly floor price of \$55 per barrel for 130,000 bopd, and Brent put options with an average monthly floor price of \$60 per barrel for 20,000 bopd. At March 31, 2020, the fair value of the put option contracts was \$1,098 million. Sales volumes will be underlifted by approximately 4 million barrels of oil in the second quarter and 2 million barrels of oil in the third quarter as a result of using the VLCCs. While we will receive cash for settlement gains as the \$55 WTI put option contracts mature, the net realized gain on contracts associated with the 6 million barrels of underlifted oil, comprised of the cash settlement less the associated amortization of premiums paid, will be deferred until the volumes stored in the VLCCs are sold. We now expect noncash put option premium amortization, which will be reflected in realized selling prices, to reduce our second quarter results by approximately \$50 million and reduce our full year 2020 results by approximately \$280 million, which is unchanged from our previous full-year guidance.

**Consolidated Results of Operations (continued)**

**Production Volumes:** Our daily worldwide net production was as follows:

	Three Months Ended	
	March 31,	
	2020	2019
	(In thousands)	
<b>Crude Oil – Barrels</b>		
United States		
North Dakota (a)	114	86
Offshore	48	49
Total United States	162	135
Guyana	15	—
Malaysia and JDA	4	4
Denmark	6	6
Libya	4	19
Total	191	164
<b>Natural Gas Liquids – Barrels</b>		
United States		
North Dakota (a)	49	34
Offshore	7	6
Total United States	56	40
<b>Natural Gas – Mcf</b>		
United States		
North Dakota (a)	162	79
Offshore	113	92
Total United States	275	171
Malaysia and JDA	325	381
Denmark	6	7
Libya	5	13
Total	611	572
<b>Barrels of Oil Equivalent (b)</b>	349	299
Crude oil and natural gas liquids as a share of total production	71%	68%

(a) Net production from the Bakken was 190,000 boepd in the first quarter of 2020 compared with 130,000 boepd in the first quarter of 2019.

(b) Reflects natural gas production converted based on relative energy content (six mcf equals one barrel). Barrel of oil equivalence does not necessarily result in price equivalence as the equivalent price of natural gas on a barrel of oil equivalent basis has been substantially lower than the corresponding price for crude oil over the recent past. In addition, NGLs do not sell at prices equivalent to crude oil. See the average selling prices in the table on page 19.

We forecast net production, excluding Libya, to be in the range of 310,000 boepd to 315,000 boepd for the second quarter and approximately 320,000 boepd for the full year of 2020.

**United States:** North Dakota net oil production was higher in the first quarter of 2020, compared to the year-ago quarter, primarily due to increased drilling activity and improved well performance. North Dakota net natural gas and NGLs production was higher in the first quarter of 2020, compared to the year-ago quarter, also due to the increased drilling activity, as well as additional natural gas captured with the start-up of the Little Missouri 4 natural gas processing plant in July 2019 and additional NGLs received under percentage of proceeds contracts resulting from lower NGLs commodity pricing. Total offshore net production in the first quarter of 2020 was comparable to the year-ago quarter.

**Consolidated Results of Operations (continued)**

**International:** Net production at Guyana was higher in the first quarter of 2020, compared to the year-ago quarter, due to commencement of production from the Liza Phase 1 development in December 2019. Net production at Libya was lower due to production cessation in February 2020 following the declaration of force majeure by the Libyan National Oil Corporation caused by civil unrest. Net production was lower at Malaysia and JDA primarily due to lower nominations on reduced gas demand from COVID-19 restrictions.

**Sales Volumes:** The impact of higher sales volumes improved after-tax results by approximately \$185 million in the first quarter of 2020, compared to the first quarter of 2019. Worldwide sales volumes from Hess net production, which excludes sales volumes of crude oil, NGLs and natural gas purchased from third parties, were as follows:

	Three Months Ended March 31,	
	2020	2019
	(In thousands)	
Crude oil – barrels	16,052	13,940
Natural gas liquids – barrels	5,097	3,631
Natural gas – mcf	55,620	51,435
<b>Barrels of Oil Equivalent (a)</b>	<b>30,419</b>	<b>26,144</b>
Crude oil – barrels per day	176	155
Natural gas liquids – barrels per day	56	40
Natural gas – mcf per day	611	572
<b>Barrels of Oil Equivalent Per Day (a)</b>	<b>334</b>	<b>290</b>

(a) Reflects natural gas production converted based on relative energy content (six mcf equals one barrel). Barrel of oil equivalence does not necessarily result in price equivalence as the equivalent price of natural gas on a barrel of oil equivalent basis has been substantially lower than the corresponding price for crude oil over the recent past. In addition, NGLs do not sell at prices equivalent to crude oil. See the average selling prices in the table on page 19.

**Marketing, including purchased oil and gas:** Marketing expense is mainly comprised of costs to purchase crude oil, NGL and natural gas from our partners in Hess operated wells or other third parties, primarily in the U.S., and transportation and other distribution costs for U.S. marketing activities. Marketing expense was lower in the first quarter of 2020, compared with the corresponding period in 2019, primarily due to lower benchmark crude oil prices on purchased volumes partially offset by higher purchased volumes and a \$53 million pre-tax charge for crude oil inventory valuation.

**Cash Operating Costs:** Cash operating costs consist of operating costs and expenses, production and severance taxes and E&P general and administrative expenses. Cash operating costs increased on an absolute basis and decreased on a per barrel basis in the first quarter of 2020, compared with the corresponding period in 2019, due to a higher proportion of lower-cost production from the Bakken.

**Midstream Tariffs Expense:** Tariffs expense increased from 2019, primarily due to higher throughput volumes in 2020. We estimate Midstream tariffs expense to be in the range of \$215 million to \$230 million in the second quarter and in the range of \$905 million to \$930 million for the full year 2020.

**DD&A:** DD&A expenses were higher in the first quarter of 2020 on an absolute basis, compared with the corresponding period in 2019, reflecting higher production volumes. DD&A expense on a per-unit basis was lower in the first quarter of 2020, compared with the corresponding period in 2019, primarily due to the year-over-year mix of production.

**Unit Costs:** Unit cost per barrel of oil equivalent (boe) information is based on total net production volumes. Actual and forecast unit costs per boe are as follows:

	Actual		Forecast range (a)	
	Three Months Ended March 31,		Three Months Ended June 30,	Twelve Months Ended December 31,
	2020	2019	2020	2020
Cash operating costs (b)	\$ 9.70	\$ 11.00	\$10.00 — \$10.50	\$10.00 — \$10.50
DD&A (c)	16.44	17.25	14.00 — 15.00	15.00 — 16.00
<b>Total Production Unit Costs</b>	<b>\$ 26.14</b>	<b>\$ 28.25</b>	<b>\$24.00 — \$25.50</b>	<b>\$25.00 — \$26.50</b>

(a) Forecast information excludes any contribution from Libya.

(b) Cash operating costs per boe, excluding Libya, were \$9.61 in the first quarter of 2020, compared to \$11.54 in the first quarter of 2019.

(c) DD&A per boe, excluding Libya, was \$16.64 in the first quarter of 2020, compared to \$18.37 in the first quarter of 2019.

**Consolidated Results of Operations (continued)**

**Exploration Expenses:** Exploration expenses were as follows:

	Three Months Ended	
	March 31,	
	2020	2019
	(In millions)	
Exploratory dry hole costs (a)	\$ 135	\$ —
Exploration lease and other impairment (b)	32	7
Geological and geophysical expense and exploration overhead	22	27
<b>Total Exploration Expense</b>	<b>\$ 189</b>	<b>\$ 34</b>

(a) First quarter 2020 primarily relates to previously capitalized exploratory wells (see Items Affecting Comparability of Earnings Between Periods below) and the Oldfield-1 exploration well in the Gulf of Mexico.

(b) First quarter 2020 includes impaired leasehold costs due to a reprioritization of the Corporation's forward capital program.

Exploration expenses, excluding dry hole expense, are estimated to be in the range of \$35 million to \$40 million in the second quarter of 2020 and \$145 million to \$155 million for the full year of 2020.

**Income Taxes:** The decline in income tax expense in the first quarter of 2020, compared to the year-ago quarter, is primarily due to lower pre-tax income in Libya as a result of the declaration of force majeure in January 2020. Excluding items affecting comparability of earnings between periods and Libyan operations, E&P income tax expense was \$9 million, compared with an expense of \$2 million in the first quarter of 2019. Excluding items affecting comparability of earnings between periods and Libyan operations, E&P income tax expense is expected to be an expense in the range of \$5 million to \$10 million for the second quarter of 2020 and \$20 million to \$30 million for the full year of 2020.

**Items Affecting Comparability of Earnings Between Periods:**

The following table summarizes, on a pre-tax and an after-tax basis, income (expense) items affecting comparability of E&P earnings between periods:

	Three Months Ended			
	March 31,			
	Pre-tax		After-tax	
	2020	2019	2020	2019
	(In millions)			
Impairment	\$ (2,126)	\$ —	\$ (2,049)	\$ —
Dry hole, lease impairment and other exploration expenses	(152)	—	(150)	—
Crude oil inventories write-down	(53)	—	(52)	—
	<b>\$ (2,331)</b>	<b>\$ —</b>	<b>\$ (2,251)</b>	<b>\$ —</b>

**Impairment:** In the first quarter of 2020, we recorded noncash impairment charges totaling \$2.1 billion (\$2.0 billion after income taxes) related to our oil and gas properties at North Malay Basin in Malaysia, the South Arne Field in Denmark, and the Stampede Field and the Tubular Bells Field in the Gulf of Mexico, primarily as a result of a lower long-term crude oil price outlook. Other charges totaling \$21 million pre-tax (\$20 million after income taxes) related to drilling rig right-of-use assets in the Bakken and surplus materials and supplies. See Note 2, *Impairment* in the Notes to Consolidated Financial Statements.

**Dry hole, lease impairment and other exploration expenses:** In the first quarter of 2020, we incurred pre-tax charges totaling \$152 million (\$150 million after income taxes), primarily related to the write-off of previously capitalized exploratory wells in the Gulf of Mexico as detailed in Note 4, *Property, plant and equipment* in the Notes to Consolidated Financial Statements, and to impair certain exploration leasehold costs.

**Crude oil inventories write-down:** In the first quarter of 2020, we incurred a pre-tax charge of \$53 million (\$52 million after income taxes) to reduce crude oil inventories to their net realizable value. These charges are included in *Marketing, including purchased oil and gas* in the Statement of Consolidated Income. See Note 3, *Inventories* in the Notes to Consolidated Financial Statements.

**Consolidated Results of Operations (continued)****Midstream**

Following is a summarized income statement for our Midstream operations:

	Three Months Ended March 31,	
	2020	2019
(In millions)		
<b>Revenues and Non-Operating Income</b>		
Sales and other operating revenues	\$ 291	\$ 190
Other, net	2	—
Total revenues and non-operating income	<u>293</u>	<u>190</u>
<b>Costs and Expenses</b>		
Operating costs and expenses	92	55
General and administrative expenses	8	6
Depreciation, depletion and amortization	38	34
Interest expense	25	15
Total costs and expenses	<u>163</u>	<u>110</u>
<b>Results of Operations Before Income Taxes</b>	130	80
Provision (benefit) for income taxes	2	—
<b>Net Income (Loss)</b>	128	80
Less: Net income (loss) attributable to noncontrolling interests	67	43
<b>Net Income (Loss) Attributable to Hess Corporation</b>	<u>\$ 61</u>	<u>\$ 37</u>

Sales and other operating revenues for the first quarter of 2020 increased, compared to the first quarter of 2019, primarily due to higher throughput volumes and increased rail transportation revenues associated with third-party services. Operating costs and expenses for the first quarter of 2020 increased, compared to the first quarter of 2019, primarily due to higher maintenance activity, and increased third-party rail transportation charges.

The increase in interest expense from 2019 reflects higher borrowings by the Midstream business.

Excluding items affecting comparability of earnings, net income attributable to Hess Corporation from the Midstream segment is estimated to be in the range of \$40 million to \$50 million in the second quarter of 2020 and in the range of \$185 million to \$195 million for the full year of 2020.



**Consolidated Results of Operations (continued)****Corporate, Interest and Other**

The following table summarizes Corporate, Interest and Other expenses:

	Three Months Ended	
	March 31,	
	2020	2019
	(In millions)	
Corporate and other expenses (excluding items affecting comparability)	\$ 39	\$ 32
Interest expense	88	90
Less: Capitalized interest	—	(7)
Interest expense, net	88	83
Corporate, Interest and Other expenses before income taxes	127	115
Provision (benefit) for income taxes	(4)	(1)
Net Corporate, Interest and Other expenses after income taxes	123	114
Items affecting comparability of earnings between periods, after-tax	—	—
<b>Total Corporate, Interest and Other Expenses After Income Taxes</b>	<b>\$ 123</b>	<b>\$ 114</b>

Corporate and other expenses were higher in the first quarter of 2020, primarily due to a charge of \$7 million for legal costs related to former downstream businesses. Interest expense, net was higher in the first quarter of 2020, compared to the first quarter of 2019, due to the cessation of capitalized interest at the Liza Field, offshore Guyana, upon commencement of production in December 2019.

Second quarter 2020 corporate expenses are expected to be in the range of \$25 million to \$30 million, and interest expense is expected to be in the range of \$95 million to \$100 million. We estimate corporate expenses for full year 2020 to be in the range of \$115 million to \$125 million, and interest expense to be in the range of \$375 million to \$385 million.

**Other Items Potentially Affecting Future Results**

Our future results may be impacted by a variety of factors, including but not limited to, volatility in the selling prices of crude oil, NGLs and natural gas, reserve and production changes, asset sales, impairment charges and exploration expenses, industry cost inflation and/or deflation, changes in foreign exchange rates and income tax rates, changes in deferred tax asset valuation allowances, the effects of weather, crude oil storage capacity, political risk, environmental risk and catastrophic risk, including risks associated with COVID-19. For a more comprehensive description of the risks that may affect our business, see the section entitled *Item 1A. Risk Factors* in this Quarterly Report on Form 10-Q and in *Item 1A. Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2019.

Proved reserves are calculated using the average price during the twelve month period before December 31 determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within the year, unless prices are defined by contractual agreements, excluding escalations based on future conditions. Crude oil prices used in the determination of proved reserves at December 31, 2019 were \$55.73 per barrel for WTI and \$62.54 per barrel for Brent, which are significantly higher than crude oil prices at March 31, 2020 (WTI - \$20.48 per barrel; Brent - \$17.68 per barrel). If crude oil prices for the rest of 2020 remain significantly below prices used for proved reserves at December 31, 2019, proved reserves at December 31, 2020 could be significantly lower than proved reserves at December 31, 2019. It is difficult to estimate the magnitude of any net negative change in proved reserves that may result from lower crude oil prices due to a number of factors that are currently unknown, including 2020 crude oil prices, any revisions in proved reserves that may occur based on 2020 reservoir performance, the levels to which industry costs will decline in response to lower prices, and management's plans as of December 31, 2020 for developing proved undeveloped reserves. Any changes in proved reserves will impact depreciation, depletion and amortization expense and the Standardized Measure of Discounted Future Net Cash Flows.

**Liquidity and Capital Resources**

The following table sets forth certain relevant measures of our liquidity and capital resources:

	March 31, 2020	December 31, 2019
	(In millions, except ratio)	
Cash and cash equivalents (a)	\$ 2,080	\$ 1,545
Current maturities of long-term debt	3	—
Total debt (b)	8,194	7,142
Total equity	8,178	9,706
Debt to capitalization ratio as defined under debt covenants (c)	42.0%	39.6%

(a) Includes \$3 million of cash attributable to our Midstream segment, at March 31, 2020 (December 31, 2019: \$3 million).

(b) At March 31, 2020, includes \$1,815 million of debt outstanding from our Midstream Segment (December 31, 2019: \$1,753 million) that is non-recourse to Hess Corporation.

(c) Total debt (including finance lease obligations) as a percentage of the sum of total debt (including finance lease obligations) plus equity (excluding impact of noncash impairment charges) as defined under debt covenants.

**Cash Flows**

The following table summarizes our cash flows:

	Three Months Ended March 31,	
	2020	2019
	(In millions)	
<b>Net cash provided by (used in):</b>		
Operating activities	\$ 445	\$ 238
Investing activities	(818)	(680)
Financing activities	908	48
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>\$ 535</u>	<u>\$ (394)</u>

**Operating activities:** Net cash provided by operating activities was \$445 million in the first quarter of 2020, compared to \$238 million in the first quarter of 2019. Changes in operating assets and liabilities was a use of cash of \$57 million in the first quarter of 2020, and a use of cash of \$397 million in the first quarter of 2019, which included a one-time payment of approximately \$130 million to our joint venture partner for its share of sale/leaseback proceeds related to our sale of the North Malay Basin floating storage and offloading vessel that we received in 2018.

**Investing activities:** Additions to property, plant and equipment of \$818 million in the first quarter of 2020 were up \$147 million compared with the corresponding period in 2019. The increase primarily reflects higher activity in the Bakken and Gulf of Mexico and first quarter payments on accrued fourth quarter 2019 capital expenditures. The first quarter of 2019 included Midstream additions of approximately \$90 million associated with the Summit acquisition.

The following table reconciles capital expenditures incurred on an accrual basis to Additions to property, plant and equipment:

	Three Months Ended March 31,	
	2020	2019
	(In millions)	
<b>Additions to property, plant and equipment - E&amp;P:</b>		
Capital expenditures incurred - E&P	\$ (609)	\$ (515)
Increase (decrease) in related liabilities	(131)	(6)
<b>Additions to property, plant and equipment - E&amp;P</b>	<u>\$ (740)</u>	<u>\$ (521)</u>
<b>Additions to property, plant and equipment - Midstream:</b>		
Capital expenditures incurred - Midstream	\$ (57)	\$ (127)
Increase (decrease) in related liabilities	(21)	(23)
<b>Additions to property, plant and equipment - Midstream</b>	<u>\$ (78)</u>	<u>\$ (150)</u>

**Liquidity and Capital Resources (continued)**

**Financing activities:** Borrowings in the first quarter of 2020 include \$1.0 billion related to our new three-year term loan. Hess Midstream borrowed a total of \$60 million from their revolving credit facilities in the first quarter of 2020 and \$199 million in the first quarter of 2019. We paid common stock dividends totaling \$81 million in the first quarter of 2020, compared to common stock and preferred dividends of \$88 million in the first quarter of 2019. In addition, net cash outflows to noncontrolling interests were \$63 million in the first quarter of 2020 and \$13 million in the first quarter of 2019.

**Future Capital Requirements and Resources**

At March 31, 2020, we had \$2.1 billion in cash and cash equivalents, excluding Midstream, and total liquidity, including available committed credit facilities, of approximately \$5.9 billion. Our fully undrawn \$3.5 billion committed revolving credit facility matures in May 2023, and we have no significant near-term debt maturities aside from the new term loan in March 2023. Oil and gas production in 2020, excluding Libya, is forecast to be approximately 320,000 boepd. We have more than 80% of our remaining crude oil production in 2020 hedged with \$55 WTI put options for 130,000 bopd and \$60 Brent put options for 20,000 bopd.

Net cash provided by operating activities was \$445 million in the first quarter of 2020, compared with \$238 million in the first quarter of 2019. Net cash provided by operating activities before changes in operating assets and liabilities was \$502 million in the first quarter of 2020 and \$635 million in the first quarter of 2019. Capital expenditures were \$666 million in the first quarter of 2020 and \$642 million in the first quarter of 2019. In 2020, based on current forward strip crude oil prices, we expect cash flow from operating activities, including settlements from crude oil put option contracts, cash and cash equivalents existing at March 31, 2020, and our available committed revolving credit facility will be sufficient to fund our capital investment program and dividends. Due to the weak commodity price environment, we may take any of the following steps, or a combination thereof, to improve our liquidity and financial position: further reduce the planned capital program and other cash outlays, including dividends, issue debt or equity securities, and pursue asset sales.

The table below summarizes the capacity, usage, and available capacity for borrowings and letters of credit under committed and uncommitted credit facilities at March 31, 2020:

	<u>Expiration Date</u>	<u>Capacity</u>	<u>Borrowings</u>	<u>Letters of Credit Issued</u>	<u>Total Used</u>	<u>Available Capacity</u>
(In millions)						
<b>Hess Corporation</b>						
Revolving credit facility	May 2023	\$ 3,500	\$ —	\$ —	\$ —	\$ 3,500
Committed lines	Various (a)	345	—	54	54	291
Uncommitted lines	Various (a)	205	—	205	205	—
<b>Total - Hess Corporation</b>		<u>\$ 4,050</u>	<u>\$ —</u>	<u>\$ 259</u>	<u>\$ 259</u>	<u>\$ 3,791</u>
<b>Midstream</b>						
Revolving credit facility (b)	December 2024	\$ 1,000	\$ 92	\$ —	\$ 92	\$ 908
<b>Total - Midstream</b>		<u>\$ 1,000</u>	<u>\$ 92</u>	<u>\$ —</u>	<u>\$ 92</u>	<u>\$ 908</u>

(a) Committed and uncommitted lines have expiration dates through 2020.

(b) This credit facility may only be utilized by HESM Opco and is non-recourse to Hess Corporation.

**Hess Corporation:**

In the first quarter of 2020, the Corporation entered into a \$1.0 billion three year term loan agreement with JPMorgan Chase Bank N.A. with a maturity date of March 16, 2023. The term loan agreement contains provisions that require us to reduce JPMorgan's initial funded amount of \$1.0 billion. The Corporation is currently in the process of syndicating with other lenders. Borrowings under the term loan bear interest at the applicable interest rates either, at the Corporation's option, the adjusted LIBOR rate in effect from time to time or the alternate base rate (as described in the term loan agreement) plus the applicable margins specified in the term loan agreement, which generally vary based on the credit rating of the Corporation's senior, unsecured, non-credit enhanced long-term debt. This loan has been classified as noncurrent in the consolidated balance sheet due to the Corporation's ability and intent to refinance any amount we are unable to syndicate to other banks on a long-term basis through the Corporation's existing \$3.5 billion revolving credit facility with a maturity date of May 15, 2023. The term loan agreement contains customary representations, warranties and covenants, including a financial covenant limiting the ratio of Total Consolidated Debt to Total Capitalization (as such terms are defined in the term loan agreement) of the Corporation and its consolidated subsidiaries to 65%, and customary events of default. At March 31, 2020, Hess Corporation had borrowings of \$1.0 billion under this term loan agreement and was in compliance with this financial covenant.

At March 31, 2020, Hess Corporation had no outstanding borrowings or letters of credit under its revolving credit facility and was in compliance with its financial covenants.

**Liquidity and Capital Resources (continued)**

Two of the three major credit rating agencies that rate our debt have assigned an investment grade rating. In March 2020, Standard and Poor's Ratings Services affirmed our credit rating at BBB- and revised the outlook to negative (from stable) while Fitch Ratings assigned a BBB- rating to the \$1.0 billion term loan, with no change to our BBB- credit rating and stable outlook. In March 2020, Moody's Investors Service affirmed our credit rating at Ba1 with stable outlook, which is below investment grade.

We have a shelf registration under which we may issue additional debt securities, warrants, common stock or preferred stock.

*Midstream:*

At March 31, 2020, Hess Midstream Operations LP (formerly Hess Midstream Partners LP, or HESM Opco), a consolidated subsidiary of Hess Midstream LP, had \$1.4 billion of senior secured syndicated credit facilities maturing December 16, 2024, consisting of a \$1.0 billion 5-year revolving credit facility and a fully drawn \$400 million 5-year term loan A facility. The revolving credit facility can be used for borrowings and letters of credit to fund HESM Opco's operating activities, capital expenditures, distributions and for other general corporate purposes. Borrowings under the 5-year term loan A facility will generally bear interest at LIBOR plus an applicable margin ranging from 1.55% to 2.50%, while the applicable margin for the 5-year syndicated revolving credit facility ranges from 1.275% to 2.000%. Pricing levels for the facility fee and interest-rate margins are based on HESM Opco's ratio of total debt to EBITDA (as defined in the credit facilities). If HESM Opco obtains an investment grade credit rating, the pricing levels will be based on HESM Opco's credit ratings in effect from time to time. The credit facilities contain covenants that require HESM Opco to maintain a ratio of total debt to EBITDA (as defined in the credit facilities) for the prior four fiscal quarters of not greater than 5.00 to 1.00 as of the last day of each fiscal quarter (5.50 to 1.00 during the specified period following certain acquisitions) and, prior to HESM Opco obtaining an investment grade credit rating, a ratio of secured debt to EBITDA for the prior four fiscal quarters of not greater than 4.00 to 1.00 as of the last day of each fiscal quarter. HESM Opco was in compliance with these financial covenants at March 31, 2020. The credit facilities are secured by first-priority perfected liens on substantially all the presently owned and after-acquired assets of HESM Opco and its direct and indirect wholly owned material domestic subsidiaries, including equity interests directly owned by such entities, subject to certain customary exclusions. At March 31, 2020, borrowings of \$92 million were drawn under HESM Opco's revolving credit facility, and borrowings of \$400 million, excluding deferred issuance costs, were drawn under HESM Opco's term loan A facility. Borrowings under these credit facilities are non-recourse to Hess Corporation.

**Market Risk Disclosures**

We are exposed in the normal course of business to commodity risks related to changes in the prices of crude oil and natural gas, as well as changes in interest rates and foreign currency values. See *Note 12, Financial Risk Management Activities*, in the *Notes to Consolidated Financial Statements*.

We have outstanding foreign exchange contracts with notional amounts totaling \$65 million at March 31, 2020 that are used to reduce our exposure to fluctuating foreign exchange rates for various currencies. The change in fair value of foreign exchange contracts from a 10% weakening in the U.S. Dollar exchange rate is estimated to be a loss of less than \$5 million at March 31, 2020.

At March 31, 2020, our total long-term debt, which was substantially comprised of fixed-rate instruments, had a carrying value of \$8,194 million and a fair value of \$6,468 million. A 15% increase or decrease in interest rates would decrease or increase the fair value of debt by approximately \$500 million or \$590 million, respectively. Any changes in interest rates do not impact our cash outflows associated with fixed-rate interest payments or settlement of debt principal, unless a debt instrument is repurchased prior to maturity.

At March 31, 2020, we have outstanding WTI and Brent crude oil put option contracts. As of March 31, 2020, an assumed 10% increase in the forward WTI and Brent crude oil prices used in determining the fair value of our put options would reduce the fair value of these derivative instruments by approximately \$115 million, while an assumed 10% decrease in the same crude oil prices would increase the fair value of these derivative instruments by approximately \$125 million.

**Cautionary Note Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q, including information incorporated by reference herein, contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Words such as “anticipate,” “estimate,” “expect,” “forecast,” “guidance,” “could,” “may,” “should,” “would,” “believe,” “intend,” “project,” “plan,” “predict,” “will,” “target” and similar expressions identify forward-looking statements, which are not historical in nature. Our forward-looking statements may include, without limitation: our future financial and operational results; our business strategy; estimates of our crude oil and natural gas reserves and levels of production; benchmark prices of crude oil, natural gas liquids and natural gas and our associated realized price differentials; our projected budget and capital and exploratory expenditures; our plan to syndicate the \$1 billion term loan; expected timing and completion of our development projects; and future economic and market conditions in the oil and gas industry.

Forward-looking statements are based on our current understanding, assessments, estimates and projections of relevant factors and reasonable assumptions about the future. Forward-looking statements are subject to certain known and unknown risks and uncertainties that could cause actual results to differ materially from our historical experience and our current projections or expectations of future results expressed or implied by these forward-looking statements. The following important factors could cause actual results to differ materially from those in our forward-looking statements:

- fluctuations in market prices of crude oil, natural gas liquids and natural gas and competition in the oil and gas exploration and production industry, including as a result of the global COVID-19 pandemic;
- potential disruption or interruption of our operations due to catastrophic events, such as accidents, severe weather, geological events, shortages of skilled labor, cyber-attacks or health measures related to COVID-19;
- reduced demand for our products, including due to the global COVID-19 pandemic or the outbreak of any other public health threat, or due to the impact of competing or alternative energy products and political conditions and events, such as instability, changes in governments, armed conflict and economic sanctions;
- potential failures or delays in increasing oil and gas reserves, including as a result of unsuccessful exploration activity, drilling risks and unforeseen reservoir conditions;
- potential failures or delays in achieving expected production levels given inherent uncertainties in estimating quantities of proved reserves;
- changes in tax, property, contract and other laws, regulations and governmental actions applicable to our business, including legislative and regulatory initiatives regarding environmental concerns, such as measures to limit greenhouse gas emissions and well fracking bans;
- the ability of our contractual counterparties to satisfy their obligations to us, including the operation of joint ventures under which we may not control;
- unexpected changes in technical requirements for constructing, modifying or operating exploration and production facilities and/or the inability to timely obtain or maintain necessary permits;
- availability and costs of employees and other personnel, drilling rigs, equipment, supplies and other required services;

**Cautionary Note Regarding Forward-Looking Statements (continued)**

- any limitations on our access to capital or increase in our cost of capital, including our ability to fully syndicate the term loan, as a result of weakness in the oil and gas industry or negative outcomes within commodity and financial markets;
- liability resulting from litigation, including heightened risks associated with being a general partner of Hess Midstream LP; and
- other factors described in the section entitled “Risk Factors” in this Quarterly Report on Form 10-Q and in *Item 1A—Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2019 as well as any additional risks described in our other filings with the SEC.

As and when made, we believe that our forward-looking statements are reasonable. However, given these risks and uncertainties, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made and there can be no assurance that such forward-looking statements will occur and actual results may differ materially from those contained in any forward-looking statement we make. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

The information required by this item is presented under Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures.”

**Item 4. Controls and Procedures.**

Based upon their evaluation of the Corporation’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2020, John B. Hess, Chief Executive Officer, and John P. Rielly, Chief Financial Officer, concluded that these disclosure controls and procedures were effective as of March 31, 2020.

There was no change in internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 in the quarter ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

**Item 1. Legal Proceedings.**

Information regarding legal proceedings is contained in *Note 10, Guarantees and Contingencies* in the *Notes to Consolidated Financial Statements* and is incorporated herein by reference.

**Item 1A. Risk Factors.**

*Part I, Item 1A. Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2019, includes certain risk factors that could materially affect our business, financial condition, or future results. Those risk factors have not materially changed, except as set forth and as supplemented below:

***Our business and operations have been and may continue to be adversely affected by the COVID-19 global pandemic or other similar public health developments and the recent reduced demand for oil and natural gas.***

The COVID-19 global pandemic and related actions taken by governments and businesses, including voluntary and mandatory quarantines and travel and other restrictions, has resulted in a significant and swift reduction in economic activity. As a result of the COVID-19 pandemic, our operations, and those of our business partners, service companies and suppliers, have experienced and may continue to experience adverse effects, including disruptions, delays or temporary suspensions of operations and supply chains; temporary inaccessibility or closures of facilities; and workforce impacts from illness, school closures and other community response measures. We have implemented a variety of health and safety measures including enhanced cleaning procedures and modified work practices such as travel restrictions, health screenings, reduced personnel at offshore platforms and onshore work sites wherever this can be done safely, and remote working arrangements for office workers. To the extent we or our business partners, service companies or suppliers continue to experience restrictions or other effects, our financial condition, results of operations and future expansion projects may be adversely affected.

The timeline and potential magnitude of the COVID-19 pandemic is currently unknown. In addition to the global health concerns of COVID-19, the pandemic has negatively affected the United States and global economy and severely adversely impacted demand for oil and natural gas. The continuation or amplification of the outbreak of COVID-19 could result in further economic downturn that may affect our operating results in the long-term. In addition, the effects of COVID-19 and concerns regarding its global spread have negatively impacted the domestic and international demand for crude oil and natural gas, which has contributed to price volatility and adversely affected the demand for and marketability of crude oil, natural gas and NGLs, and resulting increased demand for commercial storage which could require further curtailments and shut-ins of production by the industry. In the event one or more of our business partners is adversely affected by COVID-19 or the current market environment, that may impact our costs and ability to conduct business with them. In addition, we may face an increased risk of changes in the regulation related to our business, such as the imposition of limitations on the production of oil and gas by states or other jurisdictions, that may result in additional limits on our products. We also are subject to litigation risk and possible loss contingencies related to COVID-19, including with respect to commercial contracts, employee matters and insurance arrangements. We may face additional asset impairments, decreases in proved reserves, along with other accounting charges as demand for crude oil, natural gas and NGLs decreases. The current environment may make it more difficult to syndicate our term loan and comply with our covenants and other restrictions in agreements governing our debt, and a lack of confidence in our industry on the part of the financial markets may result in a lack of access to capital, any of which could lead to reduced liquidity.

As the potential impact from the COVID-19 pandemic is difficult to predict, the extent to which it may negatively affect our operating results is uncertain. Any impact will depend on future developments and new information that may emerge regarding the severity and duration of COVID-19 and the actions taken by authorities to contain it or treat its impact, all of which are beyond our control. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in our annual report on Form 10-K for the year ended December 31, 2019.



**Item 2. Share Repurchase Activities.**

Our common share repurchase activities for the three months ended March 31, 2020, were as follows:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (c) (In millions)
January	—	\$ —	—	\$ 650
February	—	—	—	650
March	35,202	32.34	—	650
Total	<u>35,202</u>	\$ <u>32.34</u>	<u>—</u>	

(a) Represents common shares repurchased at a price of \$32.32 per common share on the open market, of which substantially all were granted to Directors in accordance with the Non-Employee Directors' Stock Plan.

(b) The average price paid per share was inclusive of transaction fees.

(c) In March 2013, we announced that our Board of Directors approved a stock repurchase program that authorized the purchase of common stock up to a value of \$4.0 billion. In May 2014, the share repurchase program was increased to \$6.5 billion and in March 2018, it was increased further to \$7.5 billion.

**Item 5. Other Information.**

On May 6, 2020, the Board of Directors of the Corporation approved and adopted amendments to the Corporation's By-Laws (as amended, the By-Laws), to help facilitate the conduct of a virtual annual meeting of stockholders in 2020 as a result of the COVID-19 pandemic.

Article III, Section 1 of the By-Laws was amended to clarify that the Corporation's meetings of stockholders may be held by means of remote communications and to permit appropriate arrangements relevant to such a meeting, including without limitation, arrangements as to format, procedures and notices, in accordance with applicable law.

The foregoing summary description of the amendments to the By-Laws is subject to, and qualified in its entirety by reference to, the full text of the amended By-Laws, filed as Exhibit 3(1) hereto and incorporated herein by reference.

**Item 6. Exhibits.**

Exhibits

- [3\(1\)\\*](#) [By-Laws of Hess Corporation \(as amended effective May 6, 2020\).](#)
- [10\(1\)\\*](#) [Form of Restricted Stock Award Agreement under the 2017 Long-Term Incentive Plan.](#)
- [10\(2\)\\*](#) [Form of Stock Option Award Agreement under the 2017 Long-Term Incentive Plan.](#)
- [10\(3\)\\*](#) [Form of Performance Award Agreement for three-year period ending December 31, 2022 under the 2017 Long-Term Incentive Plan.](#)
- [10\(4\)](#) [Loan Agreement, dated as of March 16, 2020, among Hess Corporation, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent incorporated by reference to Exhibit 10\(1\) of Form 8-K of the registrant, filed on March 17, 2020.](#)
- [31\(1\)](#) [Certification required by Rule 13a-14\(a\) \(17 CFR 240.13a-14\(a\)\) or Rule 15d-14\(a\) \(17 CFR 240.15d-14\(a\)\).](#)
- [31\(2\)](#) [Certification required by Rule 13a-14\(a\) \(17 CFR 240.13a-14\(a\)\) or Rule 15d-14\(a\) \(17 CFR 240.15d-14\(a\)\).](#)
- [32\(1\)](#) [Certification required by Rule 13a-14\(b\) \(17 CFR 240.13a-14\(b\)\) or Rule 15d-14\(b\) \(17 CFR 240.15d-14\(b\)\) and Section 1350 of Chapter 63 of Title 18 of the United States Code \(18 U.S.C. 1350\).](#)
- [32\(2\)](#) [Certification required by Rule 13a-14\(b\) \(17 CFR 240.13a-14\(b\)\) or Rule 15d-14\(b\) \(17 CFR 240.15d-14\(b\)\) and Section 1350 of Chapter 63 of Title 18 of the United States Code \(18 U.S.C. 1350\).](#)
- [101\(INS\)\\*](#) [Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.](#)
- [101\(SCH\)\\*](#) [Inline XBRL Taxonomy Extension Schema Document.](#)
- [101\(CAL\)\\*](#) [Inline XBRL Taxonomy Extension Calculation Linkbase Document.](#)
- [101\(LAB\)\\*](#) [Inline XBRL Taxonomy Extension Label Linkbase Document.](#)
- [101\(PRE\)\\*](#) [Inline XBRL Taxonomy Extension Presentation Linkbase Document.](#)
- [101\(DEF\)\\*](#) [Inline XBRL Taxonomy Extension Definition Linkbase Document.](#)
- [104](#) [The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, has been formatted in Inline XBRL.](#)

\* These exhibits relate to executive compensation plans and arrangements.

**SIGNATURES**

Pursuant to the requirements 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.

HESS CORPORATION  
(REGISTRANT)

By       /s/ John B. Hess        
JOHN B. HESS  
CHIEF EXECUTIVE OFFICER

By       /s/ John P. Rielly        
JOHN P. RIELLY  
SENIOR VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER

Date: May 7, 2020

**HESS CORPORATION**

*By-Laws*

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**HESS CORPORATION**

***By-Laws***

**ARTICLE I.**

**OFFICES**

SECTION 1. *Registered Office.* The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

SECTION 2. *Other Offices.* The Corporation may also have offices at such other places as the Board of Directors may from time to time designate or the business of the Corporation may require.

**ARTICLE II.**

**SEAL**

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise used.

**ARTICLE III.**

**STOCKHOLDERS' MEETINGS**

SECTION 1. *Place.* All meetings of the stockholders shall be held at such place either within or without the State of Delaware as may be fixed by the Board of Directors. In lieu of holding a stockholders' meeting at a designated physical place, the Board of Directors, in its sole discretion, may determine that any stockholders' meeting may be held solely or partially by means of remote communication and have the Corporation make appropriate arrangements to the fullest extent permitted by applicable law in connection therewith, including without limitation as to format, procedures, access, meeting communication and notices, arrangements with respect to accessing the list of stockholders entitled to vote at said meeting and such other matters as may be relevant with respect to such a meeting, notwithstanding any other provision set forth in these By-Laws.

SECTION 2. *Date and Time of Annual Meeting.* An annual meeting of stockholders shall be held on the date and at the time fixed by the Board of Directors, at which the stockholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

SECTION 3. *Quorum and Adjournment.* The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by the General Corporation Law of the State of Delaware, by the Restated Certificate of Incorporation, or by these By-Laws.

If a quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or by proxy, shall have the power to

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adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of voting stock shall be present. At such adjourned meeting at which the requisite amount of voting stock shall be represented, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 4. (a) *Voting.* At each meeting of the stockholders, every stockholder having the right to vote shall be entitled to vote in person or by proxy. A proxy shall be appointed by an instrument in writing subscribed by such stockholder or by his duly authorized attorney and bearing a date not more than three years prior to said meeting, unless said instrument provides for a longer period. Except as otherwise provided by the General Corporation Law of the State of Delaware, by the Restated Certificate of Incorporation, or by these By-Laws, in all matters other than the election of directors, the affirmative vote of a majority of the shares present, in person or represented by proxy, at the meeting and entitled to vote on the matter shall be the act of the stockholders.

(b) *Procedure for Election of Directors; Required Vote.* Election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot. Subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, a majority of the votes cast at any meeting for the election of directors at which a quorum is present shall elect directors.

For purposes of this By-Law, a majority of votes cast shall mean that the number of shares voted "for" a director's election exceeds fifty percent of the number of votes cast with respect to that director's election. Votes cast shall include votes to withhold authority in each case and exclude abstentions with respect to that director's election. Notwithstanding the foregoing, in the event of a contested election of directors, directors shall be elected by the vote of a plurality of the votes cast at any meeting for the election of directors at which a quorum is present.

For purposes of this By-Law, a contested election shall mean any election of directors in which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination thereof made by the Secretary as of the close of the applicable notice of nomination period set forth in Section 1(b) of Article IV of these By-Laws. Such determination shall be based on whether one or more notice(s) of nomination were timely delivered in accordance with the time periods and methods prescribed for delivery of notice under Section 4(e) of this Article III or Section 1(b) of Article IV of these By-Laws; provided, however, that the determination that an election is a "contested election" shall be determinative only as to the timeliness of a notice of nomination and not otherwise as to its validity. If, prior to the time the Corporation mails its initial proxy statement in connection with such election of directors, one or more notices of nomination are withdrawn such that the number of candidates for election as director no longer exceeds the number of directors to be elected, the election shall not be considered a contested election, but in all other cases, once an election is determined to be a contested election, directors shall be elected by the vote of a plurality of the votes cast.

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(c) *Director Qualifications.* To be eligible to be a nominee for election or reelection as a director of the Corporation pursuant to Section 4(e) of this Article III or Section 1(b) of Article IV of these By-Laws, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 4(e) of this Article III or Section 1(b) of Article IV of these By-Laws, as applicable) to the Secretary at the principal executive offices of the Corporation (1) a written questionnaire with respect to the background and qualification of such individual and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and (2) a written representation and agreement (in the form provided by the Secretary upon request) that such person (i) will abide by the requirements of this Section 4(c) and Section 4(d) of this Article III of these By-Laws; (ii) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation, and (B) any Voting Commitment that could limit or interfere with such individual's ability to comply, if elected as a director of the Corporation, with such individual's fiduciary duties under applicable law; (iii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein; and (iv) in such individual's personal capacity and on behalf of any person or entity on whose behalf, directly or indirectly, the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply, with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading policies and guidelines of the Corporation publicly disclosed from time to time.

(d) *Director Resignations.* If a nominee for director who is an incumbent director is not elected and no successor has been elected at such meeting, the director shall promptly tender his or her resignation to the Board of Directors. The Corporate Governance and Nominating Committee shall make a recommendation to the Board of Directors as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board of Directors shall act on the tendered resignation, taking into account the Corporate Governance and Nominating Committee's recommendation, and publicly disclose (by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within ninety days from the date of the certification of the election results.

The Corporate Governance and Nominating Committee, in making its recommendation, and the Board of Directors in making its decision, may each consider any factors or information that it considers appropriate and relevant. The director who tenders his resignation shall not participate in or vote on the recommendation of the Corporate Governance and Nominating Committee or the decision of the Board of Directors with respect to his resignation. If such incumbent director's resignation is not accepted by the Board of Directors, such director shall continue to serve until the next annual meeting and until his successor is duly elected, or his earlier resignation or removal. If a director's

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resignation is accepted by the Board of Directors pursuant to this By-Law, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors, in its sole discretion, may fill any resulting vacancy pursuant to the provisions of Section 8 of Article IV of these By-Laws or may decrease the size of the Board of Directors pursuant to the provisions of Section 1(a) of Article IV of these By-Laws.

(e) *Inclusion of Stockholder Director Nominations in the Corporation's Proxy Materials.* (1) Subject to the terms and conditions set forth in these By-Laws, the Corporation shall include in its proxy materials for annual meetings of stockholders held after the 2016 annual meeting the name, together with the Required Information (defined below), of any person nominated for election (the "Stockholder Nominee") to the Board of Directors by one or more Eligible Stockholders (as defined in paragraph (5) below) that satisfy the requirements of this Section 4(e) of this Article III, and that expressly elects at the time of providing the written notice required by this Section 4(e) of this Article III (a "Proxy Access Notice") to have its nominee included in the Corporation's proxy materials pursuant to this Section 4(e) of this Article III. For the purposes of this Section 4(e) of this Article III:

(A) "Voting Stock" shall mean outstanding shares of capital stock of the Corporation entitled to vote generally for the election of directors;

(B) "Constituent Holder" shall mean any stockholder, collective investment fund included within a Qualifying Fund (as defined in paragraph (5) below) or beneficial holder whose stock ownership is counted for the purposes of qualifying as holding the Proxy Access Request Required Shares (as defined in paragraph (5) below) or qualifying as an Eligible Stockholder (as defined in paragraph (5) below);

(C) "affiliate" and "associate" shall have the meanings ascribed thereto in Rule 405 under the Exchange Act; provided, however, that the term "partner" as used in the definition of "associate" shall not include any limited partner that is not involved in the management of the relevant partnership; and

(D) a stockholder (including any Constituent Holder) shall be deemed to "own" only those outstanding shares of Voting Stock as to which the stockholder itself (or such Constituent Holder itself) possesses both (a) the full voting and investment rights pertaining to the shares and (b) the full economic interest in (including the opportunity for profit and risk of loss on) such shares. The number of shares calculated in accordance with the foregoing clauses (a) and (b) shall be deemed not to include (and to the extent any of the following arrangements have been entered into by affiliates of the stockholder (or of any Constituent Holder), shall be reduced by) any shares (x) sold by such stockholder or Constituent Holder (or any of either's affiliates) in any transaction that has not been settled or closed, including any short sale, (y) borrowed by such stockholder or Constituent Holder (or any of either's affiliates) for any purposes or purchased by such stockholder or Constituent Holder (or any of either's affiliates) pursuant to an agreement to resell, or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such stockholder or Constituent Holder (or any of either's affiliates),

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whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of Voting Stock, in any such case which instrument or agreement has, or is intended to have, or if exercised by either party thereto would have, the purpose or effect of (i) reducing in any manner, to any extent or at any time in the future, such stockholder's or Constituent Holder's (or either's affiliate's) full right to vote or direct the voting of any such shares, and/or (ii) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such stockholder or Constituent Holder (or either's affiliate), other than any such arrangements solely involving an exchange listed multi-industry market index fund in which Voting Stock represents at the time of entry into such arrangement less than 10% of the proportionate value of such index. A stockholder (including any Constituent Holder) shall "own" shares held in the name of a nominee or other intermediary so long as the stockholder itself (or such Constituent Holder itself) retains the right to instruct how the shares are voted with respect to the election of Directors and the right to direct the disposition thereof and possesses the full economic interest in the shares. A stockholder's (including any Constituent Holder's) ownership of shares shall be deemed to continue during any period in which the stockholder has loaned such shares so long as such stockholder retains the power to recall such loaned shares by giving requisite notice or delegated any voting power over such shares by means of a proxy, power of attorney or other instrument or arrangement so long as such delegation is revocable at any time by the stockholder (and in the case of any such loan or delegation, such shares otherwise remain "owned" as defined herein through the annual meeting). The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings.

(2) For purposes of this Section 4(e) of this Article III, the "Required Information" that the Corporation will include in its proxy statement is (A) the information concerning the Stockholder Nominee and the Eligible Stockholder that the Corporation determines is required to be disclosed in the Corporation's proxy statement by the regulations promulgated under the Exchange Act; and (B) if the Eligible Stockholder so elects, a Statement (as defined in paragraph (7) below). The Corporation shall also include the name of the Stockholder Nominee in its proxy card. For the avoidance of doubt, and any other provision of these By-Laws notwithstanding, the Corporation may in its sole discretion solicit against, and include in the proxy statement its own statements or other information relating to, any Eligible Stockholder and/or Stockholder Nominee, including any information provided to the Corporation with respect to the foregoing.

(3) To be timely, a stockholder's Proxy Access Notice must be delivered to the Secretary in accordance with the time periods and the methods prescribed for delivery of notice under Section 1(b) of Article IV of these By-Laws. In no event shall any adjournment or postponement of an annual meeting, the date of which has been announced by the Corporation, commence a new time period for the giving of a Proxy Access Notice.

(4) The number of Stockholder Nominees (including Stockholder Nominees that were submitted by an Eligible Stockholder for inclusion in the Corporation's proxy materials pursuant to this Section 4(e) of this Article III but either are subsequently withdrawn or that

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the Board of Directors decides to nominate as a nominee of the Board of Directors or otherwise appoint to the Board) appearing in the Corporation's proxy materials with respect to an annual meeting of stockholders shall not exceed the greater of (x) two and (y) the largest whole number that does not exceed 20% of the number of directors in office as of the last day on which a Proxy Access Notice may be delivered in accordance with the methods prescribed for delivery of notice in this Section 4(e) of this Article III (such greater number, the "Permitted Number"); provided, however, that the Permitted Number shall be reduced by:

- (A) the number of such director candidates for which the Corporation shall have received one or more valid stockholder notices nominating director candidates pursuant to Section 1(b) of Article IV of these By-Laws; and
- (B) the number of directors in office that will be included in the Corporation's proxy materials with respect to such annual meeting for whom access to the Corporation's proxy materials was previously requested or provided pursuant to this Section 4(e) of this Article III, other than any such director referred to in this clause (B) who at the time of such annual meeting will have served as a director continuously, as a nominee of the Board of Directors, for at least two annual terms;

provided, further, that in the event the Board of Directors resolves to reduce the size of the Board of Directors effective on or prior to the date of the annual meeting, the Permitted Number shall be calculated based on the number of directors in office as so reduced. In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 4(e) of this Article III exceeds the Permitted Number, each Eligible Stockholder will select one Stockholder Nominee for inclusion in the Corporation's proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of Voting Stock each Eligible Stockholder disclosed as owned in its Proxy Access Notice submitted to the Corporation. If the Permitted Number is not reached after each Eligible Stockholder has selected one Stockholder Nominee, this selection process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

(5) An "Eligible Stockholder" is one or more stockholders of record who own and have owned, or are acting on behalf of one or more beneficial owners who own and have owned (in each case as defined above), in each case continuously for at least three (3) years as of both the date that the Proxy Access Notice is delivered to the Corporation pursuant to this Section 4(e) of this Article III, and as of the record date for determining stockholders eligible to vote at the annual meeting, at least 3% of the aggregate voting power of the Voting Stock (the "Proxy Access Request Required Shares"), and who continue to own the Proxy Access Request Required Shares at all times between the date such Proxy Access Notice is delivered to the Corporation and the date of the applicable annual meeting, provided that the aggregate number of stockholders, and, if and to the extent that a stockholder is acting on behalf of one or more beneficial owners, of such beneficial owners, whose stock ownership is counted for the purpose of satisfying the foregoing ownership requirement shall not exceed twenty (20). Two or more collective investment funds that are part of the same family of funds by virtue of being under common management and investment control or

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sponsored primarily by the same employer (a "Qualifying Fund") shall be treated as one stockholder for the purpose of determining the aggregate number of stockholders in this paragraph (5), provided that each fund included within a Qualifying Fund otherwise meets the requirements set forth in this Section 4(e) of this Article III. No shares may be attributed to more than one group constituting an Eligible Stockholder under this Section 4(e) of this Article III (and, for the avoidance of doubt, no stockholder or affiliate thereof may be a member of more than one group constituting an Eligible Stockholder). A record holder acting on behalf of one or more beneficial owners will not be counted separately as a stockholder with respect to the shares owned by beneficial owners on whose behalf such record holder has been directed in writing to act, but each such beneficial owner will be counted separately, subject to the other provisions of this paragraph (5), for purposes of determining the number of stockholders whose holdings may be considered as part of an Eligible Stockholder's holdings. For the avoidance of doubt, Proxy Access Request Required Shares will qualify as such if and only if the beneficial owner of such shares as of the date of the Proxy Access Notice has itself individually beneficially owned such shares continuously for the three (3)-year period ending on that date and through the other applicable dates referred to above (in addition to the other applicable requirements being met).

(6) No later than the final date when a Proxy Access Notice pursuant to this Section 4(e) of this Article III may be timely delivered to the Corporation, an Eligible Stockholder (including each Constituent Holder) must provide the information required to be disclosed under Section 5 of this Article III and Section 1(b) of Article IV of these By-Laws in a stockholder's notice and must provide the following information in writing to the Secretary:

- (A) with respect to each Constituent Holder, the name and address of, and number of shares of Voting Stock owned by such person;
  - (B) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three (3)-year holding period) verifying that, as of a date within seven (7) calendar days prior to the date the Proxy Access Notice is delivered to the Corporation, such person owns, and has owned continuously for the preceding three (3) years, the Proxy Access Request Required Shares, and such person's agreement to provide:
    - (i) within ten (10) days after the record date for the annual meeting, written statements from the record holder and intermediaries verifying such person's continuous ownership of the Proxy Access Request Required Shares through the record date, together with any additional information reasonably requested to verify such person's ownership of the Proxy Access Request Required Shares; and
    - (ii) immediate notice if the Eligible Stockholder ceases to own any of the Proxy Access Request Required Shares prior to the date of the applicable annual meeting of stockholders;
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(C) any information relating to such Eligible Stockholder (including any Constituent Holder) and their respective affiliates or associates or others acting in concert therewith, and any information relating to such Eligible Stockholder's Stockholder Nominee(s), in each case that would be required to be disclosed in a proxy statement and form of proxy or other filings required to be made in connection with solicitations of proxies for the election of such Stockholder Nominee(s) in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(D) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among the Eligible Stockholder (including any Constituent Holder) and any Stockholder Associated Person (as defined in Section 5 of this Article III), on the one hand, and each of such Eligible Stockholder's Stockholder Nominee(s), and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including without limitation all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the Eligible Stockholder (including any Constituent Holder), or any Stockholder Associated Person (as defined in Section 5 of this Article III), were the "registrant" for purposes of such regulation and the Stockholder Nominee were a director or executive officer of such registrant;

(E) a representation that such person:

- (i) acquired the Proxy Access Request Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent;
  - (ii) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Stockholder Nominee(s) being nominated pursuant to this Section 4(e) of this Article III;
  - (iii) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors;
  - (iv) will not distribute to any stockholder any form of proxy for the annual meeting other than the form distributed by the Corporation; and
  - (v) will provide facts, statements and other information in all communications with the Corporation and its stockholders that are and will
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be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and will otherwise comply with all applicable laws, rules and regulations in connection with any actions taken pursuant to this Section 4(e) of this Article III;

(F) in the case of a nomination by a group of stockholders that together is such an Eligible Stockholder, the designation by all group members of one group member that is authorized to act on behalf of all members of the nominating stockholder group with respect to the nomination and matters related thereto, including withdrawal of the nomination; and

(G) an undertaking that such person agrees to:

- (i) assume all liability stemming from, and indemnify and hold harmless the Corporation and each of its directors, officers, employees, agents and advisors individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder (including such person) provided to the Corporation;
- (ii) promptly provide to the Corporation such other information as the Corporation may reasonably request; and
- (ii) file with the Securities and Exchange Commission any solicitation by the Eligible Stockholder of stockholders of the Corporation relating to the annual meeting at which the Stockholder Nominee will be nominated.

In addition, no later than the final date when a Proxy Access Notice pursuant to this Section 4(e) of this Article III may be timely delivered to the Corporation, a Qualifying Fund whose stock ownership is counted for purposes of qualifying as an Eligible Stockholder must provide to the Secretary documentation reasonably satisfactory to the Board of Directors that demonstrates that the funds included within the Qualifying Fund satisfy the criteria specified in the definition of Qualifying Fund.

In order to be considered timely, any information required by this Section 4(e) of this Article III to be provided to the Corporation must be supplemented (by delivery to the Secretary) (1) no later than ten (10) days following the record date for the applicable annual meeting, to disclose the foregoing information as of such record date, and (2) no later than the fifth day before the annual meeting, to disclose the foregoing information as of the date

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that is no earlier than ten (10) days prior to such annual meeting. For the avoidance of doubt, the requirement to update and supplement such information shall not permit any Eligible Stockholder or other person to change or add any proposed Stockholder Nominee or be deemed to cure any defects or limit the remedies (including without limitation under these By-Laws) available to the Corporation relating to any defect.

(7) The Eligible Stockholder may provide to the Secretary, at the time the information required by this Section 4(e) of this Article III is originally provided, a written statement for inclusion in the Corporation's proxy statement for the annual meeting, not to exceed five hundred (500) words, in support of the candidacy of such Eligible Stockholder's Stockholder Nominee (the "Statement"). Notwithstanding anything to the contrary contained in this Section 4(e) of this Article III, the Corporation may omit from its proxy materials any information or Statement that it, in good faith, believes is materially false or misleading, omits to state any material fact, directly or indirectly (in each case without factual foundation) impugns the character, integrity or personal reputation of any person or makes charges concerning improper, illegal or immoral conduct or associations with respect to any person or would violate any applicable law or regulation.

(8) No later than the final date when a Proxy Access Notice pursuant to this Section 4(e) of this Article III may be timely delivered to the Corporation, each Stockholder Nominee must provide the information required of nominees under Section 1(b) of Article IV of these By-Laws and must:

(A) provide an executed agreement, in a form deemed satisfactory by the Board of Directors or its designee (which form shall be provided by the Corporation reasonably promptly upon written request of a stockholder), that such Stockholder Nominee consents to being named in the Corporation's proxy statement and form of proxy card (and will not agree to be named in any other person's proxy statement or form of proxy card) as a nominee and to serving as a director of the Corporation if elected;

(B) complete, sign and submit all questionnaires, representations and agreements required by Section 4(c) of this Article III of these By-Laws or otherwise required of the Corporation's directors generally; and

(C) provide such additional information as necessary to permit the Board of Directors to determine if any of the matters contemplated by paragraph (9) below apply and if such Stockholder Nominee has any direct or indirect relationship with the Corporation other than those relationships that have been deemed categorically immaterial pursuant to the Corporation's Corporate Governance Guidelines or is or has been subject to any event specified in Item 401(f) of Regulation S-K (or successor rule) of the Securities and Exchange Commission.

Each Stockholder Nominee shall also promptly provide to the Corporation such other information as may be reasonably requested by the Corporation of the Stockholder Nominee. In the event that any information or communications provided by the Eligible Stockholder (or any Constituent Holder) or the Stockholder Nominee to the Corporation or its stockholders

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ceases to be true and correct in all material respects or omits a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary of any defect in such previously provided information and of the information that is required to correct any such defect; it being understood for the avoidance of doubt that providing any such notification shall not be deemed to cure any such defect or limit the remedies (including without limitation under these By-Laws) available to the Corporation relating to any such defect.

(9) Any Stockholder Nominee who is included in the Corporation's proxy statement for a particular annual meeting of stockholders, but subsequently is determined not to satisfy the eligibility requirements of this Section 4(e) of this Article III or any other provision of these By-Laws, the Restated Certificate of Incorporation or other applicable regulation any time before the annual meeting of stockholders, will not be eligible for election at the relevant annual meeting of stockholders. Without limiting the foregoing or any other provision of these By-Laws, the Corporation shall not be required to include, pursuant to this Section 4(e) of this Article III, a Stockholder Nominee in its proxy materials for any annual meeting of stockholders, or, if the proxy statement already has been filed, to allow the nomination of a Stockholder Nominee, notwithstanding that proxies in respect of such vote may have been delivered to the Corporation:

(A) (i) who is not independent under the listing standards of the principal U.S. exchange upon which the Common Stock is listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing independence of the Corporation's directors, in each case as determined by the Board of Directors;

(B) whose service as a member of the Board of Directors would violate or cause the Corporation to be in violation of these By-Laws, the Restated Certificate of Incorporation, the rules and listing standards of the principal U.S. exchange upon which the Common Stock is listed, or any applicable law, rule or regulation;

(C) if the Eligible Stockholder (or any Constituent Holder) or applicable Stockholder Nominee otherwise breaches or fails to comply with its obligations pursuant to this Section 4(e) of this Article III or any agreement, representation or undertaking required by this Section 4(e) of this Article III; or

(D) if the Eligible Stockholder ceases to be an Eligible Stockholder for any reason, including but not limited to not owning the Proxy Access Request Required Shares through the date of the applicable annual meeting.

For the purposes of this paragraph (9), clauses (A) and (B) and, to the extent related to a breach or failure by the Stockholder Nominee, clause (C) will result in the exclusion from the proxy materials pursuant to this Section 4(e) of this Article III of the specific Stockholder Nominee to whom the ineligibility applies, or, if the proxy statement already has been filed, the ineligibility of such Stockholder Nominee to be nominated; provided, however, that clause (D) and, to the extent related to a breach or failure by an Eligible

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Stockholder (or any Constituent Holder), clause (C) will result in the Voting Stock owned by such Eligible Stockholder (or Constituent Holder) being excluded from the Proxy Access Request Required Shares (and, if as a result the Proxy Access Notice shall no longer have been filed by an Eligible Stockholder, the exclusion from the proxy materials pursuant to this Section 4(e) of this Article III of all of the applicable stockholder's Stockholder Nominees from the applicable annual meeting of stockholders or, if the proxy statement has already been filed, the ineligibility of all of such stockholder's Stockholder Nominees to be nominated).

SECTION 5. *Notice of Annual Meetings and Business.* Written notice of the annual meeting, stating the place, date and hour of the meeting, shall be delivered in person, or mailed postage prepaid, to each stockholder entitled to vote thereat at such address as appears on the records of the Corporation, not less than ten nor more than fifty days before the date of the meeting. The proposal of business, other than director nominations, which are governed by Section 4(e) of this Article III and Section 1(b) of Article IV of these By-Laws, to be considered by the stockholders may be made at an annual meeting of stockholders (1) pursuant to the Corporation's notice of meeting, (2) by or at the direction of the Board of Directors or (3) by any stockholder of the Corporation entitled to vote in the election of directors generally who was a stockholder of record at the time of giving of notice provided for in this Section 5 of this Article III, who is entitled to vote at the meeting and who complies with the notice and other procedures set forth in this Section 5 of this Article III.

For business to be properly brought before an annual meeting by a stockholder pursuant to this Section 5 of this Article III, the stockholder must have given timely notice thereof in writing to the Secretary and such other business must otherwise be a proper matter for stockholder action. To be timely, written notice of such stockholder's intent to propose business must be given, either by personal delivery or by United States mail, postage prepaid, to the Secretary no later than ninety days prior to the anniversary date of the immediately preceding annual meeting, provided, however, that in the event that the date of the annual meeting is more than thirty days before or more than sixty days after such anniversary date, notice by the stockholder to be timely must be delivered no later than the close of business on the later of the ninetieth day prior to such annual meeting or the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. In no event shall the adjournment or postponement of a meeting commence a new time period for the giving of a stockholder's notice.

Each such notice shall set forth (A) as to the business that the stockholder proposes to bring before the meeting, (i) a brief description of the business desired to be brought before the meeting, (ii) the reasons for conducting such business at the meeting and any material interest of such stockholder, the beneficial owner, if any, on whose behalf the business is being made and each of their respective affiliates or associates or others acting in concert therewith, if any, in such business (all such persons, the "Stockholder Associated Persons"), (iii) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the By-Laws of the Corporation, the language of the proposed amendment), and (iv) a description of all agreements, arrangements and understandings between any of the

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Stockholder Associated Persons and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; and (B) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (i) the name and address of the stockholder who intends to make the proposal; (ii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business; (iii) a representation as to whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the business being brought before the meeting and/or (2) otherwise to solicit proxies from stockholders in support of such business; and (iv) the information required by Section 1(b) of Article IV of these By-Laws.

Only such business shall be conducted at an annual meeting as shall have been properly brought before the meeting in accordance with the procedures set forth in this Section 5 of this Article III. Except as otherwise provided by law, the presiding officer of the meeting shall have the power and duty to determine whether any business proposed to be brought before the meeting was proposed in accordance with the procedures set forth in this Section 5 of this Article III and, if any proposed business is not in compliance with this Section 5 of this Article III, to declare that such defective proposal shall be disregarded. Notwithstanding the provisions of these By-Laws, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual meeting of stockholders of the Corporation to present the proposed business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of these By-Laws, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof. For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other Section of these By-Laws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder, or under any other provision of the

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By-Laws, or enable or be deemed to permit a stockholder who has previously submitted notice hereunder, or under any other provision of the By-Laws, to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business and or resolutions proposed to be brought before a meeting of the stockholders.

Notwithstanding the foregoing provisions of this Section 5 of this Article III, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these By-Laws. Nothing in these By-Laws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act. Subject to Rule 14a-8 under the Exchange Act, nothing in these By-Laws (other than Section 4(e) of this Article III of these By-Laws solely with respect to qualifying nominations pursuant to a Proxy Access Notice) shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of director or directors or any other business proposal.

SECTION 6. *List of Stockholders.* At least ten days before every meeting of stockholders, the Secretary shall prepare a complete list of stockholders entitled to vote at said meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination by any stockholder for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting either at the place where the meeting is to be held or at a place specified in the notice of meeting within the city where the meeting is to be held. Such list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 7. *Call of Special Meetings.* Except as otherwise required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, special meetings of the stockholders for any purpose or purposes may be called only by the Chairman of the Board or the President, and shall be called by the Secretary at the request of the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors.

SECTION 8. *Notice of Special Meetings.* Written notice of a special meeting of stockholders, stating the place, date and hour of the meeting and the purpose or purposes for which it is called, shall be delivered in person, or mailed postage prepaid, at least ten days before such meeting, to each stockholder entitled to vote thereat at such address as appears on the records of the Corporation.

SECTION 9. *Business at Special Meetings.* Business transacted at all special meetings shall be confined to the purpose or purposes stated in the notice.

SECTION 10. *Stockholder Action; How Taken.* Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or

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special meeting of such holders and may not be effected by any consent in writing by such holders.

ARTICLE IV.  
DIRECTORS

SECTION 1. (a) *Number, Election and Terms.* Except as otherwise fixed pursuant to the provisions of Article FOURTH of the Restated Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time by the Board of Directors but shall not be less than three. The directors elected prior to the 2014 annual meeting of stockholders, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends, or upon liquidation, shall be and are divided into three classes, and each such director shall hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of his or her election and until his or her successor is duly elected and qualified. The directors elected at each annual meeting of stockholders, commencing with the annual meeting in 2014, shall hold office for a term expiring at the next annual meeting of stockholders and until their successors are elected and qualified.

The term "entire Board" as used in these By-Laws means the total number of directors which the Corporation would have if there were no vacancies.

(b) *Stockholder Nomination of Director Candidates.* Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of directors may be made by the Board of Directors or a committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of directors generally. However, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than (i) with respect to an election to be held at an annual meeting of stockholders, ninety days prior to the anniversary date of the immediately preceding annual meeting, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders.

Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder

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as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a director of the Corporation if so elected. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

SECTION 2. *Powers.* In addition to the powers and authorities these By-Laws expressly confer on it, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by the General Corporation Law of the State of Delaware, by the Restated Certificate of Incorporation or by these By-Laws directed or required to be exercised or done exclusively by the stockholders.

SECTION 3. *Expenses and Fees.* Each director may be allowed reasonable expenses incurred for attendance at each regular or special meeting of the Board of Directors and of any committee thereof, and each non-employee director shall receive as a director and/or as a member of any committee of the Board of Directors such compensation as may be fixed by the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 4. *Organization Meeting.* As soon as practicable after the annual meeting of the stockholders, a meeting of the newly elected Board of Directors, for the purpose of organization and the election of officers and otherwise, shall be held upon the call and notice specified in Section 6 of this Article.

SECTION 5. *Regular Meetings.* Regular meetings of the Board of Directors shall be held without notice at the principal office of the Corporation in New York, New York, or at such other place within or without the State of Delaware as shall be fixed by the Board of Directors, at such times as shall be determined by the Board of Directors.

SECTION 6. *Special Meetings.* Special meetings of the Board of Directors may be called by the Chairman of the Board or the President, on two days' notice to each director, personally, by mail or by telegram, and shall be called by the Secretary in like manner and on like notice on the written request of a majority of the entire Board of Directors. Special meetings of the Board of Directors shall be held at the place and time designated in the notice of meeting.

SECTION 7. *Quorum.* At all meetings of the Board of Directors, at least fifty percent of the directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business, and the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by the General Corporation Law of the State of Delaware, by the Restated Certificate of Incorporation or by these By-Laws.

SECTION 8. *Newly Created Directorships and Vacancies.* Except as otherwise fixed pursuant to the provisions of Article FOURTH of the Restated Certificate of Incorporation

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relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office until the next annual meeting of stockholders and until such director's successors shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

SECTION 9. *Removal.* Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any director may be removed from office, with or without cause, but only by the affirmative vote of the holders of least 80% of the combined voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

SECTION 10. *Action Without Meeting.* The provisions of these By-Laws covering notices and meetings to the contrary notwithstanding, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

#### ARTICLE V. COMMITTEES

The Board of Directors, by resolution passed by a majority of the entire Board of Directors, may establish or discontinue committees, each of which is to consist of two or more of the directors of the Corporation. Each such committee, to the extent provided in these By-Laws or as authorized by the Board of Directors, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

Each committee shall keep a record of its proceedings, and all actions of each committee shall be reported to the Board of Directors at the meeting next succeeding the taking of such action.

Each committee shall define its own rules of procedure, but the presence of at least fifty percent of the members of the whole committee shall in each case be necessary to constitute a quorum of the committee, and the affirmative vote of a majority of the members of the committee present at the meeting shall be necessary to take any action. In the absence of a member of any such committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a

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quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified person.

ARTICLE VI.  
OFFICERS

SECTION 1. *Titles.* The officers of the Corporation shall be a Chief Executive Officer, a President, one or more Vice Presidents (any of whom may be designated Senior Executive Vice President, Executive Vice President, Group Vice President or Senior Vice President), a Secretary, a Controller, an Auditor and a Treasurer.

SECTION 2. *Election.* The Board of Directors at its first meeting after each annual meeting of stockholders shall elect the Chief Executive Officer and in addition may elect a President, Vice Presidents (any of whom may be designated as Senior Executive Vice President, Executive Vice President, Group Vice President or Senior Vice President), the Secretary, the Controller, the Auditor and the Treasurer, none of whom need to be members of the Board of Directors.

SECTION 3. *Other Officers.* The Board of Directors may appoint one or more Assistant Secretaries, one or more Assistant Controllers, one or more Assistant Auditors and one or more Assistant Treasurers, and such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

SECTION 4. *Compensation.* The compensation of the executive officers of the Corporation shall be determined by the Board of Directors. The compensation of all other employees, representatives and agents of the Corporation shall be determined by delegated authority to the Chief Executive Officer.

SECTION 5. *Terms of Office.* The officers of the Corporation shall hold office until their successors are chosen and qualified. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. If the office of any officer shall become vacant for any reason, the vacancy may be filled by the Board of Directors.

SECTION 6. *Other Powers.* In addition to the powers and duties hereinafter specifically prescribed for the respective officers, the Board of Directors may from time to time impose or confer upon any of the officers such additional duties and powers as the Board of Directors may see fit, and the Board of Directors may from time to time impose or confer any or all of the duties and powers hereinafter specifically prescribed for any officer upon any other officer or officers. The Board of Directors and the Chief Executive Officer may delegate to other officers any authority allocated to them in these By-Laws for the assignment of duties to officers.

SECTION 7. *Divisions and Division Officers.* The Board of Directors may from time to time establish one or more operating or administrative divisions of the Corporation and assign to such divisions responsibilities for such of the Corporation's business, operations and affairs as the Board may determine. The Board of Directors or the Chief Executive

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Officer or any other officer of the Corporation so authorized by the Board, may appoint officers of a division for such terms and having such titles, exercising such powers and performing such duties as the Board or such appointing officer of the Corporation may determine. An officer of a division shall not as such be an officer of the Corporation. An officer of a division shall have the power to execute and deliver contracts and other documents relating to the business, operations and affairs of such officer's division on behalf of the Corporation, but shall not have such power with respect to any other division of the Corporation or the Corporation. An officer of a division may be removed with or without cause by the Board of Directors or by the Chief Executive Officer or any other officer of the Corporation then authorized by the Board to appoint officers of a division. Any person who is an officer of the Corporation or any division thereof may also be an officer of any subsidiary of the Corporation.

ARTICLE VII.  
DUTIES OF OFFICERS

SECTION 1.       *Chief Executive Officer.* The Chief Executive Officer shall be the chief executive officer of the Corporation; he shall, subject to control by the Board of Directors, have full power and complete authority in the management of the business and affairs of the Corporation and shall see that all orders and resolutions of the Board of Directors and of all Board committees are carried into effect.

SECTION 2.       *President.* The President shall perform such duties as may be assigned to him from time to time by the Board of Directors or the Chief Executive Officer.

SECTION 3.       *Senior Executive Vice Presidents, Executive Vice Presidents, and Vice Presidents.* The Senior Executive Vice Presidents, Executive Vice Presidents, and Vice Presidents shall perform such duties as may be assigned to them from time to time by the Board of Directors or the Chief Executive Officer or their designees.

SECTION 4.       *Secretary.* The Secretary shall attend and keep the minutes and records of all meetings of the stockholders and of the Board of Directors, give or cause to be given notice of all meetings of stockholders and of the Board of Directors, keep in safe custody the seal of the Corporation, and shall have power when required to affix the seal to any instrument, and when so affixed the seal shall be attested by the signature of the Secretary or such other officer or agents as may be designated by the Board of Directors. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer or their designees.

SECTION 5.       *Assistant Corporate Secretaries and Assistant Secretaries.* The Assistant Corporate Secretary or Assistant Corporate Secretaries and the Assistant Secretary or Assistant Secretaries shall perform such of the duties of the Secretary and such other duties as may be assigned from time to time by the Board of Directors or the Chief Executive Officer or their designees.

SECTION 6.       *Treasurer.* The Treasurer shall have general charge of the corporate funds and securities and shall keep or cause to be kept full and accurate accounts of receipts and

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disbursements in books belonging to the Corporation, and shall deposit or cause to be deposited all moneys and other valuable effects in the name and to the credit of the Corporation, in such depositories as may be designated pursuant to these By-Laws or by the Board of Directors. He shall see that proper vouchers are taken for all disbursements, and shall render to the Chief Executive Officer and the Board of Directors, whenever required, an account of all transactions of his office. He shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer or their designees.

The Treasurer shall give the Corporation a bond if required by the Board of Directors, in a sum and with one or more sureties satisfactory to the Board of Directors, for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 7. *Assistant Treasurers.* The Assistant Treasurer or Assistant Treasurers shall perform such of the duties of the Treasurer and such other duties as may be assigned to him or them from time to time by the Board of Directors or the Chief Executive Officer or their designees.

SECTION 8. *Controller.* The Controller shall be the chief accounting officer of the Corporation and shall be in charge of, and shall be responsible for, accounting and accounting methods, budgets and preparation of statistics to assist in executive control of the Corporation. He shall prepare such financial statements and reports and perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer or their designees.

SECTION 9. *Assistant Controllers.* The Assistant Controller or Assistant Controllers shall perform such of the duties of the Controller and such other duties as may be assigned to him or them from time to time by the Board of Directors or the Chief Executive Officer or their designees.

SECTION 10. *Auditor.* The Auditor shall review the accounting, financial, and related operations and shall be responsible for measuring the effectiveness of controls. He shall appraise procedures, verify the extent of compliance with controls, prevent and detect fraud or dishonesty, and perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer or their designees.

SECTION 11. *Assistant Auditors.* The Assistant Auditor or Assistant Auditors shall perform such of the duties of the Auditor and such other duties as may be assigned to him or them by the Board of Directors or the Chief Executive Officer or their designees.

## ARTICLE VIII.

### INDEMNIFICATION

Every person who is or was a director, officer or employee of the Corporation, or of any other corporation which he serves or served as such at the request of the Corporation, shall, in accordance with this Article VIII but not if prohibited by law, be indemnified by the

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Corporation as hereinafter provided against reasonable expense and any liability paid or incurred by him in connection with or resulting from any threatened or actual claim, action, suit or proceeding (whether brought by or in the right of the Corporation or such other corporation or otherwise), civil, criminal, administrative or investigative, in which he may be involved, as a party or otherwise, by reason of his being or having been a director, officer or employee of the Corporation or such other corporation, or by reason of any action taken or not taken in his capacity as such director, officer or employee, whether or not he continues to be such at the time such expense or liability shall have been paid or incurred.

As used in this Article VIII, the term "expense" shall mean counsel fees and disbursements and all other expenses (except any liability) relating to any such claim, action, suit or proceeding, and the term "liability" shall mean amounts of judgments, fines or penalties against, and amounts paid in settlement with respect to any such claim, action, suit or proceeding.

Any person referred to in the first paragraph of this Article VIII who has been wholly successful, on the merits or otherwise, with respect to any claim, action, suit or proceeding of the character described in such first paragraph shall be reimbursed by the Corporation for his reasonable expense.

Any other person claiming indemnification under the first paragraph of this Article VIII shall be reimbursed by the Corporation for his reasonable expense and for any liability (other than any amount paid to the Corporation) if a Referee shall deliver to the Corporation his written finding that such person acted in good faith in what the person reasonably believed to be the best interests of the Corporation, and, in addition, with respect to any criminal action or proceeding, reasonably believed that his conduct was lawful.

The termination of any claim, action, suit or proceeding of the character described in the first paragraph of this Article VIII, by judgment, settlement (whether with or without court approval), adverse decision or conviction after trial or upon a plea of guilty or of nolo contendere, or its equivalent, shall not create a presumption that a director, officer or employee did not meet the foregoing standards of conduct.

The person claiming indemnification shall at the request of the Referee appear before him and answer questions which the Referee deems relevant and shall be given ample opportunity to present to the Referee evidence upon which he relies for indemnification; and the Corporation shall, at the request of the Referee, make available to the Referee facts, opinions or other evidence in any way relevant for his finding which are within the possession or control of the Corporation.

As used in this Article VIII, the term "Referee" shall mean independent legal counsel (who may be regular counsel of the Corporation), or other disinterested person or persons, selected by the Board of Directors of the Corporation (whether or not a disinterested quorum exists) to act as such hereunder.

Any expense incurred with respect to any claim, action, suit or proceeding of the character described in the first paragraph of this Article VIII may be advanced by the Corporation

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prior to the final disposition thereof upon receipt of an undertaking made by or on behalf of the recipient to repay such advance if it is ultimately determined that he is not to be indemnified under this Article VIII or, if it is ultimately determined that he is to be indemnified under this Article VIII, to the extent that the advance exceeds the amount of the indemnification.

If any clause or provision of this Article VIII shall for any reason be determined to be invalid, all other provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

The rights of indemnification provided in this Article VIII shall be in addition to any rights to which any such director, officer or employee may otherwise be entitled by contract or as a matter of law and, in the event of such person's death, such rights shall extend to his heirs and legal representatives.

ARTICLE IX.  
CERTIFICATES OF STOCK

SECTION 1. *Form.* Every holder of stock in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the Chief Executive Officer, or the President, or a Vice President, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation certifying the number of shares owned by him in the Corporation. If such certificate is countersigned (1) by a transfer agent other than the Corporation or its employee, or (2) by a registrar other than the Corporation or its employee, the signatures of the officers of the Corporation may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of issue.

SECTION 2. *Transfer.* Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 3. *Fixing Date for Determination of Stockholders of Record.* In order that the Corporation may determine the Stockholders entitled to notice of or to vote at any meeting of stockholders or at any adjournment thereof, or entitled to receive payment of any dividend or distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other relevant action.

SECTION 4. *Holder of Record.* The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of

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any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the General Corporation Law of the State of Delaware.

SECTION 5. *Lost, Stolen or Destroyed Certificates.* Any person claiming a certificate of stock to be lost, stolen or destroyed shall make an affidavit or affirmation of that fact and advertise the same in such manner as the Corporation may require and shall, if the Corporation so requires, give the Corporation a bond of indemnity, in form and with one or more sureties satisfactory to the Corporation and in an amount deemed by the Corporation sufficient to indemnify the Corporation, whereupon a new certificate may be issued of the same tenor and for the same number of shares as the one alleged to be lost, stolen or destroyed.

#### ARTICLE X.

##### NOTICES

SECTION 1. *Notice by Mail.* Whenever under the provisions of the General Corporation Law of the State of Delaware, or of the Restated Certificate of Incorporation or of these By-Laws notice is required to be given to any director or stockholder, such notice may be given in writing by mail and/or electronic mail (if sent to the electronic mail address at which the stockholder has consented to receive notice) addressed to such director or stockholder at his address as it appears on the records of the Corporation by depositing the same in a post office or letter box, post prepaid and such notice shall be deemed to be given at the time when the same shall be thus mailed.

SECTION 2. *Waiver of Notice.* Any notice required to be given under these By-Laws, the Restated Certificate of Incorporation, or the General Corporation Law of the State of Delaware, may be waived in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, and such written waiver shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders or of the Board of Directors (or committees thereof) need be specified in any written waiver of notice.

#### ARTICLE XI.

##### INSPECTION OF BOOKS

The Board of Directors shall determine from time to time whether and, if allowed, when and under what conditions and regulations the accounts and books of the Corporation (except such as may by statute be specifically open to inspection) or any of them shall be open to the inspection of the stockholders, and the stockholder's rights in this respect are and shall be restricted and limited accordingly.

#### ARTICLE XII.

##### CHECK AND NOTES

The moneys of the Corporation shall be deposited in the name of the Corporation in such bank or banks as the Chief Executive Officer, the President or a Vice President and the Treasurer or an Assistant Treasurer of the Corporation may from time to time designate, and all checks, notes, drafts and bills of exchange of the Corporation shall be signed by

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such officers or agents as the Chief Executive Officer, the President or a Vice President, and the Treasurer or an Assistant Treasurer of the Corporation may from time to time designate.

### ARTICLE XIII.

#### FISCAL YEAR

The fiscal year shall begin the first day of January in each year.

### ARTICLE XIV.

#### AMENDMENTS TO THE BY-LAWS

SECTION 1. *By the Stockholders.* Subject to the provisions of the Restated Certificate of Incorporation, these By-Laws may be altered, amended or repealed, or new By-Laws enacted, at any special meeting of the stockholders if duly called for that purpose (provided that in the notice of such special meeting, notice of such purpose shall be given), or at any annual meeting, by the affirmative vote of a majority of the stock represented and entitled to vote thereat.

SECTION 2. *By the Board of Directors.* Subject to the laws of the State of Delaware, the Restated Certificate of Incorporation and these By-Laws, these By-Laws may also be altered, amended or repealed, or new By-Laws enacted, by the Board of Directors at any meeting of the Board of Directors.

**RESTRICTED STOCK AWARD AGREEMENT**  
**pursuant to the**  
**HESS CORPORATION**  
**2017 LONG-TERM INCENTIVE PLAN**

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<b>Awardee:</b> <b>Grant Date:</b> <b>Number of Shares of Common</b> <b>Stock Subject to such Award</b>	FIRST NAME — LAST NAME DATE #OF RESTRICTED SHARES
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THIS RESTRICTED STOCK AWARD AGREEMENT (this “Agreement”), dated as of the Grant Date specified above, is entered into by and between Hess Corporation, a Delaware corporation (the “Corporation”), and the Awardee specified above, pursuant to the Hess Corporation 2017 Long-Term Incentive Plan, as in effect and as amended from time to time (the “Plan”); and

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Corporation to grant the restricted stock award provided for herein to the Awardee as an inducement to remain in the employment of the Corporation (and/or any Subsidiary), and as an incentive for increased effort during such employment;

NOW, THEREFORE, in consideration of the mutual covenants and premises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

The Compensation and Management Development Committee (the “Committee”) of the Board of Directors (the “Board”) of Hess Corporation has granted to you restricted shares of the Common Stock of the Corporation in accordance with the terms and provisions of the Plan and this Agreement (the “Restricted Shares”). The Restricted Shares are restricted for a period commencing on the date of grant and ending on the applicable Vesting Date (as defined below) or an earlier date as set forth in this Agreement and are otherwise subject to the terms and conditions set forth herein. If the conditions set forth in the Plan and this Agreement are not satisfied, this Agreement and the Restricted Shares awarded together with all rights and interests relating thereto, shall be void and of no force or effect.

**1. Incorporation By Reference; Document Receipt.** This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly not intended to apply to the grant of Restricted Shares hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if each were expressly set forth mutatis mutandis herein. Any capitalized term not defined in this Agreement will have the same meaning as is ascribed thereto under the Plan. You hereby acknowledge receipt of a prospectus describing the Plan and the Awards thereunder and that you have read it carefully and fully understand its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan will control.

**2. Period of Restriction.** Except to the extent otherwise provided in the Plan or this Agreement, one-third of the Restricted Shares and any accumulated dividends or distributions related to such Restricted Shares will vest and cease to be subject to restrictions on each of the first three anniversaries of the Grant Date (each, a “Vesting Date”), provided that you remain continuously employed by the Corporation or a Subsidiary until the applicable Vesting Date.

**3. Restricted Stock.** Restricted Shares will be issued in book-entry form in your name and deposited with an agent designated by the Committee, as transfer agent (the “Transfer Agent”). Prior to the issuance and deposit of the Restricted Shares with the Transfer Agent, you will have no rights of a shareholder, and you will not be entitled to vote the Restricted Shares or receive any

dividends or other distributions, in respect of the Restricted Shares. The Restricted Shares will be held by the Transfer Agent pursuant to an agreement (the "Transfer Agent Agreement") between the Transfer Agent and the Corporation. You authorize the Transfer Agent Agreement to transfer shares and otherwise act in accordance with instructions of the Corporation. You will furnish the Transfer Agent with stock transfer powers or authorizations from time to time, if requested. Except to the extent otherwise provided in the Plan or this Agreement, if you remain continuously employed by the Corporation or any Subsidiary until the applicable Vesting Date, Restricted Shares will be issued to you on a noncertificated basis unless prohibited by applicable law or the rules of any stock exchange. For as long as an account is maintained in your name with a broker, custodian, or other institution retained by the Corporation to assist in the administration of the Plan (the "Administrator"), such Restricted Shares will be deposited into such account.

**4. Rights as a Stockholder.** While the Restricted Shares are held by the Transfer Agent, you will be the record owner and will have all the rights of a stockholder with respect to the Restricted Shares, including (without limitation) the right to vote, subject to the restrictions provided for in the Plan, the Transfer Agent Agreement and this Agreement. From and after the date on which the Restricted Shares are issued in your name and deposited with the Transfer Agent, cash dividends and other distributions made or paid with respect to the Restricted Shares will be held by the Corporation or an escrow agent, in the discretion of the Corporation, and may (but need not be) reinvested as determined by the Committee, and such dividends and distributions will be paid to you (or your account at the Administrator referred to in Section 3) at the time and to the extent pro tanto that the Restricted Shares become non-forfeitable and are delivered to you by the Transfer Agent. Any new, additional or different securities that you may become entitled to receive with respect to the Restricted Shares under the Plan by virtue of any reinvestment of any cash dividends paid on the Common Stock or any stock dividend, stock split, recapitalization, reorganization, merger, consolidation, split-up, or any similar change affecting the Common Stock, will be delivered to the Transfer Agent subject to the same restrictions, terms and conditions as apply to the related Restricted Shares.

**5. Termination and Forfeiture.**

**5.1** If (i) your employment with the Corporation or any Subsidiary terminates prior to the final Vesting Date by reason of your death, permanent total disability or "Full Retirement" (as defined below), the Transfer Agent will, as promptly as practicable, deliver to you, or your account at the Administrator referred to in Section 3 (in the case of permanent total disability or your Full Retirement), or your beneficiary(ies) (in the case of your death) a certificate representing all of the Restricted Shares awarded to you hereunder and all accumulated dividends on the Restricted Shares, in each case, that have not previously been delivered to you. The existence and date of permanent total disability will be determined by the Committee and its determination shall be final and conclusive. Notwithstanding anything in this Section 5.1 to the contrary, in the event that the Corporation determines that there are any amounts required to be withheld on account of you becoming eligible for Full Retirement, a sufficient number of Restricted Shares shall vest and be available to be sold by the Administrator in accordance with Section 8 here to satisfy any withholding tax obligation. For purposes of this Agreement, "Full Retirement" means voluntary retirement after attaining at least age 65 with at least five years of continuous service with the Corporation or a Subsidiary prior to the date of such retirement.

**5.2** If your employment with the Corporation or any Subsidiary terminates prior to the final Vesting Date for any reason other than your death, permanent total disability or Full Retirement, all of the Restricted Shares and any rights thereto, awarded to you hereunder, all accumulated dividends in respect thereof, in each case that have not previously become vested in accordance with Section 2, will be forfeited by you and returned by the Transfer Agent to the Corporation and you will have no further rights with respect thereto.

**5.3** Notwithstanding Section 5.2 above, if (i) your employment with the Corporation or any Subsidiary terminates prior to the final Vesting Date by reason of your “Early Retirement” (as defined below), the Committee, in its sole discretion, may (but is not obligated to) determine that it will deliver to you, or your account at the Administrator referred to in Section 3, on a specified date a certificate representing a proportionate number of the Restricted Shares awarded to you hereunder that have not previously become vested in accordance with Section 2 based on the number of calendar days elapsed (as of the date of such Early Retirement) since the previous Vesting Date under Section 2 (or the Grant Date in the case of such Early Retirement prior to the first Vesting Date) until the final Vesting Date (the “Remaining Restricted Period”), together with a proportionate amount of the accumulated dividends in respect thereof that have not previously become vested in accordance with Section 2 also based on the number of calendar days elapsed (as of the date of such Early Retirement) in the Remaining Restricted Period. For purposes of this Agreement, “Early Retirement” means voluntary retirement after attaining at least age 55 with at least ten years of continuous service with the Corporation of any Subsidiary prior to the date of such retirement.

**5.4** Notwithstanding any other provision of this Agreement to the contrary:

**5.4.1** If, following termination of your employment with the Corporation or any Subsidiary due to Early Retirement, as described in Section 5.3 above, where the Committee has previously determined that you shall receive a proportionate number of the Restricted Shares in accordance with Section 5.3, the Committee determines in its good faith discretion that you shall have engaged in any Prohibited Activity (as hereinafter defined) at any time prior to the third anniversary of the Grant Date, then you shall be obligated to pay or deliver to the Corporation either (at your election): (a) a cash payment in an amount equal to the Fair Market Value of the proportionate number of Restricted Shares determined in accordance with Section 5.3 as of the date of such termination of your employment due to Early Retirement, reduced by the amount of any income and social security taxes that you previously paid to the Corporation or a Subsidiary in respect of such Shares, or (b) a number of Shares equal to the proportionate number of the Restricted Shares determined in accordance with Section 5.3 in the case of termination of your employment due to Early Retirement, reduced by a number of Shares with a Fair Market Value on the date of such delivery equal to the amount of such taxes referred to in clause (a) of this sentence. This Section 5.4 shall not constitute the Corporation’s exclusive remedy for your engagement in any Prohibited Activity, and the Corporation may seek any additional legal or equitable remedy, including injunctive relief, in any such circumstances. If any provision contained in this Section 5.4 shall be held by any court of competent jurisdiction to be unenforceable, void or invalid, the parties intend that such provision be modified to make it valid and enforceable to the fullest extent permitted by law. If any such provision cannot be modified to be valid and enforceable, such provision shall be severed from this Agreement and the invalidity or unenforceability of such provision shall not affect the validity or enforceability of the remaining provisions. Notwithstanding any other provision of this Section 5.4 to the contrary, upon the occurrence of a Change of Control, the foregoing provisions of this Section 5.4 shall automatically terminate and cease to apply with respect to any Restricted Shares that are outstanding and have not previously been forfeited under this Section 5.4.

**5.4.2** For purposes of this Agreement:

(a) “Prohibited Activity” shall mean either Competitive Activity or Interference.

(b) “Competitive Activity” shall mean that you, directly or indirectly, in any manner or capacity, shall be employed by, serve as a director or manager of, act as a consultant to or maintain any material ownership interest in, any E&P Company or M&R Company that competes with the business of the Corporation or any Subsidiary or affiliate thereof in geographical areas in which you are aware that the Corporation or any Subsidiary or affiliate is engaged, or is considering engaging, unless the Committee agrees to such activity of you in writing; provided, however, that your ownership solely as an investor of less than 1% of the outstanding securities of any publicly-traded securities of any E&P Company or M&R Company shall not, by itself, be considered to be Competitive Activity.

(c) “Interference” shall mean that you shall, directly or indirectly, interfere with the relationship between the Company or any Subsidiary or affiliate of the Company and any person (including, without limitation, any business or governmental entity) that to your knowledge is, or was, a client, customer, supplier, licensee or partner of the Company or any Subsidiary, or had any other business relationship with the Company or any Subsidiary.

(d) “E&P Company” shall mean any business which is engaged in the business of exploring for, or developing or producing, crude oil or natural gas.

(e) "M&R Company" shall mean any business which is engaged in the manufacture, generation, purchase, marketing or trading of refined petroleum products, natural gas or electricity.

6. **Change of Control.** The Restricted Shares awarded to you hereunder are subject to acceleration of vesting and "cash-out" at the discretion of the Committee upon the occurrence of a Change of Control, all as provided in and subject to Section 9 of the Plan.

7. **Beneficiary.** You may designate the beneficiary or beneficiaries to receive any Restricted Shares or other amounts which may be delivered in respect of this Award after your death. Such designation may be made by you on the enclosed beneficiary designation form and (unless you have waived such right) may be changed by you from time to time by filing a new beneficiary designation form with the Committee. If you do not designate a beneficiary or if no designated beneficiary(ies) survives you, your beneficiary will be the legal representative of your estate.

8. **Tax Withholding.** No delivery of vested Restricted Shares or payment of any accumulated cash dividends in respect thereof or other amount in respect of this Award will be made unless and until you (or your beneficiary or legal representative) have made appropriate arrangements for the payment of any amounts required to be withheld with respect thereto under all present or future federal, state and local tax laws and regulations and other laws and regulations. Unless you elect otherwise in writing or are prohibited by law, upon a Vesting Date or other expiration of the applicable restriction period such number of Restricted Shares as shall be necessary to pay such withholding amounts shall be sold by the Administrator on your behalf, and the proceeds thereof shall be delivered to the Corporation for remittance to the appropriate governmental authorities, and the remaining Restricted Shares shall be delivered to you, or your account at the Administrator referred to in Section 3.

Notwithstanding the immediately preceding paragraph, if you make an election pursuant to Section 83(b) of the Code, or the value of any Restricted Shares otherwise becomes includible in your gross income for income tax purposes prior to the expiration of the applicable restriction period, you agree to pay to the Corporation in cash (or make other arrangements, in accordance with Section 12.03 of the Plan, for the satisfaction of) any taxes of any kind required by law to be withheld with respect to such Restricted Shares. If you elect immediate Federal income taxation with respect to all or any portion of the Restricted Shares pursuant to Section 83(b) of the Code, you agree to deliver a copy of such election to the Corporation at the time such election is filed with the Internal Revenue Service.

9. **Limitations; Governing Law.** Nothing herein or in the Plan will be construed as conferring on you or anyone else the right to continue in the employ of the Corporation or any Subsidiary. The rights and obligations under this Agreement and the Award are governed by and construed in accordance with the laws of the State of Delaware, without reference to the principles of conflict of laws thereof.

10. **Non-transferability.** The Restricted Shares, and any rights and interests with respect thereto, issued under this Agreement and the Plan may not, prior to vesting, be sold, exchanged, transferred, assigned or otherwise disposed of in any way by you (or any of your beneficiary(ies)). The Restricted Shares, and any rights and interests with respect thereto, may not, prior to vesting, be pledged, encumbered or otherwise hypothecated in any way by you (or any of your beneficiary(ies)) and will not, prior to vesting, be subject to execution, attachment or similar legal process. Any attempt to sell, exchange, transfer, assign, pledge, encumber or otherwise dispose of or hypothecate in any way any of the Restricted Shares, or the levy of any execution, attachment or similar legal process upon the Restricted Shares, contrary to the terms and provisions of this Agreement and/or the Plan will be null and void ab initio and without legal force or effect. Each certificate evidencing the Restricted Shares will bear a legend to this effect.

11. **Entire Agreement; Amendment.** This Agreement (including the Plan which is incorporated herein by reference) contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties hereto relating to such subject matter. The Board has the right, in its sole discretion, to amend, alter, suspend, discontinue or terminate the Plan, and the Committee has the right, in its sole discretion, to amend, alter, suspend, discontinue or terminate one or more of the Awards of Restricted Stock or this Agreement from time to time in accordance with and as provided in the Plan; provided, however, that no such amendment, alteration, suspension, discontinuance or termination after initial shareholder approval of the Plan may materially impair your previously accrued rights under this Agreement or the Plan without your consent. The Corporation will give you written notice of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof. This Agreement may also be modified, amended or terminated by a writing signed by you and the Corporation.



**12. Notices.** Any notice which may be required or permitted under this Agreement will be in writing and will be delivered in person, or via facsimile transmission, overnight courier service or certified mail, return receipt requested, postage prepaid, properly addressed as follows:

**12.1** If the notice is to the Corporation, to the attention of the Secretary of Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036, or at such other address as the Corporation by notice to you may designate in writing from time to time.

**12.2** If the notice is to you, at your address as shown on the Corporation's records, or at such other address as you, by notice to the Corporation, may designate in writing from time to time.

**13. Compliance with Laws.** The issuance of the Restricted Shares pursuant to this will be subject to, and will comply with, any applicable requirements of federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Exchange Act and the respective rules and regulations promulgated thereunder), any applicable rules of any exchange on which the Common Stock is listed (including, without limitation, the rules and regulations of the New York Stock Exchange), and any other law, rule or regulation applicable thereto. The Corporation will not be obligated to issue any of the Common Stock subject to this Agreement if such issuance would violate any such requirements and if issued will be deemed void ab initio.

**14. Binding Agreement; Further Assurances.** This Agreement will inure to the benefit of, be binding upon, and be enforceable by the Corporation and its successors and assigns. Each party hereto will do and perform (or will cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

**15. Counterparts; Headings.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which will constitute one and the same instrument. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and will not be deemed to be a part of this Agreement.

**16. Severability.** The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction will not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder will be enforceable to the fullest extent permitted by law.

**17. Terms of Employment.** The Plan is a discretionary plan. You hereby acknowledge that neither the Plan nor this Agreement forms part of your terms of employment and nothing in the Plan may be construed as imposing on the Corporation or any Subsidiary a contractual obligation to offer participation in the Plan to any employee of the Corporation or any Subsidiary. The Corporation or any Subsidiary is under no obligation to grant further Restricted Shares to you under the Plan. If you cease to be an employee of the Corporation or any Subsidiary for any reason, you shall not be entitled by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate you for the loss of any rights under this Agreement or the Plan. You also acknowledge that the Corporation has adopted a policy prohibiting recipients of equity awarded from the Corporation, including the Restricted Shares, from trading in equity derivative instruments to hedge the economic risks of holding Corporation common stock or interests therein. You hereby acknowledge that you will abide by such policy in all respects.

**18. Data Protection.** By signing this Agreement, you consent to the holding and processing of personal data provided by you to the Corporation for all purposes necessary for the operation of the Plan. These include, but are not limited to:

**18.1** Administering and maintaining your records;

**18.2** Providing information to any registrars, brokers or third party administrators of the Plan; and

**18.3** Providing information to future purchasers of the Corporation or the business in which you work.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and you have also executed this Agreement and acknowledged receipt of other related materials including the Plan prospectus, all as of the Grant Date.

Very truly yours,

HESS CORPORATION

By:           /s/ John B. Hess            
Chief Executive Officer

Acknowledged and Agreed to:  
  
\_\_\_\_\_

**STOCK OPTION AGREEMENT**

**pursuant to the**

**HESS CORPORATION  
2017 LONG-TERM INCENTIVE PLAN**

\* \* \* \* \*

<b>Optionee:</b>	First and Last Name
<b>Grant Date:</b>	Grant Date
<b>Number of Shares of Common Stock Subject to such Option:</b>	# of shares
<b>Per Share Exercise Price of Option:</b>	Grant Price

\* \* \* \* \*

THIS STOCK OPTION AGREEMENT (this "Agreement"), dated as of the Grant Date specified above, is entered into by and between Hess Corporation, a Delaware corporation (the "Corporation"), and the Optionee specified above, pursuant to the Hess Corporation 2017 Long-Term Incentive Plan, as in effect and as amended from time to time (the "Plan"); and

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Corporation to grant the stock option provided for herein to the Optionee as an inducement to remain in the employment of the Corporation (and/or any Subsidiary), and as an incentive for increased effort during such employment;

NOW, THEREFORE, in consideration of the mutual covenants and premises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. **Incorporation By Reference; Document Receipt.** This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly not intended to apply to the grant of the option hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if each were expressly set forth mutatis mutandis herein. Any capitalized term not defined in this Agreement will have the same meaning as is ascribed thereto under the Plan. The Optionee hereby acknowledges receipt of a prospectus describing the Plan and the Awards thereunder and that the Optionee has read it carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan will control.
  
2. **Grant of Options.** As of the Grant Date specified above, the Corporation hereby grants to the Optionee non-qualified stock options (each, an "Option" and collectively, the "Options") to acquire from the Corporation at the Per Share Exercise Price specified above for such Option the aggregate number of shares of the Common Stock of the Corporation specified above for such Option (the "Option Shares"). The Options are not to be treated as (and are not intended to qualify as) incentive stock options within the meaning of Section 422 of Code.
  
3. **No Rights as Stockholder or to Cash Payments Equivalent to Dividends.** Prior to the acquisition of the Option Shares upon the exercise of any Option, neither the Optionee nor any other person will become the beneficial owner of the Option Shares underlying the Option, nor have any rights as a stockholder with respect to any such Option Shares and will not be entitled to receive a cash payment or other distribution with respect to such Option Shares.

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**4. Exercise of this Option.**

**4.1** Unless the exercisability of any Option is accelerated under the terms of the Plan or this Agreement, all Options not theretofore terminated will become exercisable as follows: (i) one-third of the Option Shares (rounded to the nearest whole number of shares) will become exercisable on the first anniversary of the Grant Date (ii) one-third of the Option Shares (rounded to the nearest whole number of shares) will become exercisable on the second anniversary of the Grant Date and (iii) the remainder of the Option Shares will become exercisable on the third anniversary of the Grant Date.

**4.2** Unless earlier terminated in accordance with the terms of the Plan or this Agreement, all Options will expire and no longer be exercisable upon the tenth anniversary of the Grant Date (the "Expiration Date").

**4.3** In no event will any Option be exercisable for a fractional share of Common Stock.

**4.4** If the Optionee remains employed by the Corporation or any of its Subsidiaries through the Expiration Date, the Options may be exercised to the extent exercisable until the close of trading (generally 4:00 p.m. New York time) on the last trading day falling within the exercise period on the New York Stock Exchange or, if different, the principal stock exchange on which the Common Stock is then listed. Thus if the Expiration Date is not a trading day, then the last day the Stock Options may be exercised is the last trading day preceding the Expiration Date.

**5. Method of Exercise and Payment.** Once exercisable, an Option may be exercised in whole or in part by the Optionee by delivering to the Secretary of the Corporation or his designated agent (who, for so long as the Corporation maintains a "cashless exercise" program and the Optionee exercises and sells Option Shares through such program, shall be the administrator of such program) on any business day (the "Exercise Date") a notice, in such manner and form as may be required by the Corporation, specifying the number of the Option Shares the Optionee then desires to acquire (the "Exercise Notice"). The Exercise Notice will be accompanied by payment of the aggregate Per Share Exercise Price applicable to such Option for such number of the Option Shares to be acquired upon such exercise. Such payment will be made in cash, by personal or certified check, bank draft or money order payable to the order of the Corporation or, if permitted by the Committee (in its sole discretion) and applicable law, rule or regulation, by delivery of, alone or in conjunction with a partial cash or instrument payment, (a) Shares already owned by the Participant for at least six months, or (b) some other form of payment acceptable to the Committee. To the extent permitted by law, the Committee may also allow the Optionee to simultaneously exercise an Option and sell the Shares thereby acquired pursuant to a "cashless exercise" arrangement or program, selected by and approved of in all respects in advance by the Committee. Payment instruments will be received by the Corporation subject to collection. The proceeds received by the Corporation upon the exercise of any Option may be used by the Corporation for general corporate purposes. Any portion of an Option that is exercised may not be exercised again. Upon exercise in accordance with the terms of the Plan and this Agreement, the Option Shares underlying the exercised portion of the Option will be promptly delivered to the Optionee, except that for so long as the Corporation maintains a "cashless exercise" program and the Optionee exercises and sells Option Shares through such program, delivery of the proceeds of such sale shall be made to a brokerage account maintained in the name of the Optionee with the administrator of such program.

**6. Termination and Forfeiture.**

**6.1** Unless otherwise determined by the Committee, all Options will terminate in accordance with Sections 6.2, 6.3 and 6.4 below, as the case may be. In any event, all Options will terminate upon the tenth anniversary of the Grant Date.

**6.2** Subject to any determination of the Committee pursuant to Section 6.01 of the Plan, if an Optionee's employment with the Corporation or any Subsidiary terminates for any reason (other than by reason of the Optionee's death, disability or "Full Retirement" (as defined below) or "Early Retirement" (as defined below), all Options, to the extent not exercisable on the date of any such termination of employment, will be forfeited and cancelled by the Corporation. The Optionee's rights, if any, to exercise any exercisable portion of any Option will terminate one-hundred-eighty (180) days after the date of any termination of employment (other than by reason of

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the Optionee's death, disability, or Full or Early Retirement, but not beyond the tenth anniversary of the Grant Date, and thereafter all Options will be forfeited and cancelled by the Corporation. For purposes of this Agreement, "Full Retirement" means voluntary retirement after attaining at least age 65 with at least five years of continuous service with the Corporation or a Subsidiary prior to the date of such retirement. For purposes of this Agreement, "Early retirement" means voluntary retirement after attaining at least age 55 with at least ten years of continuous service with the Corporation or a Subsidiary prior to the date of such retirement.

**6.3** If an Optionee's employment with the Corporation or any Subsidiary terminates by reason of the Optionee's death, disability, or Full Retirement, the Optionee (or, in the event of the Optionee's death, the Optionee's estate, designated beneficiary or other legal representative, as the case may be and as determined by the Committee) shall have the right to exercise all Options at any time until the tenth anniversary of the Grant Date. The existence and date of the Optionee's disability shall be determined by the Committee and any such determination shall be conclusive.

**6.4** (a) Notwithstanding anything to the contrary in Section 6.2 above, if the Optionee's employment with the Corporation or any Subsidiary terminates by reason of the Optionee's Early Retirement, all Options to the extent exercisable on the date of such Early Retirement shall remain exercisable until the tenth anniversary of the Grant Date.

(b) Notwithstanding anything to the contrary in Section 6.2 above, if the Optionee's employment with the Corporation or any Subsidiary terminates by reason of the Optionee's Early Retirement, the Committee, in its sole discretion, may (but is not obligated to) determine that (i) each Option to the extent not exercisable at the time of any such Early Retirement will become exercisable as to a proportionate number of underlying Option Shares based on the number of calendar days elapsed (as of the date of such Early Retirement) in the vesting period of such Option (or portion thereof), and (ii) each such Option shall remain exercisable until the tenth anniversary of the Grant Date. Except for Options which have become exercisable as described in the prior sentence, any Option to the extent not exercisable at the time of the Optionee's termination of employment by reason of Early Retirement will be forfeited and cancelled by the Corporation.

**6.5** For the purposes of determining the dates on which Options may be exercised following a termination of employment or death, disability, Full Retirement or Early Retirement, the Stock Options may be exercised until the close of trading (generally 4:00 p.m. New York time) on the last trading day falling within the exercise period on the New York Stock Exchange or, if different, the principal stock exchange on which the Common Stock is then listed. Thus if the Option would otherwise terminate on a day that is not a trading day, then the last day the Options may be exercised is the last trading day preceding such termination date.

**7.** **Change of Control.** The Options are subject to acceleration of exercisability and "cash-out" at the discretion of the Committee upon the occurrence of a Change of Control, all as provided in and subject to Section 9 of the Plan.

**8.** **Non-transferability.** The Options, and any rights or interests therein or under this Agreement, may not be sold, exchanged, transferred, assigned or otherwise disposed of in any way at any time by the Optionee (or any beneficiary(ies) of the Optionee), except to an Immediate Family Member or to a trust, partnership or limited liability corporation all of whose beneficiaries, partners or members, as the case may be, are Immediate Family Members, or by testamentary disposition by the Optionee or the laws of descent and distribution or pursuant to Section 16 of this Agreement; provided, however, that to transfer an Option to an Immediate Family Member or to an entity described above, such Immediate Family Member or entity must agree, in a form acceptable to Committee, to be bound by the terms of the Plan and this Agreement. The Options may not be pledged, encumbered or otherwise hypothecated in any way at any time by the Optionee (or any beneficiary(ies) of the Optionee) and will not be subject to execution, attachment or similar legal process. Any attempt to sell, exchange, pledge, transfer, assign, encumber or otherwise dispose of or hypothecate this Option, or the levy of any execution, attachment or similar legal process upon this Option, contrary to the terms of this Agreement and/or the Plan will be null and void and without legal force or effect. During the Optionee's lifetime, the Options may be exercisable only by the Optionee or the Optionee's legal representative, or if transferred to an Immediate Family Member or an entity comprising Immediate Family Members as described above, by such Immediate Family Member or entity.

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9. **Entire Agreement; Amendment.** This Agreement (including the Plan incorporated herein by reference) contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Board has the right, in its sole discretion, to amend, alter, suspend, discontinue or terminate the Plan, and the Committee has the right, in its sole discretion, to amend, alter, suspend, discontinue or terminate any or all of the Options or this Agreement from time to time in accordance with and as provided in the Plan; provided, however, that no such amendment, alteration, suspension, discontinuance or termination after initial shareholder approval of the Plan may materially impair the previously accrued rights of the Optionee under this Option without the consent of the Optionee. The Corporation will give written notice to the Optionee of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof. This Agreement may also be modified, amended or terminated by a writing signed by both the Corporation and the Optionee.

10. **Notices.** Any notice (other than an Exercise Notice) which may be required or permitted under this Agreement will be in writing, and will be delivered in person or via facsimile transmission, overnight courier service or certified mail, return receipt requested, postage prepaid, properly addressed as follows:

10.1 If the notice is to the Corporation, to the attention of the Secretary of Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036, or at such other address as the Corporation by notice to the Optionee designates in writing from time to time.

10.2 If the notice is to the Optionee, at his or her address as shown on the Corporation's records, or at such other address as the Optionee, by notice to the Corporation, designates in writing from time to time.

11. **Limitations; Governing Law.** Nothing herein or in the Plan will be construed as conferring on the Optionee or anyone else the right to continue in the employ of the Corporation or any Subsidiary. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without reference to the principles of conflict of laws thereof.

12. **Compliance with Laws.** The issuance of this Option (and the Option Shares upon exercise of this Option) pursuant to this Agreement will be subject to, and will comply with, any applicable requirements of any federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Exchange Act and the respective rules and regulations promulgated thereunder), rules of any exchange on which the Common Stock is listed (including, without limitation, the rules and regulations of the New York Stock Exchange), and any other law or regulation applicable thereto. The Corporation will not be obligated to issue this Option or any of the Option Shares pursuant to this Agreement if any such issuance would violate any such requirements, and if issued will be deemed void ab initio.

13. **Binding Agreement; Further Assurances.** This Agreement will inure to the benefit of, be binding upon, and be enforceable by the Corporation and its successors and assigns. Each party hereto will do and perform (or will cause to be done and performed) all such further acts and will execute and deliver all such other agreements, certificates, instruments and documents as any party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

14. **Counterparts; Headings.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which will constitute one and the same instrument. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and will not be deemed to be a part of this Agreement.

15. **Severability.** The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction will not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder will be enforceable to the fullest extent permitted by law.

16. **Beneficiary.** The Optionee may designate the beneficiary or beneficiaries to exercise this Option (or to receive any Option Shares issuable hereunder) after the death of the Optionee. Such designation may be made

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by the Optionee on the enclosed beneficiary designation form and (unless the Optionee has waived such right) may be changed by the Optionee from time to time by filing a new beneficiary designation form with the Committee. If the Optionee does not designate a beneficiary or if no designated beneficiary(ies) survives the Optionee, the Optionee's beneficiary will be the legal representative of the Optionee's estate.

**17. Tax Withholding.** Neither the exercise of any Option under this Agreement, nor the issuance of any Option Shares thereunder, will be permitted or effected unless and until the Optionee (or the Optionee's beneficiary(ies) or legal representative) has made appropriate arrangements for the payment of any amounts required to be withheld with respect thereto under all present or future federal, state and local tax laws and regulations and other laws and regulations. Unless the Optionee otherwise elects or is prohibited by law, if and for so long as the Corporation maintains a cashless exercise program and the Optionee exercises and sells Option Shares through such program, payment of such amounts will be made by deducting such amounts from the proceeds of such sale.

**18. Terms of Employment.** The Plan is a discretionary plan. The Optionee hereby acknowledges that neither the Plan nor this Agreement forms part of his terms of employment and nothing in the Plan may be construed as imposing on the Corporation or any Subsidiary a contractual obligation to offer participation in the Plan to any employee of the Corporation or any Subsidiary. The Corporation or any Subsidiary is under no obligation to grant further Options to the Optionee under the Plan. If the Optionee ceases to be an employee of the Corporation or any Subsidiary for any reason, he shall not be entitled by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate him for the loss of any rights under this Agreement or the Plan.

**19. Data Protection.** By signing this Agreement, the Optionee consents to the holding and processing of personal data provided by the Optionee to the Corporation for all purposes necessary for the operation of the Plan. These include, but are not limited to:

- 19.1** Administering and maintaining Optionee records;
  - 19.2** Providing information to any registrars, brokers or third party administrators of the Plan; and
  - 19.3** Providing information to future purchasers of the Corporation or the business in which the Optionee works.
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IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its duly authorized officer, and you have also executed this Agreement and acknowledged receipt of other related materials including the Plan prospectus, all as of the Grant Date.

Hess Corporation

By /s/ John B. Hess  
JOHN B. HESS  
CHIEF EXECUTIVE OFFICER

Acknowledged and Agreed to:

\_\_\_\_\_

Acceptance Date



**HESS CORPORATION 2017 LONG-TERM INCENTIVE PLAN Performance Award Agreement**

Participant:	FIRST NAME – LAST NAME
Grant Date:	DATE
Number of Performance Shares:	# OF PERFORMANCE SHARE UNITS

\* \* \* \* \*

This PERFORMANCE AWARD AGREEMENT (this "Agreement"), dated as of the Grant Date specified above, is entered into by and between HESS CORPORATION, a Delaware corporation (the "Corporation"), and the Participant specified above, pursuant to the Shareholder Value Program under the Hess Corporation 2017 Long-Term Incentive Plan, as in effect and as amended from time to time (the "Plan").

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Corporation to grant the Performance Award provided for herein to the Participant as an inducement to remain in the employment of the Corporation (and/or any Subsidiary), and as an incentive for improved performance toward corporate goals during such employment;

WHEREAS, pursuant to the provisions of the Plan, the Committee has authorized the grant to the Participant of a Performance Award in accordance with the terms and conditions of this Agreement; and

WHEREAS, the Participant and the Corporation desire to enter into this Agreement to evidence and confirm the grant of such Performance Award on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and premises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows.

1. Incorporation By Reference; Document Receipt. This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly not intended to apply to the grant of the Performance Award hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if each were expressly set forth mutatis mutandis herein. Any capitalized term not defined in this Agreement shall have the same meaning as is ascribed thereto under the Plan. The Participant hereby acknowledges receipt of a prospectus describing the Plan and the Awards thereunder and that he has read it carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control.

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2. Grant of Performance Award. Pursuant to the provisions of the Plan, the Corporation as of the date set forth above (the "Grant Date") has granted to the Participant, and hereby evidences the grant to the Participant of, subject to the terms and conditions set forth herein and in the Plan, a Performance Award consisting of the number of Performance Shares specified above. A Performance Share is an unfunded and unsecured obligation to deliver up to two Shares (or a portion thereof) or the cash equivalent thereof (determined in accordance with Section 3), subject to the terms and conditions of this Agreement and those of the Plan. References herein to Performance Shares are to the Performance Shares comprising such Performance Award granted pursuant to this Agreement.

3. Payment of Earned Performance Shares. Subject to the provisions of Section 5 and Section 6, after the end of the Performance Cycle described in Section 4(a), the Committee shall certify in writing on the date (the "vesting date") of its first regular meeting following the end of the Performance Cycle whether, and to what extent, the performance goal set forth in Section 4(b) has been achieved and determine and certify in writing the number of Performance Shares earned pursuant to Section 4. The number of such Performance Shares so earned shall be paid by the Corporation as soon as administratively practicable after the vesting date; provided that in no event shall such payment be made later than March 15 of the calendar year that immediately follows the last day of the Performance Cycle. To the extent that the Performance Shares are not earned pursuant to Section 4, such Performance Shares shall be forfeited. Payments hereunder shall be made in Shares, unless the Committee, in its sole discretion, affirmatively determines that such payments shall be made in cash, or a combination of Shares and cash. If a cash payment is made in lieu of delivering Shares, the amount of such payment shall be equal to the Fair Market Value of such Shares as of the trading date immediately prior to the date of such payment, less applicable tax withholdings in accordance with Section 12.03 of the Plan.

4. Vesting Criteria Applicable to Performance Shares.

(a) Performance Cycle. The Performance Cycle for the Performance Award granted pursuant to this Agreement shall commence on January 1, 2020, and shall end on December 31, 2022.

(b) Performance Goal. The performance goal for the Performance Cycle is the total return per Share to the Corporation's shareholders, inclusive of dividends paid, during the Performance Cycle in comparison to the total return per share of common stock, inclusive of dividends paid, during the Performance Cycle achieved by the companies that are listed in Exhibit A attached hereto (the "Comparison Companies") as well as the S&P 500 Total Return Index (the "S&P Total Return Index"), in each case as set forth in this Section 4(b). For purposes of this Agreement, such total shareholder return ("Total Shareholder Return") for the Corporation and each of the Comparison Companies shall be measured by dividing (A) the sum of (1) the dividends paid (regardless of whether paid in cash or property) on the common stock of such company during the Performance Cycle, assuming reinvestment of such dividends in such stock (based on the closing price of such stock on the date such dividend is paid), plus (2) the average closing price of a share of such stock on the principal United States exchange on which the stock trades for the 60 trading days immediately prior to and including the last day of the Performance Cycle (appropriately adjusted for any stock dividend, stock split, spin-off, merger or other similar corporate events)(the "Ending Average Value") minus the average closing price of a share of such company's common stock on the principal United States exchange on which the stock trades for the 60 trading days occurring immediately prior to the first day of the Performance Cycle (the "Beginning Average Value"), by (B) the Beginning Average Value. For the avoidance of doubt, it is intended that the foregoing calculation of Total Shareholder Return for the Corporation and each of the Comparison Companies shall take into account not only the reinvestment of dividends in a share of common stock of the Corporation and any Comparison Company but also capital appreciation or depreciation in the shares deemed acquired by such reinvestment. For purposes of this Agreement, Total Shareholder Return for the S&P 500 Total Return Index shall be measured by dividing (A) the average closing price of a share of such index on the principal United States exchange on which the index trades for the 60 trading days immediately prior to and including the last day of the Performance Cycle, minus the average closing price of a share of such index on the principal United States exchange on which the index trades to the 60 trading days occurring immediately prior to the first day of the Performance Cycle (the "S&P Beginning Average");

Value”) by (B) the S&P Beginning Average Value. The S&P 500 Total Return Index includes both the capital gains of its underlying securities but also assumes that all distributions, such as dividends are reinvested back into the index. All determinations under this Section 4 shall be made by the Committee.

(c)

Percentage of Performance Shares Earned. Except as provided in Section 6, the Performance Shares shall be earned based on where the Corporation’s Total Shareholder Return during the Performance Cycle ranks in comparison to the Total Shareholder Returns of the Comparison Companies and the S&P Total Return Index during the Performance Cycle. As soon as practicable after the completion of the Performance Cycle, the Total Shareholder Returns of the Corporation, each of the Comparison Companies and the S&P Total Return Index shall be calculated and ranked from first to last (the “TSR Ranking”). The extent to which Performance Shares shall become earned on the vesting date described in Section 3 shall be based on the TSR Ranking attained by the Corporation. The percentage of Performance Shares earned (the “Percentage of Performance Shares Earned”) shall be the percentage set forth in the Percentage of Performance Shares Earned column of the schedule set forth in Exhibit B attached hereto that corresponds to the TSR Ranking attained by the Corporation set forth in the TSR Ranking column of such schedule. The number of Performance Shares earned shall be the product of the number of Performance Shares set forth in Section 2 multiplied by the Percentage of Performance Shares Earned. If at any time during the Performance Cycle, a Comparison Company is acquired, ceases to exist, ceases to be a publicly-traded company, files for bankruptcy, spins off 50% or more of its assets (except as otherwise provided in Exhibit A), or sells all, or substantially all, of its assets, such Comparison Company shall be removed and treated as if it had never been a Comparison Company. The Total Shareholder Returns of the Corporation and the remaining Comparison Companies and the S&P Total Return Index shall be ranked from first to last, and the Percentage of Performance Shares Earned shall be determined as described in this Section 4(c) based on the Corporation’s TSR Ranking among the remaining Comparison Companies and S&P Total Return Index: (i) to the extent the number of Comparison Companies and the S&P Total Return Index plus the Corporation is reduced to 11, 10, 9 or 8, in accordance with the percentage corresponding to Corporation’s TSR Ranking as set forth in Exhibit C-1, C-2, C-3, or C-4 attached hereto, respectively, and (ii) to the extent that the number of Comparison Companies and the Total Return Index plus the Corporation is reduced to fewer than 8, in accordance with the percentage corresponding to the Corporation’s TSR Ranking as set forth in Exhibit C-4, provided that (1) the Committee may use negative discretion to reduce the Percentage of Performance Shares Earned corresponding to such TSR Ranking of the Corporation such that the Percentage of Performance Shares Earned shall be as reasonably commensurate as possible with the Percentage of Performance Shares Earned that would have resulted if the number of Comparison Companies and the S&P Total Return Index plus the Corporation had been 8, using similar percentile hurdles as exist in C-4, with straight-line interpolation between points, and (2) if the Corporation ranks last among the remaining Comparison Companies and the S&P Total Return Index, the Percentage of Performance Shares Earned shall be 0%. Notwithstanding the foregoing provisions of this Section 4(c) to the contrary, if the Corporation’s Total Shareholder Return during the Performance Cycle is negative, the Percentage of Performance Shares Earned shall not exceed 100%.

5. Termination of Employment. Except as provided in this Section 5, the Participant shall not have any right to any payment hereunder unless the Participant is employed by the Corporation or a Subsidiary on the vesting date pursuant to Section 3.

(a)

Death, Permanent Total Disability or Full Retirement. If (i) the Participant’s employment with the Corporation or any Subsidiary terminates prior to the vesting date pursuant to Section 3 by reason of the Participant’s death, permanent total disability or “Full Retirement” (as defined below), the Participant shall be entitled to receive the same payment, if any (without pro-ration), in respect of the Performance Shares as would have been payable, and at the same time and subject to the same conditions, had the Participant’s employment continued until such vesting date. The existence and date of permanent total disability shall be determined by the Committee and its determination shall be final and conclusive. For purposes of this Agreement, “Full Retirement” shall mean voluntary retirement after attaining at least age 65 with at least five years of continuous service with the Corporation or any Subsidiary prior to the date of such retirement.

(b) Other than Death, Permanent Total Disability or Full Retirement. If the Participant's employment with the Corporation or any Subsidiary terminates prior to the vesting date pursuant to Section 3 for any reason other than the Participant's death, permanent total disability or Full Retirement, all of the Performance Shares and the Participant's rights with respect thereto shall be immediately forfeited and cancelled without further action by the Corporation or the Participant as of the date of such termination of employment.

(c) Early Retirement/Termination other than Cause. Notwithstanding Section 5(b), if (i) the Participant's employment with the Corporation or any Subsidiary terminates prior to the vesting date pursuant to Section 3 by reason of the Participant's "Early Retirement" (as defined below) or on account of a termination by the Corporation or a Subsidiary other than for Cause, the Participant shall be entitled to receive the same payment, if any, in respect of the Performance Shares as would have been payable, and at the same time and subject to the same conditions, had the Participant's employment continued until such vesting date, provided that such payment shall be pro-rated based on the number of calendar days of the Performance Cycle elapsed through the date of such Early Retirement or termination other than for Cause. For purposes of this Agreement, "Early Retirement" shall mean voluntary retirement after attaining at least age 55 with at least ten years of continuous service with the Corporation or any Subsidiary prior to the date of such retirement.

(d) Forfeiture Following Early Retirement or Termination other than Cause. Notwithstanding any other provision of this Agreement to the contrary, if, following termination of the Participant's employment with the Corporation or any Subsidiary due to Early Retirement or a termination other than for Cause, as described in Section 5(c), the Committee determines in its good faith discretion that the Participant shall have engaged in any Prohibited Activity (as hereinafter defined) at any time during the time through the otherwise applicable vesting date with respect to the Performance Cycle, all of the Performance Shares and the Participant's rights with respect thereto shall be immediately forfeited and cancelled without further action by the Corporation or the Participant as of the date on which the Participant shall have first entered into such Prohibited Activity. This Section 5(d) shall not constitute the Corporation's exclusive remedy for the Participant's engagement in any Prohibited Activity, and the Corporation may seek any additional legal or equitable remedy, including injunctive relief, in any such circumstances. If any provision contained in this Section 5(d) shall be held by any court of competent jurisdiction to be unenforceable, void or invalid, the parties intend that such provision be modified to make it valid and enforceable to the fullest extent permitted by law. If any such provision cannot be modified to be valid and enforceable, such provision shall be severed from this Agreement and the invalidity or unenforceability of such provision shall not affect the validity or enforceability of the remaining provisions. Notwithstanding any other provision of this Section 5(d) to the contrary, upon the occurrence of a Change of Control, the foregoing provisions of this Section 5(d) shall automatically terminate and cease to apply with respect to any Performance Shares that are outstanding and have not previously been forfeited under this Section 5(d). For purposes of this Agreement:

(i) "Prohibited Activity" shall mean either Competitive Activity or Interference.

(ii) "Competitive Activity" shall mean that the Participant, directly or indirectly, in any manner or capacity, shall be employed by, serve as a director or manager of, act as a consultant to or maintain any material ownership interest in, any E&P Company or M&R Company that competes with the business of the Corporation or any Subsidiary or affiliate thereof in geographical areas in which the Participant is aware that the Corporation or any Subsidiary or affiliate is engaged, or is considering engaging, unless the Committee agrees to such activity of the Participant in writing; provided, however, that the Participant's ownership solely as an investor of less than 1% of the outstanding securities of any publicly-traded securities of any E&P Company or M&R Company shall not, by itself, be considered to be Competitive Activity.

(iii) "Interference" shall mean that the Participant shall, directly or

indirectly, interfere with the relationship between the Corporation or any Subsidiary or affiliate of the Corporation and any person (including, without limitation, any business or governmental entity) that to the Participant's knowledge is, or was, a client, customer, supplier, licensee or partner of the Corporation or any Subsidiary, or had any other business relationship with the Corporation or any Subsidiary.

(iv) the business of exploring for, or developing or producing, crude oil or natural gas.

"E&P Company" shall mean any business which is engaged in

(v) the manufacture, generation, purchase, marketing or trading of refined petroleum products, natural gas or electricity.

"M&R Company" shall mean any business which is engaged in

6. Change of Control. Notwithstanding anything in Section 3, 4, 5(a) or 5(c) to the contrary, in the event a Change of Control occurs during the Performance Cycle, the Corporation's Total Shareholder Return, TSR Ranking and the Percentage of Performance Shares Earned shall be determined in accordance with Section 4 for the portion of the Performance Cycle that ends on the date immediately prior to the date of the Change of Control. Provided that the Performance Shares have not been forfeited pursuant to Section 5 prior to the date of the Change of Control, the number of the Performance Shares earned shall be the sum of (a) the product of the number of Performance Shares set forth in Section 2, multiplied by a fraction, the numerator of which is the number of calendar days of the Performance Cycle that elapse through the date immediately prior to the date of the Change of Control and the denominator of which is the full number of calendar days during the Performance Cycle, multiplied by the Percentage of Performance Shares Earned, plus (b) the product of the number of Performance Shares set forth in Section 2, multiplied by a fraction, the numerator of which is the number of calendar days remaining in the Performance Cycle on and following the date of the Change of Control and the denominator of which is the full number of calendar days during the Performance Cycle. The amount payable subject to the terms and conditions hereof in respect of such earned Performance Shares shall be equal to the product of such number of earned Performance Shares multiplied by the Change of Control Price, without interest or other additional earnings (such amount, the "CoC Earned Performance Share Amount"). Except as otherwise provided in this Section 6, the CoC Earned Performance Share Amount shall be paid in a cash lump-sum during, and no later than March 15 of, the calendar year that immediately follows the last day of the Performance Cycle. If, following a Change of Control, the Participant's employment with the Corporation or any Subsidiary terminates prior to payment of the CoC Earned Performance Share Amount by reason of (w) termination by the Corporation or such Subsidiary without Cause, (x) resignation by the Participant for Good Reason, (y) the Participant's death or permanent total disability (determined as described in Section 5(a)) or (z) the Participant's Full Retirement, the Participant shall be entitled to receive payment of the CoC Earned Performance Share Amount in a cash lump-sum not later than 5 business days after the effective date of such termination of employment, provided that if such payment would result in accelerated or additional taxes under Section 409A of the Code then such payment shall be made at the time specified in the immediately preceding sentence as if the Participant's employment had not so terminated. If, following a Change of Control, the Participant's employment with the Corporation or any Subsidiary terminates under any circumstances other than those described in the immediately preceding sentence, then the Participant shall not have any right to any payment in respect of the Performance Shares, whether or not earned.

7. Dividend Equivalents. With respect to the number of Performance Shares set forth in Section 2, the Participant shall be credited with Dividend Equivalents with respect to each such Performance Share equal to the amount per Share of any ordinary cash dividends declared by the Board with record dates during the period beginning on the first day of the Performance Cycle and ending on the earliest to occur of: (a) the last day of the Performance Cycle; (b) the date of a Change of Control and (c) the date such Performance Share terminates or is forfeited under Section 3 or Section 5. The Corporation shall pay in cash to the Participant an amount equal to the product of (i) sum of the aggregate amount of such Dividend Equivalents credited to the Participant, multiplied by (ii) the Percentage of Performance Shares Earned, such amount to be paid as and when the related Performance Shares are paid in accordance with Section 3 or Section 6, as applicable. Any Dividend Equivalents shall be forfeited as and when the

related Performance Shares are forfeited in accordance with Section 3, Section 5 or Section 6.

8. No Rights as a Shareholder. Until shares of Common Stock are issued, if at all, in satisfaction of the Corporation's obligations under this Agreement, in the time and manner specified in Section 3 or 6, the Participant shall have no rights as a shareholder as to the Shares underlying the Performance Shares.

9. Beneficiary. The Participant may designate the beneficiary or beneficiaries to receive any payments which may be made in respect of the Performance Shares after the Participant's death. Any such designation shall be made by the Participant in writing on a beneficiary designation form provided by or on behalf of the Corporation and (unless the Participant has waived such right) may be changed by the Participant from time to time by filing a new beneficiary designation form as provided therein. If the Participant does not designate a beneficiary or if no designated beneficiary survives the Participant, the Participant's beneficiary shall be the legal representative of his estate.

10. Tax Withholding. No payment of Shares or cash in respect of the Performance Shares shall be made unless and until the Participant (or his or her beneficiary or legal representative) shall have made arrangements satisfactory to the Committee for the payment of any amounts required to be withheld with respect thereto under all present or future federal, state, local and non-United States tax laws and regulations and other laws and regulations in accordance with Section 12.03 of the Plan. The Corporation shall have the right to deduct from all amounts paid to the Participant in cash in respect of Performance Shares any such amounts. In the case of any payments of Performance Shares in the form of Shares, unless the Participant elects otherwise in advance in writing or is prohibited by law, upon payment of such Shares, such number of such Shares as shall be necessary to pay such amounts shall be sold by the Corporation or its designee on the Participant's behalf, and the proceeds thereof shall be delivered to the Corporation for remittance to the appropriate governmental authorities. In the event the Committee determines that any amounts are required to be withheld in respect of the Performance Shares prior to payment of such Performance Shares, the Participant shall thereupon pay to the Corporation in cash the full amount so required to be withheld.

11. Limitations; Governing Law. Nothing herein or in the Plan shall be construed as conferring on the Participant or anyone else the right to continue in the employ of the Corporation or any Subsidiary. The rights and obligations under this Agreement are governed by and construed in accordance with the laws of the State of Delaware, without reference to the principles of conflict of laws thereof.

12. Non-transferability. Except as otherwise provided by Section 8, the Performance Shares, and any rights and interests with respect thereto, may not be sold, exchanged, transferred, assigned or otherwise disposed of in any way by the Participant (or the Participant's beneficiary), and may not be pledged or encumbered in any way by the Participant (or the Participant's beneficiary), and shall not be subject to execution, attachment or similar legal process.

13. Entire Agreement; Amendment. This Agreement (including the Plan which is incorporated herein by reference) contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties hereto relating to such subject matter. The Board has the right, in its sole discretion, to amend, alter, suspend, discontinue or terminate the Plan, and the Committee has the right, in its sole discretion, to amend, alter, suspend, discontinue or terminate this Agreement from time to time in accordance with and as provided in the Plan; provided, however, that no such amendment, alteration, suspension, discontinuance or termination of the Plan may materially impair the Participant's previously accrued rights under this Agreement or the Plan without the Participant's consent, except as otherwise provided in Section 11 of the Plan. This Agreement may also be modified, amended or terminated by a writing signed by the Participant and the Corporation.

14. Notices. Any notice which may be required or permitted under this Agreement shall be in writing and shall be delivered in person, or via facsimile transmission, overnight courier service

or certified mail, return receipt requested, postage prepaid, properly addressed as follows:

(a) If the notice is to the Corporation, to the attention of the Secretary of Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036, or at such other address as the Corporation by notice to the Participant may designate in writing from time to time.

(b) If the notice is to the Participant, at the Participant's address as shown on the Corporation's records, or at such other address as the Participant, by notice to the Corporation, may designate in writing from time to time.

15. Compliance with Laws. The issuance of any Shares pursuant to this Agreement shall be subject to, and shall comply with, any applicable requirements of federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, as amended, the Exchange Act and the respective rules and regulations promulgated thereunder), any applicable rules of any exchange on which the Common Stock is listed (including, without limitation, the rules and regulations of the New York Stock Exchange), and any other law, rule or regulation applicable thereto. The Corporation shall not be obligated to issue any of the Common Stock subject to this Agreement if such issuance would violate any such requirements and if issued shall be deemed void ab initio.

16. Binding Agreement; Further Assurances. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Corporation and its successors and assigns. Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

17. Counterparts; Headings. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

18. Severability. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

19. Terms of Employment. The Plan is a discretionary plan. The Participant hereby acknowledges that neither the Plan nor this Agreement forms part of the Participant's terms of employment and nothing in the Plan may be construed as imposing on the Corporation or any Subsidiary a contractual obligation to offer participation in the Plan to any employee of the Corporation or any Subsidiary. Neither the Corporation nor any Subsidiary is under any obligation to grant any further Awards to the Participant under the Plan. If the Participant ceases to be an employee of the Corporation or any Subsidiary for any reason, the Participant shall not be entitled by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate the Participant for the loss of any rights under this Agreement or the Plan. The Participant also acknowledges that the Corporation has adopted a policy prohibiting recipients of equity awarded from the Corporation, including the Performance Shares, from trading in equity derivative instruments to hedge the economic risks of holding Corporation common stock or interests therein. The Participant hereby acknowledges that he will abide by such policy in all respects.

20. Data Protection. By signing this Agreement, the Participant hereby consents to the holding and processing of personal data provided by the Participant to the Corporation for all purposes necessary for the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining the Participant's records;
- (b) providing information to any registrars, brokers or third party administrators of the Plan; and
- (c) providing information to future purchasers of the Corporation or the business in which the Participant works.

21. Code Section 409A. Payment of the Performance Shares and this Agreement are intended to comply

with Section 409A of the Code, and shall be administered and construed in accordance with such intent. Accordingly, the Corporation shall have the authority to take any action, or refrain from taking any action, with respect to this Agreement that it determines is necessary or appropriate to ensure compliance with Code Section 409A (provided that the Corporation shall choose the action that best preserves the value of payments provided to the Participant under this Agreement that is consistent with Code Section 409A). In furtherance, but not in limitation, of the foregoing, notwithstanding any other provisions of this Agreement to the contrary:

(a) in no event may the Participant designate, directly or indirectly, the calendar year of any payment to be made hereunder;

(b) if at the time of the Participant's separation from service, the Corporation determines that the Participant is a "specified employee" within the meaning of Code Section 409A, payments, if any, hereunder that constitute a "deferral of compensation" under Code Section 409A and that would otherwise become due on account of such separation from service shall be delayed and all such delayed payments shall be paid in full upon the earlier to occur of (i) a date during the thirty-day period commencing six months and one day following such separation from service and (ii) the date of the Participant's death, provided that such delay shall not apply to any payment that is excepted from coverage by Code Section 409A, such as a payment covered by the short-term deferral exception described in Treasury Regulations Section 1.409A-1(b)(4); and

(c) notwithstanding any other provision of this Agreement to the contrary, a termination or retirement of Participant's employment hereunder shall mean and be interpreted consistent with a "separation from service" within the meaning of Code Section 409A with respect to any payments hereunder that constitute a "deferral of compensation" under Code Section 409A that become due on account of such separation from service.



**IN WITNESS WHEREOF**, the Corporation has caused this Agreement to be executed by its duly authorized officer, and the Participant has also executed this Agreement and acknowledged receipt of other related materials including the Plan prospectus, all as of the Grant Date.

Hess Corporation

By /s/ John B. Hess  
JOHN B. HESS  
CHIEF EXECUTIVE OFFICER

Acknowledged and Agreed to:

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**Comparison Companies and S&P Total Return Index**

- Apache Corporation
- ConocoPhillips Company
- Continental Resources, Inc.
- Devon Energy Corporation
- EOG Resources, Inc.
- Marathon Oil Corporation
- Murphy Oil Corporation
- Noble Energy, Inc.
- Occidental Petroleum Corporation
- Pioneer Natural Resources Co.
- S&P 500 Total Return Index

**Percentage of Performance Shares Earned Schedule**

*Use this schedule if number of Comparison Companies and the S&P Total Return Index plus the Corporation is 12:*

<u>TSR Ranking</u>	<u>Percentage of Performance Shares Earned</u>
1st	200%
2nd	200%
3rd	175%
4th	150%
5th	125%
6th	100%
7th	83%
8th	66%
9th	50%
10th	0%
11th	0%
12th	0%

**Percentage of Performance Shares Earned Schedule**

Use this schedule if number of Comparison Companies and the S&P Total Return Index plus the Corporation is 11:

<u>TSR Ranking</u>	<u>Percentage of Performance Shares Earned</u>
1st	200%
2nd	200%
3rd	175%
4th	150%
5th	100%
6th	83%
7th	67%
8th	50%
9th	0%
10th	0%
11th	0%

**Percentage of Performance Shares Earned Schedule**

*Use this schedule if number of Comparison Companies and the S&P Total Return Index plus the Corporation is 10:*

<u>TSR Ranking</u>	<u>Percentage of Performance Shares Earned</u>
1st	200%
2nd	175%
3rd	150%
4th	125%
5th	100%
6th	75%
7th	50%
8th	0%
9th	0%
10th	0%

**Percentage of Performance Shares Earned Schedule**

*Use this schedule if number of Comparison Companies and the S&P Total Return Index plus the Corporation is 9:*

<u>TSR Ranking</u>	<u>Percentage of Performance Shares Earned</u>
1st	200%
2nd	167%
3rd	133%
4th	100%
5th	83%
6th	67%
7th	50%
8th	0%
9th	0%

**Percentage of Performance Shares Earned Schedule**

*Use this schedule if number of Comparison Companies and the S&P Total Return Index plus the Corporation is 8:*

<u>TSR Ranking</u>	<u>Percentage of Performance Shares Earned</u>
1st	200%
2nd	167%
3rd	133%
4th	100%
5th	75%
6th	50%
7th	0%
8th	0%

**CERTIFICATIONS**

I, John B. Hess, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hess Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ John B. Hess  
JOHN B. HESS  
CHIEF EXECUTIVE OFFICER

Date: May 7, 2020



I, John P. Rielly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hess Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ John P. Rielly  
JOHN P. RIELLY  
SENIOR VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER

Date: May 7, 2020

**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 Quarterly Report of Hess Corporation (the "Corporation") on Form 10-Q for the period ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John B. Hess, 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  
CHIEF EXECUTIVE OFFICER  
Date: May 7, 2020

A signed original of this written statement required by Section 906 has been provided to Hess Corporation and will be retained by Hess Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**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 Quarterly Report of Hess Corporation (the "Corporation") on Form 10-Q for the period ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John P. Rielly, Senior 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 P. Rielly  
JOHN P. RIELLY  
SENIOR VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER  
Date: May 7, 2020

A signed original of this written statement required by Section 906 has been provided to Hess Corporation and will be retained by Hess Corporation and furnished to the Securities and Exchange Commission or its staff upon request.