

HESS CORP
Form DEF 14A
April 02, 2015
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SCHEDULE 14A

(Rule 14a-101)

Information Required in Proxy Statement

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Hess Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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HESS CORPORATION

April 2, 2015

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders, which will be held at Hess Corporation, 1501 McKinney Street, Houston, Texas 77010, on Wednesday, May 6, 2015, at 9:00 a.m., local time. The formal notice of annual meeting and proxy statement, which are contained in the following pages, outline the action to be taken by the stockholders at the meeting.

It is important that your shares be represented at the meeting whether or not you are personally able to attend. Accordingly, after reading the attached Notice of Annual Meeting of Stockholders and Proxy Statement, please promptly submit your proxy by telephone, internet or mail as described in your proxy card. If you submit your proxy over the internet, you will have the opportunity to agree to receive future stockholder documents electronically via email, and we encourage you to do so. If you choose to submit your vote by traditional proxy or voting instruction card, please sign, date and mail the card in the pre-addressed reply envelope provided to you. Your cooperation will be appreciated.

Sincerely yours,

Chief Executive Officer

The attached proxy statement is dated April 2, 2015 and is first being mailed to stockholders on or about April 2, 2015.

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HESS CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Wednesday, May 6, 2015, at 9:00 a.m.

To the Stockholders:

The annual meeting of stockholders of Hess Corporation will be held at Hess Corporation, 1501 McKinney Street, Houston, Texas 77010, on Wednesday, May 6, 2015, at 9:00 a.m., local time, for the following purposes:

1. To elect ten directors for the ensuing one-year term (pages 9 to 56 of the accompanying proxy statement);
2. To conduct a non-binding advisory vote to approve the compensation of our named executive officers (pages 57 and 58);
3. To act upon the ratification of the selection by the audit committee of Ernst & Young LLP as independent auditors (pages 59 and 60);
4. To approve the company's amended and restated 2008 long-term incentive plan (pages 61 to 76);
5. To act upon the stockholder proposals described in the accompanying proxy statement if properly introduced at the meeting (pages 77 to 84); and
6. To transact any other business which properly may be brought before the meeting.

All stockholders are cordially invited to attend, although only stockholders of record at the close of business on March 19, 2015, the record date for the annual meeting, will be entitled to vote at the meeting.

By order of the board of directors,

George C. Barry

Secretary

April 2, 2015

YOUR VOTE IS IMPORTANT

You are urged to date, sign and promptly return the proxy card in the envelope provided to you, or to use the telephone or internet method of voting described in your proxy card, so that if you are unable to attend the meeting your shares can be voted.

Hess Corporation's proxy statement and 2014 annual report are available at <http://www.envisionreports.com/HES>

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HESS CORPORATION

PROXY STATEMENT

The enclosed proxy is solicited by the board of directors of Hess Corporation for use at the annual meeting of stockholders to be held on Wednesday, May 6, 2015, at 9:00 a.m., local time.

The company's principal executive office is located at 1185 Avenue of the Americas, New York, New York 10036. On or about April 2, 2015, we commenced mailing this proxy statement, the notice of annual meeting and the proxy card to stockholders.

Holders of record of common stock of the company at the close of business on March 19, 2015 will be entitled to vote at the annual meeting. Each share of common stock will be entitled to one vote. As of March 19, 2015, there were 287,425,839 shares of common stock outstanding and entitled to vote at the annual meeting. There are no other voting securities of the company outstanding. A majority of the outstanding shares of common stock, present in person or represented by proxy, will constitute a quorum at the annual meeting. Abstentions and broker non-votes will be counted as shares present for purposes of determining the presence of a quorum for the transaction of business.

If at the close of business on March 19, 2015 your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in street name and the proxy materials, as applicable, are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares in your account. If that organization is not given specific direction, shares held in the name of that organization may not be voted and will not be considered as present and entitled to vote on any matter to be considered at the annual meeting, except with respect to the ratification of the company's independent auditors. **Brokers are not permitted to vote your shares for the election of directors, for the advisory vote on executive compensation, for the amended and restated 2008 long-term incentive plan or for or against the stockholder proposals without your instructions as to how to vote. Please instruct your broker how to vote your shares using the voting instruction form provided by your broker so that your vote can be counted.**

If you are a registered stockholder, you can simplify your voting by using the internet or calling a toll-free telephone number. Internet and telephone voting information is provided on the proxy card. A control number, located on the instruction sheet attached to the proxy card, is designated to verify your identity and allow you to vote your shares and confirm that your voting instructions have been recorded properly. If you vote via the internet or by telephone, there is no need to return a signed proxy card. However, you may still vote by proxy by using the proxy card.

Proxies will be voted at the annual meeting in accordance with the specifications you make on the proxy. If you sign the proxy card or submit a proxy by telephone or over the internet and do not specify how your shares are to be voted, your shares will be voted in accordance with the recommendations of the board of directors (See Questions and Answers about the Annual Meeting and Voting).

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Why did I receive these proxy materials?

You have received these proxy materials because you are a Hess Corporation stockholder, and our board of directors is soliciting your authority, or proxy, to vote your shares at the 2015 annual meeting of stockholders. The proxy materials include our notice of annual meeting of stockholders, proxy statement and 2014 annual report. These materials also include the proxy card and postage paid return envelope or voting instruction form for the annual meeting. Proxy cards are being solicited on behalf of our board of directors. The proxy materials include detailed information about the matters that will be discussed and voted on at the meeting, and provide updated information about our company that you should consider in order to make an informed decision when voting your shares. The proxy materials are first being furnished to stockholders on or about April 2, 2015.

The following proposals are scheduled to be voted on at the annual meeting:

Proposal 1: Election of ten director nominees;

Proposal 2: Advisory approval of the compensation of our named executive officers;

Proposal 3: Ratification of the selection of Ernst & Young LLP as independent auditors for the fiscal year ending December 31, 2015;

Proposal 4: Approval of the amended and restated 2008 long-term incentive plan;

Proposal 5: Stockholder proposal recommending that the company adopt proxy access; and

Proposal 6: Stockholder proposal recommending that the company provide a scenario analysis report regarding carbon asset risk.

Can I access the proxy materials on the internet?

Yes. The company's proxy statement and 2014 annual report are available at <http://www.envisionreports.com/HES>.

How do I attend the annual meeting?

The annual meeting will be held at Hess Corporation, 1501 McKinney Street, Houston, Texas 77010 on Wednesday, May 6, 2015 at 9:00 a.m., local time. When you arrive, signs will direct you to the appropriate room. Please note that the doors to the meeting room will not be open until 8:00 a.m. You should be prepared to present valid government-issued photo identification, such as a driver's license or passport, for admittance. In addition, if you are a stockholder of record, your name will be verified against the list of stockholders of record prior to admittance to the annual meeting. If you are a beneficial owner, you must provide proof of beneficial ownership, such as your account statement showing that you own our stock, a copy of the voting instruction form provided by your broker, trustee or

nominee, or other similar evidence of ownership. If you do not provide valid government-issued photo identification and comply with the other procedures outlined above, you will not be admitted to the annual meeting.

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Directions to attend the annual meeting can be found at www.hess.com/company/hess-offices. You do not need to attend the annual meeting to vote. Even if you plan to attend the annual meeting, please submit your vote in advance as instructed herein.

What is the quorum requirement for holding the 2015 annual meeting?

A majority of the outstanding shares of common stock, present in person or represented by proxy, will constitute a quorum at the annual meeting. Abstentions and broker non-votes will be counted as shares present for purposes of determining the presence of a quorum for the transaction of business.

Who can vote?

Holders of record of common stock at the close of business on March 19, 2015 will be entitled to vote at the annual meeting. Each share of common stock will be entitled to one vote on all matters properly brought before the meeting. As of March 19, 2015, there were 287,425,839 shares of common stock outstanding and entitled to vote at the annual meeting. There are no other voting securities of the company outstanding.

What is the difference between holding shares as a holder of record and as a beneficial owner?

If at the close of business on March 19, 2015, the record date for the annual meeting, your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization or other nominee, then you are the beneficial owner of shares held in street name and the proxy materials, as applicable, are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares in your account. If that organization is not given specific direction, shares held in the name of that organization may not be voted and will not be considered as present and entitled to vote on any matter to be considered at the annual meeting, except with respect to the ratification of the company's independent auditors. **Brokers are not permitted to vote your shares for the election of directors, for the advisory vote on executive compensation, for the amended and restated 2008 long-term incentive plan or for or against the stockholder proposals without your instructions as to how to vote. Please instruct your broker how to vote your shares using the voting instruction form provided by your broker. The voting instruction forms provided by your bank, broker or other nominee will also include information about how to vote your shares over the internet or telephonically, if such options are available. Please return your completed voting instruction form to your broker and contact the person responsible for your account or vote by internet or telephone so that your vote can be counted.**

How do I vote my shares?

You may vote your shares using one of the following methods (please also see the information provided above concerning the difference between holding shares as a holder of

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record or registered holder and holding shares beneficially through a bank, broker or other nominee beneficial holders should follow the voting instructions provided by such nominee):

Over the internet. If you have access to the internet, you can submit your proxy online by following the instructions included on your proxy card (or voting instruction form in the case of beneficial holders for whom internet voting is available) for voting over the internet.

By telephone. You can vote by calling a toll-free telephone number listed on the proxy card (or voting instruction form in the case of beneficial holders for whom telephone voting is available). Please refer to your proxy card or voting instruction form for instructions on voting by phone.

By mail. You may vote your shares by completing, signing and mailing the proxy card included with your proxy materials (or voting instruction form in the case of beneficial holders). Please refer to your proxy card or voting instruction form for instructions on voting by mail.

In person at the annual meeting. Stockholders are invited to attend the annual meeting and vote in person at the annual meeting. If you are a beneficial owner of shares you must obtain a legal proxy from the bank, broker or other holder of record of your shares to be entitled to vote those shares in person at the meeting.

A control number, located on the instruction sheet attached to the proxy card, is designated to verify your identity and allow you to vote your shares and confirm that your voting instructions have been recorded properly. If you vote via the internet or by telephone, there is no need to return a signed proxy card. However, you may still vote by proxy by using the proxy card.

As noted above, if you hold shares beneficially in street name through a bank, broker or other nominee, you may vote by submitting the enclosed voting instruction form. Telephone and internet voting may be also available please refer to the voting instruction form provided by your bank, broker or other nominee for more information.

Can I change my vote?

Yes. You may revoke the proxy at any time prior to its use by:

delivering a written notice to the secretary of the company, mailed to Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036;

executing and submitting a later-dated proxy;

re-voting your shares by telephone or on the internet; or

attending the annual meeting and voting in person.

What vote is required to approve each of the proposals?

Proposal 1: Election of directors: The election of directors is considered an uncontested election as defined in the company's by-laws. This means that, to be elected as a director of the company at the 2015 annual meeting, nominees must receive a majority of the votes cast. A majority of votes cast means that the number of shares voted for a

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director's election exceeds 50% of the number of votes cast with respect to that director's election. Abstentions and broker non-votes are not counted as votes cast.

Proposal 2: Advisory vote to approve the compensation of the named executive officers: Approval of this proposal requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting. Abstentions will be counted as present for the purposes of this vote and will have the effect of a vote against the proposal. Broker non-votes will not be counted as present and are not entitled to vote on the proposal.

Proposal 3: Ratification of selection of independent registered public accountants: Approval of this proposal requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting. Abstentions and broker non-votes will be counted as present for purposes of this vote and will have the effect of a vote against the proposal.

Proposal 4: Approval of the amended and restated 2008 long-term incentive plan: Approval of this proposal requires the affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote at the annual meeting. Abstentions will be counted as present for the purposes of this vote and will have the effect of a vote against the proposal. Broker non-votes will not be counted as present and are not entitled to vote on the proposal.

Proposals 5 and 6: Stockholder proposals: Approval of these proposals requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting. Abstentions will be counted as present for the purposes of this vote and will have the effect of a vote against these proposals. Broker non-votes will not be counted as present and are not entitled to vote on these proposals.

What are the recommendations of the board of directors?

The board of directors recommends that you vote your shares on your proxy card:

FOR the election of directors nominated herein;

FOR the advisory approval of the compensation of our named executive officers;

FOR the proposal to ratify the selection of Ernst & Young LLP as independent auditors for the fiscal year ending December 31, 2015;

FOR the approval of the amended and restated 2008 long-term incentive plan;

AGAINST the stockholder proposal recommending proxy access; and

AGAINST the stockholder proposal recommending a scenario analysis report regarding carbon asset risk.
What does it mean if I receive more than one proxy card on or about the same time?

It generally means you hold shares registered in more than one account. In order to vote all of your shares, please sign and return each proxy card or, if you vote via the internet or telephone, vote once for each proxy card you receive.

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What if I do not specify how I want my shares to be voted?

If you are the record holder of your shares and do not specify on your proxy card (or when giving your proxy by telephone or the internet) how you want to vote your shares, your shares will be voted:

FOR the election of directors nominated herein;

FOR the advisory approval of the compensation of our named executive officers;

FOR the proposal to ratify the selection of Ernst & Young LLP as independent auditors for the fiscal year ending December 31, 2015;

FOR the approval of the amended and restated 2008 long-term incentive plan;

AGAINST the stockholder proposal recommending proxy access; and

AGAINST the stockholder proposal recommending a scenario analysis report regarding carbon asset risk.

If you are a beneficial owner of shares and do not specify how you want to vote, your shares may not be voted by the record holder and will not be considered as present and entitled to vote on any matter to be considered at the annual meeting, except with respect to the ratification of the company's independent auditors. If your shares are held of record by a bank, broker, or other nominee, we urge you to give instructions to your bank, broker, or other nominee as to how you wish your shares to be voted so you may participate in the stockholder voting on these important matters.

What is the effect of an ABSTAIN vote?

Abstentions are considered to be present and entitled to vote with respect to each relevant proposal, but will not be considered a vote cast with respect to that proposal. Therefore, an abstention will effectively be a vote against each of the proposals, except for the election of directors.

What is a broker non-vote ?

A broker non-vote occurs when a beneficial owner of shares held by a broker, bank or other nominee fails to provide the record holder with voting instructions on any non-routine matters brought to a vote at a stockholder meeting.

Under the rules of the New York Stock Exchange (NYSE), non-routine matters include the election of directors, the advisory vote to approve the compensation of named executive officers, approval of the amended and restated 2008 long-term incentive plan and the stockholder proposals described in this proxy statement. As such, a broker may not vote your shares with respect to such matters without your instructions.

If your shares are held of record by a bank, broker, or other nominee, we urge you to give instructions to your bank, broker, or other nominee as to how you wish your shares to be voted so you may participate in the stockholder voting

on these important matters.

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What should I do if I have other questions?

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor, MacKenzie Partners Inc., toll free at (800) 322-2885 or directly at (212) 929-5500.

ADDITIONAL INFORMATION

Availability of additional materials

The company will provide to any person whose proxy is solicited by this proxy statement, without charge, upon written request to the company's corporate secretary at Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036, a copy of the company's annual report on Form 10-K for the fiscal year ended December 31, 2014, or the company's proxy statement.

The information provided on the company's website (www.hess.com) is referenced in this proxy statement for information purposes only. Neither the information on the company's website, nor the information in the company's sustainability report, shall be deemed to be a part of or incorporated by reference into this proxy statement or any other filings we make with the Securities and Exchange Commission (the "SEC").

Proxy solicitation expenses

The cost of preparing and mailing this proxy statement and the accompanying proxy and the cost of solicitation of proxies on behalf of the board of directors will be borne by the company. Solicitation will be made by mail and internet. Some personal solicitation may be made by directors, officers and employees without special compensation, other than reimbursement for expenses. In addition, MacKenzie Partners Inc. has been retained to aid in the solicitation. Its fees for this solicitation are not expected to exceed \$25,000, exclusive of expenses.

Brokers and other nominees will be requested to solicit proxies or authorizations from beneficial owners and will be reimbursed for their reasonable and documented expenses in connection therewith.

Submission of stockholder proposals and nominations for the 2016 annual meeting

Proposals which stockholders wish to include in the company's proxy materials relating to the 2016 annual meeting of stockholders must be received by the corporate secretary at the address below no later than December 4, 2015. Such proposals must meet the requirements of the SEC to be eligible for inclusion in the company's proxy materials. Proposals must be addressed to:

Hess Corporation

1185 Avenue of the Americas

New York, N.Y. 10036

Attn: Corporate Secretary

Any stockholder proposal for the 2016 annual meeting which the proponent does not wish to include in the company's proxy materials for that meeting will be considered untimely, and

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therefore subject to the discretionary authority of proxies solicited by the board of directors, unless notice of the proposal is received by the company at the above address on or before February 17, 2016. Pursuant to the company's by-laws, stockholder nominations of candidates for election at the 2016 annual meeting must be received on or prior to February 6, 2016 together with the information required by such provision.

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PROPOSAL 1: ELECTION OF DIRECTORS

At the 2013 annual meeting of stockholders, stockholders approved an amendment to the company's restated certificate of incorporation to eliminate the classification of the board of directors. The declassification is being implemented without shortening the term of any incumbent director. Therefore, directors elected at or after the 2014 annual meeting are elected for one-year terms. Directors elected at the 2013 annual meeting will complete their current three-year terms and will be elected for one-year terms at the annual meeting in 2016. Beginning with the 2016 annual meeting, all of the company's directors will be elected annually for one-year terms.

At the 2015 annual meeting, ten directors are to be elected to serve for a term of one year and until their successors are elected and qualified.

It is intended that proxies will be voted for the nominees set forth herein. The company's by-laws provide for majority voting in uncontested elections of directors, which is the case for the election of directors at the 2015 annual meeting. Accordingly, to be elected as a director of the company at the 2015 annual meeting, nominees must receive a majority of the votes cast. A majority of votes cast means that the number of shares voted for a director's election exceeds 50% of the number of votes cast with respect to that director's election. Abstentions and broker non-votes are not counted as votes cast.

If a director is not elected at the 2015 annual meeting and no successor has been elected at the annual meeting, the director is required to promptly tender his or her resignation to the board of directors. The corporate governance and nominating committee is then required to 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 will act on the tendered resignation and will publicly disclose its decision and rationale within 90 days following certification of the election results. These procedures are described in full in our by-laws, which may be found on the company's website at www.hess.com.

It is expected that all candidates will be able to serve. However, if one or more are unable to do so, the proxy holders will vote the proxies for the remaining nominees and for substitute nominees chosen by the board of directors unless the board reduces the number of directors to be elected at the annual meeting.

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The following table presents information as of February 1, 2015 about the nominees for election as directors of the company and the directors continuing in their respective terms of office, including the specific experience, qualifications, attributes or skills that led the board to conclude that such person should serve as a director.

Nominees for Director

For one-year term expiring in 2016

Name	Age	Director since	Principal occupation, other directorships and skills and experience
Rodney F. Chase	71	2013	<p>Principal Occupation: Former Deputy Group Chief Executive of BP plc.</p> <p>Other Directorships: Genel Energy, plc (Non-executive Chairman), Tesoro Corporation and Computer Sciences Corporation (Non-executive Chairman). Former Director, Petrofac Limited, Nalco Holding Company and Tesco plc.</p> <p>Skills and Experience: Mr. Chase's experience in the oil and gas industry, corporate management, international operations, public company governance and board practices provides the Hess board with valuable industry knowledge and strategic planning experience.</p>
Terrence J. Checki	69	2014	<p>Principal Occupation: Former Executive Vice President and Head, Emerging Markets and International Affairs, Federal Reserve Bank of New York.</p> <p>Skills and Experience: Mr. Checki brings decades of experience in management and international relations to the Hess board. He has had key roles in the resolution of numerous economic and financial challenges in the U.S. and abroad during his tenure at the Federal Reserve Bank of New York.</p>
Harvey Golub	75	2013	<p>Principal Occupation: Former Chairman and Chief Executive Officer of American Express Company.</p> <p>Other Directorships: Miller Buckfire & Co. (Chairman), Former Director, Ripplewood Holdings LLC (Executive Chairman), Campbell Soup Company, American International Group, Inc. and RHJ International S.A.</p>

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Skills and Experience: Mr. Golub has extensive experience in management, public company governance, finance, operations, and strategic turnarounds that provides the Hess board with valuable judgment and perspective.

John B. Hess

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Principal Occupation: Chief Executive Officer.

Other Directorships: KKR Management LLC, General Partner of KKR & Co. L.P. Former Director, Dow Chemical Company.

Skills and Experience: Mr. Hess has over 35 years of experience with the company and is its longest-serving director. During his career, Mr. Hess has acquired in-depth knowledge of the company's strategy and operations and the history of the company's development, and he and his family have had a long-standing commitment to the company.

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Name	Age	Director since	Principal occupation, other directorships and skills and experience
Edith E. Holiday	62	1993	<p>Principal Occupation: Corporate Director and Trustee. Former Assistant to the President of the United States and Secretary of the Cabinet. Former General Counsel, United States Department of the Treasury.</p> <p>Other Directorships: Canadian National Railway Company, RTI International Metals, Inc., White Mountains Insurance Group Ltd. and Director or trustee of various Franklin Templeton mutual funds. Former Director, H.J. Heinz Company.</p> <p>Skills and Experience: Ms. Holiday brings deep public policy and governance expertise to the Hess board. The first woman to serve as General Counsel of the Treasury Department, Ms. Holiday possesses strong corporate governance and regulatory expertise, as well as legal and managerial experience in both private and public sectors. She has also served in a directorship capacity across a diverse range of industries throughout her career. Ms. Holiday currently chairs our corporate governance and nominating committee.</p>
Risa Lavizzo-Mourey, MD	60	2004	<p>Principal Occupation: President and Chief Executive Officer, The Robert Wood Johnson Foundation.</p> <p>Other Directorships: Former Director, Genworth Financial, Inc.</p> <p>Skills and Experience: Dr. Lavizzo-Mourey is a former director of five public companies, including service on audit committees. She has decades of leadership and technical experience and has significant experience in the nonprofit and health care sectors.</p>
David McManus	61	2013	<p>Principal Occupation: Former Executive Vice President and Head of International Operations, Pioneer Natural Resources Co.</p> <p>Other Directorships: FLEX LNG Limited (Chairman), Rockhopper Exploration plc, Caza Oil & Gas Inc. and Costain Group plc. Former Director, Cape plc.</p> <p>Skills and Experience: Mr. McManus is an experienced international business leader in the energy industry and provides the Hess board with oil and gas project management and commercial expertise.</p>

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Name	Age	Director since	Principal occupation, other directorships and skills and experience
John H. Mullin III	73	2007	<p>Principal Occupation: Chairman, Ridgeway Farm LLC (private company engaged in timber and farming activity). Former Managing Director, Dillon, Read & Co. Inc. (former investment banking firm).</p> <p>Other Directorships: Former Lead Director, Progress Energy, Inc. Former Director, Sonoco Products Company, the Ryland Group, Inc. and Adolph Coors Company. Former Trustee, The Putnam Funds.</p> <p>Skills and Experience: With over 35 years of investment banking and public company board experience, Mr. Mullin adds valuable financial and governance expertise to the Hess board. Mr. Mullin has served on the board of directors of multiple companies across sectors, including finance, packaging, real estate and energy.</p>
James H. Quigley	62	2013	<p>Principal Occupation: Former Chief Executive Officer, Deloitte, Touche Tohmatsu Limited.</p> <p>Other Directorships: Merrimack Pharmaceuticals Inc. and Wells Fargo & Company.</p> <p>Skills and Experience: Mr. Quigley led Deloitte, one of the world's largest accounting and consulting firms. During his 38 years at Deloitte, he was a trusted consultant on strategic leadership and operating matters to senior management teams of multinational companies across industries. He brings to the Hess board significant global experience and knowledge of financial, tax and regulatory matters that are relevant to Hess' operations. Mr. Quigley currently chairs our audit committee.</p>
Robert N. Wilson	74	1996	<p>Principal Occupation: Chairman and Mevion Medical Systems (medical device company). Former Vice Chairman of the Board of Directors, Johnson & Johnson.</p> <p>Other Directorships: Charles Schwab Corporation and Synta Pharmaceuticals Corp. Former Chairman, Caxton Health Holdings, LLC and Vivus Inc. (biopharmaceutical company).</p> <p>Skills and Experience: Mr. Wilson brings decades of management and executive experience to the Hess board. He has had key roles in driving growth and development at two leading companies in the health care industry, and brings to the board experience in marketing,</p>

finance and international business strategy. Mr. Wilson currently chairs our compensation and management development committee.

The board of directors recommends that stockholders vote **FOR** the election of each of the ten director nominees named above.

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Terms expiring in 2016

Name	Age	Director since	Principal occupation, other directorships and skills and experience
Kevin O. Meyers, Ph.D.	61	2013	<p>Principal Occupation: Independent Energy Consultant. Former Senior Vice President of E&P for the Americas, ConocoPhillips.</p> <p>Other Directorships: Bill Barrett Corporation, Denbury Resources Inc. Hornbeck Offshore Services, Inc. and Precision Drilling Corporation. Former Director, LUKOIL.</p> <p>Skills and Experience: Dr. Meyers has over 30 years of experience in exploration and production, both domestic and international. Based on this experience, Dr. Meyers brings to the Hess board decades of managing E&P operations in geographies directly relevant to Hess focused E&P portfolio.</p>
Fredric G. Reynolds	64	2013	<p>Principal Occupation: Former Executive Vice President and Chief Financial Officer, CBS Corporation.</p> <p>Other Directorships: AOL, Inc. and Mondelez International Inc. Former Director, The Readers Digest Association, Blockbuster Inc. and Sportsline.com, Inc.</p> <p>Skills and Experience: During his tenure as Chief Financial Officer of CBS Corporation, shareholders experienced substantial share appreciation and return of capital. Mr. Reynolds brings to the Hess board his substantial experience as a Chief Financial Officer with a successful track record of financial oversight, leading a successful transformation, returning capital, and delivering long term returns.</p>
William G. Schrader	57	2013	<p>Principal Occupation: Former Chief Operating Officer, TNK-BP Russia.</p> <p>Other Directorships: Ophir Energy (African oil and gas exploration company), Bahamas Petroleum Company plc (Chairman) and CHC Group Ltd.</p> <p>Skills and Experience: Mr. Schrader is an experienced E&P executive responsible for transforming BP's significant E&P assets, and brings to the</p>

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Mark R. Williams, Ph.D	63	2013	Hess board his experience as a disciplined E&P operator with expertise in production sharing structures, government relations and delivering returns. Principal Occupation: Chairman of the Board. Former Member, Executive Committee, Royal Dutch Shell plc.
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Other Directorships: Intertek plc.

Skills and Experience: Dr. Williams worked for 33 years at Shell, including more than 17 years in Shell's E&P and upstream business, serving most recently as a member of the executive committee of Royal Dutch Shell, where he was one of the top three operating executives collectively responsible for all strategic, capital and operational matters. His experience as part of an executive group with ultimate strategic responsibilities for the overall direction of one of the world's largest oil and gas companies adds invaluable insight to the Hess board.

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All of the nominees and directors named above have held substantially the positions or former positions indicated for the past five years, except as described below. Mr. Checki retired as Executive Vice President and Head, Emerging Markets and International Affairs at the Federal Reserve Bank of New York in March 2014. Dr. Meyers retired from ConocoPhillips in December 2010, where he served in senior executive positions since 2002. Mr. Schrader retired as chief operating officer of TNK-BP in 2011 after serving in senior executive roles at BP for many years. Dr. Williams retired from Royal Dutch Shell plc in March 2013 after a 33-year career with that company. Mr. Reynolds retired as senior vice president and chief financial officer for CBS Corporation in 2009, where he had served in senior executive positions at CBS and its affiliates since 1994. Mr. Quigley has over 35 years of experience in audit, tax, consulting and financial services, and retired in 2012 from Deloitte Touche Tohmatsu Limited, where he last served as chief executive officer from 2007 to 2011. Mr. McManus has over 35 years of experience in the oil and gas industry and retired in 2011 from Pioneer Natural Resources Co., where he last served as Executive Vice President and Head of International Operations since 2008.

Mr. Hess may be deemed to be a control person of the company by virtue of his beneficial ownership of common stock as described under Ownership of Voting Securities by Certain Beneficial Owners.

The board of directors met ten times in 2014, including eight regularly scheduled meetings and two special meetings. Each director attended at least 75% of the aggregate of all board of directors meetings and all meetings of the committees of the board of directors on which he or she served during 2014.

Non-management directors meet without members of management present generally after each regularly scheduled board meeting. The chairman of the board of directors presides at these meetings.

All of the current directors who were serving as a director at the time of last year's annual meeting attended that meeting.

Director and Nominee Independence

The board of directors has affirmatively determined that thirteen of the fourteen current directors on the board, namely, Mr. Chase, Mr. Checki, Mr. Golub, Ms. Holiday, Dr. Lavizzo-Mourey, Dr. Meyers, Mr. McManus, Mr. Mullin, Mr. Quigley, Mr. Reynolds, Mr. Schrader, Dr. Williams and Mr. Wilson, are independent within the meaning of the rules and standards of the NYSE. In addition, the board of directors has affirmatively determined that nine of the company's proposed ten nominees for election at the 2015 annual meeting, namely, Mr. Chase, Mr. Checki, Mr. Golub, Ms. Holiday, Dr. Lavizzo-Mourey, Mr. McManus, Mr. Mullin, Mr. Quigley and Mr. Wilson, are independent within the meaning of the rules and standards of the NYSE. The board determined that these directors and nominees not only met all bright-line criteria under these rules, but also that, based on all known relevant facts and circumstances, there did not exist any relationship that would compromise the independence of these directors.

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Corporate Governance Guidelines

The board has approved a set of corporate governance guidelines in accordance with rules of the NYSE. These guidelines set forth the key policies relating to corporate governance, including director qualification standards, director responsibilities and director compensation. The board has also approved a code of business conduct and ethics in accordance with rules of the NYSE and the SEC applicable to all directors, officers and employees, including the chief executive officer, the principal financial and accounting officer and other senior financial officers. The code is intended to provide guidance to directors and management to assure compliance with law and promote ethical behavior. Copies of the company's corporate governance guidelines and its code of business conduct and ethics may be found on the company's website at www.hess.com and are also available without charge upon request to the company's corporate secretary at its principal executive office set forth on the first page of this proxy statement.

Stockholder and Interested Party Communications

Any stockholder or interested party who wishes to communicate or request a meeting with members of the board of directors or with only non-management directors or any specified individual director may do so by writing to them in care of the chairman of the board of directors, Hess Corporation, at its principal executive office set forth on the first page of this proxy statement. The stockholders may also communicate directly to the chairman by e-mail to BoardChairman@hess.com. Communications sent by mail or e-mail will be reviewed by the chairman and will be referred for resolution and response as deemed appropriate by the chairman. If a stockholder requests a meeting, the corporate governance and nominating committee will decide whether the subject matter is a proper one to be addressed by the board and, if so, whether a meeting is warranted. The corporate governance and nominating committee will meet periodically to review all stockholder communications received.

Board Leadership Structure

During 2013, the board of directors amended the by-laws to provide for a non-executive chairman of the board and separated the positions of chairman of the board and chief executive officer. Currently, Dr. Mark R. Williams serves as the independent chairman of the board and Mr. John B. Hess serves as chief executive officer and a director of the board.

The board currently believes that separating the roles of chairman and chief executive officer allows for better alignment of corporate governance with stockholder interests and aids in the board's oversight of management and the board's ability to carry out its roles and responsibilities on behalf of the stockholders. The board also believes that the separation of the roles of chairman and chief executive officer allows the chief executive officer to focus more of his time and energy on operating and managing the company and leverages the chairman's experience in the oil and gas industry.

Independent Chairman of the Board

The chairman, an independent member of the board who has not previously served as an executive officer of the company, is appointed by the board annually. As set forth in the company's corporate governance guidelines, the responsibilities of the chairman include:

acting as chair of regular and special meetings of the board;

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acting as chair of executive sessions or other meetings of the independent directors and leading such executive sessions and meetings;

determining if special meetings of the board should be called (but without prejudice to any rights of others to call special board meetings);

acting as a liaison between the chief executive officer and the board and facilitating communication between meetings, including discussing action items with the chief executive officer following executive sessions;

consulting with the chief executive officer regarding agenda items and appropriate materials for board meetings, and the allocation of time to each discussion topic on the agenda and coordinating with committee chairpersons to facilitate their meetings;

presiding over the annual stockholders meeting;

being available to participate in or facilitating appropriate meetings with stockholders; and

partnering with the chairman of the compensation and management development committee to provide annual performance evaluation feedback to the chief executive officer.

Related Party Transactions

The company expects all directors and executive officers to bring to the company's attention any related party transactions, including transactions which may be required to be disclosed under Item 404 of Regulation S-K promulgated by the SEC. The company's code of business conduct and ethics provides that if any company representative, including a director or officer, considers conducting any transaction that reasonably would be expected to give rise to a conflict of interest between the representative and the company, such representative must disclose such transaction in advance to the company's legal department for review. In addition, the company annually sends each director and executive officer a questionnaire requiring such person to describe any transaction contemplated under Item 404 or in the case of independent directors, any transaction that might compromise their independence. The company also annually conducts a review of its accounting records to determine whether any such related party transaction occurred in the prior fiscal year. If any proposed or existing related party transaction is identified, the transaction is brought to the general counsel for review. If the general counsel determines the transaction poses a conflict of interest, or would compromise the independence of a non-management director, the general counsel will advise the audit committee of the transaction and the disinterested members of the audit committee will determine whether the transaction serves the best interest of the company and its stockholders and whether if proposed, it may proceed and if existing, it may continue to exist. The general counsel and the disinterested members of the audit committee will determine the appropriate scope of, and process for, the review of any such transaction based on the then existing facts and circumstances of the transaction in view of applicable listing standards of the NYSE.

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Compensation and Management Development Committee

The compensation and management development committee of the board of directors is composed of Robert N. Wilson, Chairman, Dr. Risa Lavizzo-Mourey, David McManus, James H. Quigley and Dr. Mark R. Williams. The board has determined that each member of this committee is independent within the meaning of applicable rules of the NYSE. This committee met six times in 2014.

The board of directors has adopted a written charter for the compensation and management development committee in accordance with applicable rules of the NYSE. A current copy of this charter is available on the company's website, www.hess.com, and also available without charge upon request to the company's corporate secretary at the company's principal executive office set forth on the first page of this proxy statement. As stated in the charter, this committee's principal responsibilities are to:

review the performance and approve the compensation of the company's chief executive officer and other named executive officers;

review and monitor the company's compensation and benefit programs;

administer and make awards of stock-based compensation under the company's long-term incentive plans;

review management development and succession programs;

approve the retention and review the performance of independent compensation consultants to the committee; and

prepare its annual report on executive compensation for the company's proxy statement.

The committee's processes for determining executive compensation are described in "Compensation Discussion and Analysis" on page 27.

Corporate Governance and Nominating Committee, Board Diversity and Consideration of Stockholder Recommended Candidates

The corporate governance and nominating committee is composed of Edith E. Holiday, Chairperson, Rodney F. Chase, Harvey Golub, John H. Mullin, III and Fredric G. Reynolds. The board of directors has determined that each member of this committee is independent within the meaning of applicable rules of the NYSE. The corporate governance and nominating committee met seven times in 2014.

The board of directors has adopted a written charter for the corporate governance and nominating committee in accordance with applicable rules of the NYSE. A current copy of this charter is available on the company's website, www.hess.com, and is also available without charge upon request to the company's secretary at the company's principal executive office set forth on the first page of this proxy statement. As stated in this charter, this committee's principal

responsibilities are to:

identify and recommend individuals to the board for nomination as members of the board and its committees consistent with criteria approved by the board;

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make recommendations to the board relating to board practices and corporate governance; and

develop, recommend to the board and periodically review a set of corporate governance principles applicable to the company.

This committee recommends for election as directors qualified candidates identified through a variety of sources, including stockholder suggestions. Stockholders may suggest candidates by writing to the committee, in care of the secretary of the company at the company's principal executive office set forth on the first page of this proxy statement. Stockholder suggestions should include a summary of the candidate's qualifications, the information required by SEC rules for director nominees and contact information for the candidate. In accordance with the company's corporate governance guidelines approved by the board of directors, nominees are reviewed and recommended based on a variety of criteria including:

personal qualities and characteristics, education, background, accomplishments and reputation in the business community;

current knowledge of the energy industry or industries relevant to the company's business and relationships with individuals or organizations affecting the domestic and international areas in which the company does business;

ability and willingness to commit adequate time to board and committee matters;

the fit of the individual's skills and personality with those of other directors and potential directors in building a board that is effective, collegial and responsive to the needs of the company;

diversity of viewpoints, background and experience; and

compatibility with independence and other qualifications established by applicable law and rules.

As noted above, among the criteria used to evaluate nominees for the board is diversity of viewpoints, background and experience. The board believes that such diversity provides varied perspectives which promote active and constructive dialogue among board members and between the board and management, resulting in more effective oversight. The board believes this diversity is amply demonstrated in the varied experience, qualifications and skills of the current and proposed members of the board. In the board's executive sessions and in annual performance evaluations conducted by the board and its committees, the board from time to time considers whether the members of the board reflect such diversity and whether such diversity contributes to a constructive and collegial environment. In addition, the company has adopted a director retirement policy, which provides that no person may be nominated to stand for election or re-election to the board of directors as a non-management director if the election would take place after such person has attained the age of 75. In its agreement with Elliott Management LLC, the company agreed to waive the director retirement policy for Harvey Golub to permit his reelection in 2015.

In advance of the annual meeting, the committee meets to recommend nominees for election at each annual meeting. From time to time throughout the year, members of the committee are

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furnished appropriate materials regarding any new nominees and may from time to time meet with new potential candidates. Stockholder suggestions should be submitted no later than December 1 for consideration as nominees for election at the next annual meeting and otherwise in accordance with the company's policy and by-laws. The committee follows the same process of identifying and evaluating nominees recommended by stockholders as that for candidates recommended by any other source.

The corporate governance and nominating committee has retained Egon Zehnder International, a director and executive search and recruiting firm, to identify and review potential independent director candidates and assist the committee and the board in assessing the qualifications of candidates. The committee has not paid fees to any other third parties to assist in identifying or evaluating potential nominees. Each of the nominees for election at the 2015 annual meeting were recommended by the non-management directors of the corporate governance and nominating committee, with the input of senior management, Egon Zehnder and our financial and legal advisors.

Audit Committee

The audit committee of the board of directors is composed of James H. Quigley, Chairman, Rodney F. Chase, Harvey Golub, Edith E. Holiday, Dr. Kevin O. Meyers, Fredric G. Reynolds and William G. Schrader. The board has determined that each member of the audit committee is independent within the meaning of applicable rules of the SEC and the NYSE. The board has also determined that Messrs. Quigley, Chase, Golub and Reynolds are audit committee financial experts as this term is defined under applicable rules of the SEC. The audit committee met eight times in 2014. In addition, the audit committee held four reviews of quarterly financial results with management and independent registered public accountants. In 2013, the audit committee established a subcommittee to focus the committee's oversight of environmental, health and safety matters. The members of this subcommittee are James H. Quigley, Chairman, Rodney F. Chase, Dr. Kevin O. Meyers and William G. Schrader.

The board of directors has adopted a written charter for the audit committee in accordance with applicable rules of the NYSE and the SEC. The charter is available on the company's website at www.hess.com and without charge upon request to the company's corporate secretary at its principal executive office set forth on the first page of this proxy statement. As stated in the charter, the audit committee's principal responsibility is to provide assistance to the board of directors in fulfilling its oversight responsibility to the stockholders, the investment community and others relating to:

the company's financial statements;

the financial reporting practices of the company;

the systems of internal accounting and financial controls;

the internal audit function;

the annual independent audit of the company's financial statements;

the retention of outside auditors and review of their independence;

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the review of risk, risk controls and compliance; and

the company's environment, health, safety and social responsibility programs and compliance.

Report of the Audit Committee

The audit committee of the board of directors oversees the company's financial reporting on behalf of the board. Management is responsible for the system of internal controls and for preparing financial statements. The independent registered public accountants are responsible for expressing an opinion on the effectiveness of internal controls over financial reporting and the fair presentation of the financial statements in conformity with generally accepted accounting principles. The audit committee operates in accordance with a charter approved by the board of directors.

In fulfilling its oversight responsibilities, the audit committee reviewed the audited December 31, 2014 financial statements of the company with management and the independent registered public accountants. Management represented to the committee that these statements were prepared in accordance with generally accepted accounting principles. The audit committee also discussed accounting policies, significant judgments inherent in the financial statements, disclosures and other matters required by generally accepted auditing standards with management and the independent registered public accountants. In addition, the committee has received from the independent registered public accountants the annual independence disclosures and letter pursuant to Rule 3526 of the Public Company Accounting Oversight Board (PCAOB) regarding the independent registered public accountants' communications with the audit committee concerning independence and discussed with them their independence from management and the company. In that connection, the audit committee considered the compatibility of all non-audit services with the auditors' independence.

During 2014, the audit committee met with management, the independent registered public accountants and internal auditors to discuss:

the annual audit scope and plans for their respective audits;

the adequacy of staffing and related fees;

the results of their examinations;

the adequacy and effectiveness of internal controls over financial reporting and disclosure controls and procedures;

issues raised on the company's hotline reporting system;

matters related to risk, risk controls and compliance; and

all communications required by PCAOB Standards.

The audit committee also met separately with the independent registered public accountants and the internal auditors without management present.

In reliance on the reviews and discussions with management and the independent registered public accountants, the audit committee recommended to the board of directors, and the board

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approved, the inclusion of the audited financial statements in the annual report on Form 10-K for the year ended December 31, 2014 filed with the SEC. The audit committee has also selected Ernst & Young LLP as independent registered public accountants for 2015. The board has proposed that the stockholders ratify this selection at the annual meeting.

James H. Quigley, Chairman

Rodney F. Chase

Harvey Golub

Edith E. Holiday

Dr. Kevin O. Meyers

Fredric G. Reynolds

William G. Schrader

Risk Management Oversight

In the normal course of its business, the company is exposed to a variety of risks, including market risks relating to changes in commodity prices, interest rates and currencies, technical risks affecting the company's resource base, political and regulatory risks and credit and investment risks.

The company operates a risk control program under the direction of its chief risk officer and through its corporate risk policy, which senior management has approved. The company is continuing to develop and implement an enterprise risk program across the company to strengthen the consistency of risk consideration in making business decisions.

The audit committee of the board of directors has been delegated primary responsibility for oversight of the company's risk management practices. At least annually, the chief risk officer presents a comprehensive review of the company's corporate risk policy to the audit committee, discussing the risk control organization and risk control practices. The audit committee will also receive updates at other meetings during the year on any particular matters relating to risk controls that management believes needs to be brought to the attention of the committee. In addition, the full board of directors has oversight of the company's risk management policies with an emphasis on understanding the key enterprise risks affecting the company's business and the ways in which the company attempts to prudently mitigate such risks, to the extent reasonably practicable and consistent with the company's long-term strategies. The chief risk officer reviews the enterprise risk program with the board periodically. In addition, the company conducts an annual risk assessment to determine the extent, if any, to which the company's compensation programs and practices may create incentives for excessive risk-taking. For a discussion of this assessment, see "Compensation and Risk" on page 55.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act) requires the company s directors, certain of its officers and persons who beneficially own more than 10% of the company s common stock to file initial reports of ownership and reports of changes in ownership with the SEC. Based solely on the company s review of copies of such reports, and on written representations from such reporting persons, the company believes that in 2014 all such reporting persons filed the required reports on a timely basis in accordance with Section 16(a), except for one Form 3 filing by Mr. Eugene W. Goodwillie, Jr., which was filed late due to an administrative error. The filing obligation arose when the beneficial ownership of certain trusts and related entities for which Mr. Goodwillie serves as trustee or director, but in which Mr. Goodwillie has no pecuniary interest, exceeded the 10% threshold solely by reason of the reduction in outstanding shares due to the repurchase of shares by the company pursuant to a board authorized stock repurchase program.

Table of Contents**Ownership of Voting Securities by Certain Beneficial Owners**

The following table sets forth, as of March 4, 2015, for Messrs. Hess, Brady, Kean and Goodwillie, and as of December 31, 2014 for Elliott Associates, L.P. and BlackRock, Inc., information as to the ownership of more than 5% of any class of the company's voting securities by beneficial owners known by the company to hold more than 5% of any such class:

Title of class	Name and address of beneficial owner	Amount and nature	Percent of class
		of beneficial ownership(a)	
Common Stock	John B. Hess	35,764,523(b)(c)(d)(e)	12.39
	Nicholas F. Brady	19,014,070(b)(c)(f)	6.62
	Thomas H. Kean	25,366,738(b)(c)(d)(g)	8.83
	Eugene W. Goodwillie, Jr. c/o Hess Corporation	29,320,440(b)(c)(d)(e)(h)	10.20
	1185 Avenue of the Americas New York, New York 10036		
	Elliott Associates, L.P. 40 West 57 th Street, 57 th Floor	18,800,000(i)	6.3
	New York, New York 10019 BlackRock, Inc. 55 East 52 nd Street	15,375,177(j)	5.10
	New York, New York 10022		

- (a) The individual amounts and percentages shown for Messrs. Hess, Brady, Kean and Goodwillie should not be added because they reflect shared beneficial ownership. Information with respect to Elliott Associates, L.P. was obtained from a Schedule 13G/A filed by such person with the SEC on February 17, 2015. Information with respect to BlackRock, Inc. was obtained from a Schedule 13G filed by such person with the SEC on February 6, 2015.
- (b) This amount includes 10,079,037 shares held by a charitable lead annuity trust established under the will of Leon Hess. Mr. John B. Hess has sole voting power over the stock held by this trust and shares dispositive power over such stock with Messrs. Brady, Kean and Goodwillie.
- (c) This amount includes 8,817,802 shares held by a limited partnership. Messrs. Hess, Brady, Kean and Goodwillie serve on the management committee of the general partner of this limited partnership and share voting and dispositive power with respect to shares held by the limited partnership.
- (d) This amount includes 6,436,881 shares held by the Hess Foundation, Inc. of which Messrs. Hess, Kean and Goodwillie are directors and as to which Mr. Hess has sole voting power and shares dispositive power with Messrs. Kean and Goodwillie.
- (e) This amount includes:

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1,491,507 shares owned directly by Mr. Hess, as to which he has sole voting and dispositive power;

28,753 shares held by a family liability company controlled by Mr. Hess, as to which Mr. Hess has sole voting power and dispositive power;

158,505 shares of restricted stock held in escrow under the company's incentive plan as to which Mr. Hess has voting but not dispositive power;

1,338,899 shares underlying options to purchase common stock, as to which Mr. Hess has no voting or dispositive power until they are acquired upon exercise of the options;

56,024 shares vested in the name of Mr. Hess under the employees' savings plan as to which he has sole voting and dispositive power;

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1,008,401 shares held by a trust for the benefit of Mr. Hess, of which he and Mr. Goodwillie are co-trustees, as to which Mr. Hess has sole voting power and shares dispositive power with Mr. Goodwillie;

82,488 shares held by three trusts of which Mr. Hess is a co-trustee and has shared voting and dispositive power;

2,371,878 shares held by Mr. Hess's siblings or their children, or by trusts for the benefit of Mr. Hess's siblings or their children, as to which Mr. Hess has sole voting power pursuant to shareholders agreements among Mr. Hess and his siblings or their children and as to 978,471 shares of which he shares dispositive power pursuant to a shareholders agreement among Mr. Hess and a sibling and others;

1,008,402 shares held by a trust for the benefit of Mr. Hess's sibling, of which Mr. Hess has sole voting and shared dispositive power; and

2,885,946 shares held by trusts as to which Mr. Hess has sole voting power and as to which Mr. Goodwillie shares dispositive power.

- (f) This amount includes 112,248 shares held directly by Mr. Brady, as to which he has sole voting and dispositive power. This amount also includes 4,983 shares held by a trust of which Mr. Brady is a co-trustee as to which Mr. Brady shares voting and dispositive power.
- (g) This amount includes 33,018 shares held directly by Mr. Kean, as to which he has sole voting and dispositive power.
- (h) This amount includes 92,373 shares held by three trusts as to 30,791 of which shares Mr. Goodwillie has sole voting and dispositive power and as to 61,582 of which shares he shares voting and dispositive power.
- (i) This amount includes (x) 6,579,910 shares, including 350,000 shares underlying currently exercisable options, held by Elliott Associates, L.P., which has sole voting and dispositive power with respect to such shares and (y) 12,220,090 shares, including 650,000 shares underlying currently exercisable options, collectively held by Elliott International, L.P. and Elliott International Capital Advisors, Inc., both of which share voting and dispositive power of such shares.
- (j) This amount includes (x) 12,655,214 shares over which Blackrock, Inc. has sole voting power and (y) 15,375,177 shares over which BlackRock, Inc. has sole dispositive power. The shares are held by subsidiaries of Blackrock, Inc.

Table of Contents**Ownership of Equity Securities by Management**

The table below sets forth as to each director, nominee and named executive officer, and all directors, nominees and executive officers as a group, information regarding their ownership of equity securities of the company on March 4, 2015. The persons listed below have sole voting and investment power as to all shares indicated except as set forth in the footnotes to the table. Where no information appears in the column Percent of outstanding shares of common stock owned, the securities held represent less than 1% of the common stock outstanding.

Name	Total number of shares beneficially owned and nature of beneficial ownership(a)	Percent of outstanding shares of common stock owned	Of total number of shares beneficially owned, number of option shares
Rodney F. Chase	41,128		
Terrence J. Checki	3,666		
Harvey Golub	6,228		
Timothy B. Goodell	233,341		157,040
John B. Hess	35,764,523(b)	12.39	1,338,899
Gregory P. Hill	201,823		113,126
Edith E. Holiday	38,130		
Risa Lavizzo-Mourey	28,830		
David McManus	6,128		
Kevin O. Meyers	10,378		
John H. Mullin III	53,830		
James H. Quigley	7,081		
Fredric G. Reynolds	21,128		
John P. Rielly	494,138		310,640
William G. Schrader	8,128		
Michael R. Turner	136,390		81,584
Mark R. Williams	18,128(c)		
Robert N. Wilson	77,540		
All directors and executive officers as a group	37,318,549	12.89	2,058,259

(a) These figures include 56,024 shares vested in the name of Mr. Hess, 4,256 shares vested in the name of Mr. Rielly and 61,597 shares vested for all executive officers and directors as a group under the employees' savings plan as to which these individuals and the group have voting and dispositive power. These amounts also include 36,664 shares held in escrow under the second amended and restated 1995 LTI plan or the 2008 LTI plan, as amended, or both, for Mr. Goodell, 158,505 shares held in escrow under these plans for Mr. Hess, 70,943 shares held in escrow under these plans for Mr. Hill, 36,664 shares held in escrow under these plans for Mr. Rielly, 28,431 shares held in escrow under these plans for Mr. Turner and 401,394 shares held in escrow under these plans for all executive officers and directors as a group. As to these shares, these individuals and the group have voting power but not dispositive power. Holders of stock options do not have the right to vote or any other right of a stockholder with respect to shares of common stock underlying such options until they are exercised.

(b) See footnotes (b), (c), (d) and (e) to the table under the caption Ownership of Voting Securities by Certain Beneficial Owners.

(c) This figure includes 12,000 shares held by a family limited partnership, of which Dr. Williams serves as a general partner. Dr. Williams shares voting and investment power as to such shares with his spouse.

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The following table shows compensation paid to our non-employee directors in 2014.

Name	Fees Earned or Paid in Cash	Stock Awards(1)	All Other Compensation(2)	Total
(a)	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)
Chase, Rodney F.	150,000	175,002	15,773	340,775
Checki, Terrence J.	73,334	116,690	128	190,152
Golub, Harvey	145,000	175,002	192	320,194
Holiday, Edith E.	155,000	175,002	192	330,194
Krenicki, John(3)	40,000	175,002	0	215,002
Lavizzo-Mourey, Risa	120,000	175,002	192	295,194
McManus, David	120,000	175,002	192	295,194
Meyers, Kevin O.	140,000	175,002	192	315,194
Mullin III, John H.	120,000	175,002	192	295,194
Quigley, James H.	160,000	175,002	15,773	350,775
Reynolds, Fredric G.	145,000	175,002	1,226	321,228
Schrader, William G.	140,000	175,002	6,008	321,010
Williams, Mark R.	310,000	175,002	192	485,194
Wilson, Robert N.	130,000	175,002	192	305,194

(1) Stock awards consist of 2,178 common shares granted to non-employee directors on March 4, 2014, as well as 1,316 shares granted on May 13, 2014 to Mr. Checki, which, in each case, were fully vested on the grant date. The aggregate grant date value for 2014 stock awards was computed in accordance with ASC 718.

(2) Amounts in this column consist of annual life insurance premiums for each director and, (i) for Messrs. Chase and Quigley, \$15,581 in medical and dental benefits and, (ii) for Mr. Schrader, \$5,816 in partial year medical and dental benefits and, (iii) for Mr. Reynolds, \$1,034 in dental benefits.

(3) Mr. Krenicki resigned from the board effective May 1, 2014.

Each director who was not an employee of the company or any of its subsidiaries receives an annual cash retainer of \$110,000 for membership on the board of directors and the independent chairman of the board receives an additional annual cash retainer of \$185,000. Directors receive an additional annual cash fee of \$25,000 for service on the audit committee and \$10,000 for service on each of the other committees of the board of directors on which such director serves. The chairperson of the audit committee receives an annual cash fee of \$30,000 and the chairperson of each of the other board committees receives an annual cash fee of \$15,000. In addition, each non-employee director receives shares of fully vested common stock constituting approximately \$175,000 in value on the date of award. These awards are made from shares purchased by the company in the open market. For 2014, Mr. Krenicki and Mr. Checki received pro-rated board and committee retainers based on their length of service on the board and Mr. Krenicki's service on the compensation and management development committee in 2014, and Mr. Checki received a pro-rated stock award based on his length of service on the board in 2014.

Table of Contents**Executive Compensation****Compensation Discussion and Analysis**

This Compensation Discussion and Analysis (CD&A) explains the key elements of our executive compensation program and 2014 compensation decisions for our named executive officers (NEOs). The Compensation and Management Development Committee of our Board of Directors (the compensation committee or the committee), with input from its independent compensation consultant, oversees these programs and determines compensation for our NEOs.

For fiscal year 2014, our NEOs were:

John B. Hess, Chief Executive Officer (CEO)

Gregory P. Hill, Chief Operating Officer (COO) and President of Exploration and Production

Timothy B. Goodell, Senior Vice President and General Counsel

John P. Rielly, Senior Vice President and Chief Financial Officer (CFO)

Michael R. Turner, Senior Vice President, Onshore

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Executive Summary

Summary of Hess Business. Hess Corporation is a leading global independent energy company engaged in the exploration and production of crude oil and natural gas.

In 2014, the board of directors and management team substantially completed the process of transforming Hess into a more focused pure play exploration and production (E&P) company. This multi-year, strategic transformation was designed to drive cash generative growth and sustainable returns to stockholders by focusing on lower risk, higher growth unconventional assets, exploiting existing offshore assets and executing a smaller, more targeted exploratory

program. The transformation plan included fully exiting the company's downstream businesses, including its refining, energy marketing, terminal, retail and energy trading operations, as well as the sale of mature or lower margin exploration and production assets internationally and domestically.

Corporate Performance Overview. 2014 was a strong year for Hess. For the three-year period ending December 31, 2014, our total shareholder return (TSR), which is the change in stock price plus reinvested dividends, was top quartile compared to our 2014 and 2015 peer companies. We also substantially completed execution of our strategic plan to transition to a pure

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play E&P company. The resulting smaller, restructured organization, combined with a strong balance sheet, leaves the company better positioned for the lower oil price environment. Select 2014 highlights are summarized below.

2014 Strategic Initiative Results

Focused Pure Play E&P Company

Substantially completed execution of strategic plan to transition to a pure play E&P company

Completed sale of retail marketing business for \$2.8 billion, exceeding market expectations

Sold Utica dry gas acreage approximately 77,000 net acres for \$1.1 billion

Progressed monetization of our Bakken midstream assets

Total Hess Asset Sales

Completed asset sales totaling \$5.9 billion during 2014, including sale of our retail marketing business and assets in Indonesia and Thailand. In total, our asset sale program has generated approximately \$13.4 billion since the beginning of 2013

Stockholder Returns

Increased \$4 billion share repurchase program authorization to \$6.5 billion, with approximately \$3.75 billion of shares purchased in 2014 (\$5.26 billion since the program commenced in 2013)

2014 Operational Results

Production and Reserves

Production averaged 318 thousand barrels of oil equivalent (BOE) per day on a pro forma basis, excluding divestitures and Libya

Replaced 158% of production, at a finding, development and acquisition cost of approximately \$28.75 per barrel of oil equivalent

At year end, our proved reserves were 1.4 billion barrels of oil equivalent and our reserve life was 11.7 years

Cost Reduction / Spending Efficiency

Delivered budgeted Bakken capital spend of \$2.2 billion, and continued to drive down Bakken drilling and completion costs

Delivered below budget total capital spend (\$5.6 billion)

Finance

Strong financial position with \$2.4 billion of cash on our balance sheet and a debt to capitalization ratio of 21% at year end

Earned \$1.3 billion in adjusted net income⁽¹⁾ and generated \$5.0 billion of cash flow from continuing operations before changes in operating assets and liabilities⁽¹⁾

2014 Relative Performance

A signal of Hess accomplishments during 2014: three-year and one-year TSR was well above median of 2014 peers and 2015 peers

(1) See Annex B for a reconciliation of these non-GAAP financial measures.

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Summary of Hess 2014 Executive Compensation Program. A summary of our executive compensation program during 2014 is provided below.

Compensation Philosophy

- Generally, we target total direct compensation (salary, annual bonus and long-term incentives) within a competitive range of market median.
- Sustained performance may be recognized in individual pay components, and pay will vary above or below target based primarily on enterprise and, to a lesser degree, individual performance outcomes.
- Annual incentive plan was redesigned for 2014, to provide greater emphasis on formulaic enterprise results and decreased weighting on individual results.
- Long-term incentives are delivered using different types of awards to balance absolute and relative performance, over varying time horizons, and retention considerations.
- Mix of long-term awards was modified for 2014, to increase the weighting on performance-contingent awards from 50% to 80% based on grant date target value.

Compensation Element	2014 Result
Base Salary	No increase for 3 of 5 NEOs, including the CEO.
• Fixed rate of pay	One NEO received an increase reflective of enhanced role and responsibilities, and one NEO was new to our proxy officer group for 2014.
Annual Incentive Plan (AIP)	CEO target award decreased by \$1 million in 2014
• Payout from 0%-200% of target	
• Payout based on enterprise performance factor (0%-175% of target) and an individual performance modifier of 0% to +25% of target	Enterprise Result 135% of target.
• 2014 Enterprise performance metrics included:	
1. Environment, health and safety	
2. Proved reserve additions	Individual modifiers for 3 of 5 NEOs resulted in no adjustment to enterprise results. Two NEOs received adjustments of 4%.
3. Production	• Based on evaluation of performance versus pre-defined goals
4. Controllable operated cash costs	• Tempered to reflect current lower oil price environment
5. E&P capital and exploratory spend	
6. Cash return on capital employed	
Long-term Incentives (LTI)	No increase in target grant date value of 2014 LTI awards for CEO. Corresponding increase to offset reduction in cash bonus target applies in 2015.
• 60% Performance Share Units (PSUs); payout from 0%-200% of target	
• 20% Stock Options; stock price must appreciate for any value to be realized	
• 20% Restricted Stock	

Among other NEOs, increases averaged 12%. Actual grant date values of 2014 LTI awards for all NEOs were approximately 15% above target, reflecting strong 2013 performance.

PSUs at-risk based on three-year TSR performance compared to peers.

Payout of PSUs for the 2012-14 performance period was 200% of target, given top quartile TSR performance versus peers.

Pay Mix. The majority of NEO compensation is variable. For our CEO and other NEOs, approximately 90% and 80%, respectively, on average, of 2014 target total direct compensation was variable. Variable pay directly ties their pay to company performance outcomes, both retrospectively and prospectively, including financial results, strategic initiatives, and stock price performance.

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In March 2014, the committee decided to reduce Mr. Hess' cash bonus target for 2014 by \$1 million and approved a corresponding increase in the value of his target LTI award in 2015 by \$1 million. Accordingly the target annual bonus declined from 217% to 150% of salary from \$3.25 to \$2.25 million. The result of this change in mix was to align a greater portion of Mr. Hess' target total direct compensation with the company's long-term performance.

Pay vs. Performance Alignment (Realizable Compensation). A comparison of realizable pay to target pay, based on the grant date opportunity, and TSR illustrates how performance outcomes have impacted pay over time. The graph below shows the average realizable pay of the CEO for each of the three-year periods ending December 31, 2012, 2013 and 2014, and the correlation with the indexed TSR of Hess common stock. As shown below, realizable CEO compensation is sensitive to TSR, indicating alignment with stockholder interests.

- (1) Grant date opportunity reflects the average of salary, target cash bonus, and grant date fair market value of equity awards, as reported in the Grants of Plan-Based Awards Table, for each respective year.
- (2) Realizable pay reflects the average of salary, actual cash bonus, and the intrinsic value of stock options, the market value of restricted stock, and the market value of PSUs, in each case awarded in each of these three-year periods. Stock options, restricted stock, and PSUs are valued at year end 2012, 2013 and 2014 closing prices of common stock.
- (3) For more information on total compensation as calculated under SEC rules, see the narrative and notes accompanying the Summary Compensation Table on page 47. The amounts reported as realizable compensation differs substantially from the amounts reported as total compensation in the Summary Compensation Table and is not a substitute for those amounts.

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Strong 2014 Say on Pay Vote Result and Ongoing Stockholder Engagement

At our 2014 annual stockholders meeting, over 96% of votes cast supported Hess' executive compensation program, a significant improvement over 2013. We view this as an affirmation of our current pay practices. As a result, no significant changes were made to our NEO compensation program for 2015. However, we regularly engage stockholders to discuss a variety of aspects of our business and welcome stockholder input and feedback. The say on pay vote serves as an additional tool to guide the board and the compensation committee in ensuring alignment of our executive compensation programs with stockholder interests.

Specifically, we engage with our stockholders in order to ensure we fully understand the factors they consider to be the most important when evaluating our executive compensation program. Before our 2014 annual meeting and continuing throughout 2014, our CEO and other members of senior management, at times accompanied by our non-executive chairman, conducted a broad outreach effort which included nearly 72 institutional stockholders representing in the aggregate over 37% of our outstanding shares. The purpose of this outreach was to discuss and solicit stockholder views on our business plan, corporate governance and other matters of concern, including executive compensation.

2015 Compensation Actions to Recognize Lower Commodity Price Environment

Given the current lower oil and gas price environment, and our disciplined approach to executive compensation, the committee approved the following compensation actions for 2015:

salaries were frozen at 2014 levels for our most senior leaders, including our NEOs, during 2015;

despite strong 2014 enterprise and individual results, 2014 individual modifiers part of determining final annual incentive payments were limited, with three NEOs receiving no adjustment and the remaining two NEOs receiving adjustments of 4%;

annual incentive targets were frozen at 2014 levels for our most senior leaders, including our NEOs; and

grant date values of long-term incentive awards for each of our NEOs were reduced in 2015 compared to 2014 grant date values.

Total Compensation Objectives, Philosophy and Key Practices

Objectives. The objective of our executive compensation program is to attract and retain talented executives and motivate them to achieve our business goals through a combination of cash and stock-based compensation. The principal elements of an executive's total compensation consist of:

base salary,

cash bonus, and

long-term incentives.

We also review other elements of compensation, including retirement benefits, life insurance, savings, health and welfare plans and other benefits offered to employees generally in order to evaluate the entire compensation package offered to executives.

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Compensation Philosophy. Generally, we target total direct compensation (salary, annual bonus and long-term incentives) within a competitive range of market median. Sustained performance may be recognized in individual pay components, and pay will vary above or below target based primarily on actual enterprise performance and, to a lesser degree, individual performance. Variations in total direct compensation among the NEOs reflect differences in competitive pay for their respective positions as well as the size and complexity of the business units or functions they oversee, the performance of those business units or functions, and individual performance.

Key Compensation Practices. Key executive compensation practices are summarized below. We believe these practices promote alignment with the interests of our stockholders.

What We Do

- ü Directly link pay to performance outcomes, operational results and stockholder returns
- ü Engage in ongoing dialogue with stockholders to incorporate feedback into our compensation programs
- ü Target total direct compensation (base salary / cash bonus / long-term incentives) within a competitive range of market median
- ü Use a structured approach to CEO performance evaluation and related compensation decisions
- ü Maintain a cap on CEO incentive compensation payments
- ü Emphasize a culture of safety (a weighted metric in the bonus program for all employees)
- ü Have stringent stock ownership guidelines for NEOs
- ü Design compensation plans with provisions to mitigate undue risk
- ü Double-trigger change-in-control severance benefits
- ü Maintain a compensation clawback policy, which includes recoupment and forfeiture provisions
- ü Have an anti-hedging policy and an anti-pledging policy for all executives
- ü Review share utilization annually
- ü Limit perquisites available to executives
- ü Offer executives the same health and welfare benefit and savings plans as other salaried employees
- ü Devote significant time to management succession and leadership development efforts
- ü Include criteria in incentive compensation plans to maximize tax deductibility
- ü Utilize an independent compensation consultant

What We Don't Do

- x No employment contract for NEOs
- x No payment of dividends or dividend equivalents on unearned restricted shares or PSUs
- x No excise tax gross-ups in change-in-control agreements since 2010
- x No re-pricing of underwater stock options without stockholder approval
- x No excessive severance or change in control benefits

Table of Contents**2014 Total Direct Compensation**

We structure NEO total direct compensation so that the majority is delivered in the form of equity awards, in order to provide incentives to work toward growth of long-term profitability that will enhance stockholder returns. We also structure NEOs' cash compensation so that a significant portion is at risk under the company's annual incentive plan, payable primarily based on enterprise results, and to a lesser degree individual performance. We further detail each component of total direct compensation below.

Base Salary. We review base salaries annually, but we do not necessarily award salary increases each year. In determining base salary levels for executive officers, the committee considers the following qualitative and quantitative factors: job level and responsibilities, relevant experience, individual performance, recent corporate and business unit performance, internal equity and our objective of paying competitive total direct compensation if performance is met.

From time to time base salaries may be adjusted other than as a result of an annual review in order to address competitive pressures or in connection with a promotion.

Name	Salary		% Increase	Rationale
	2013	2014	2013-2014	
Hess, John B				
CEO	\$ 1,500,000	\$ 1,500,000	0.0%	
Hill, Gregory P				
COO & President of E&P	\$ 1,000,000	\$ 1,100,000	10.0%	Expanded role/responsibilities
Goodell, Timothy B				
SVP & General Counsel	\$750,000	\$750,000	0.0%	
Rielly, John P				
SVP & Chief Financial Officer	\$775,000	\$775,000	0.0%	
Turner, Michael R.				
SVP, Onshore		\$575,000		Not a 2013 NEO
		Average:	2.5%	

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Annual Incentive Plan (AIP). We establish a cash bonus target for each executive officer based upon his or her position within the company, corresponding responsibilities and competitive cash bonus opportunity for similar positions in other companies. Final actual payouts may range from 0% to 200% of the target cash bonus opportunity based on actual enterprise and individual performance outcomes.

Name	Minimum (0% of target)	2014 Cash Bonus Opportunity (\$)	
		Target (100% of target)	Maximum (200% of target)
Hess, John B.		\$2,250,000	
CEO	\$0	(150% of salary)	\$4,500,000
Hill, Gregory P.		\$1,430,000	
COO & President of E&P	\$0	(130% of salary)	\$2,860,000
Goodell, Timothy B.		\$700,000	
SVP & General Counsel	\$0	(93% of salary)	\$1,400,000
Rielly, John P.		\$700,000	
SVP & Chief Financial Officer	\$0	(90% of salary)	\$1,400,000
Turner, Michael R.		\$285,000	
SVP, Onshore	\$0	(50% of salary)	\$570,000

In March 2014, the committee decided to reduce Mr. Hess' cash bonus target for 2014 by \$1 million and approved a corresponding increase in the value of his target LTI award for 2015 by \$1 million. Accordingly the target annual bonus declined from 217% to 150% of salary from \$3.25 to \$2.25 million. The result of this change in mix was to align a greater portion of Mr. Hess' target total direct compensation with the company's long-term performance. At the same time, the committee increased the target bonus opportunity for Mr. Hill from 95% to 130% of salary and Mr. Rielly from 65% to approximately 90% of salary. The changes for Mr. Hill and Mr. Rielly were approved to maintain alignment of their compensation with our compensation philosophy to target their compensation within a competitive range of market median. The target bonus increases for Messrs. Hill and Rielly also took into account their respective increased responsibilities and roles within the company.

2014 AIP Design. The annual AIP payout for executive officers is primarily determined based on enterprise performance results that align with the company's business strategy.

2014 Enterprise Metrics	Weighting
Environment, Health & Safety (EHS)	18%
Proved Reserve Additions	18%
Production	18%
Controllable Operated Cash Costs	18%
Capital and Exploratory Spend	18%
Cash Return on Capital Employed	10%

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Payouts under the AIP depend on enterprise results, and payouts can range from 0% to 175% of target. An individual performance multiplier can reduce the bonus down to zero or increase it by up to 25% of target based on actual individual performance results measured against pre-defined individual performance goals. There will be no payout if the threshold level of enterprise performance is not achieved. The payout is capped at 200% of the target award.

Illustration of 2014 AIP Design

Actual Cash Bonus Awards. The following table shows actual performance as a percent of target based on the 2014 results for each component of the bonus, and the actual cash bonus award for each NEO. The following pages explain how the payouts on each component were determined.

Name	2014 Target Cash Bonus Opportunity	X 2014 Enterprise Performance as % of Target	X 2014 Individual Performance Modifier	= Combined	2014 Actual Cash Bonus Award
Hess, John B. CEO	\$2,250,000	135%	No adjustment		\$3,037,500
Hill, Gregory P. COO & President of E&P	\$1,430,000	135%	104%		\$2,000,000
Goodell, Timothy B. SVP & General Counsel	\$700,000	135%	No adjustment		\$945,000
Rielly, John P. SVP & Chief Financial Officer	\$700,000	135%	No adjustment		\$945,000
Turner, Michael R. SVP, Onshore	\$285,000	135%	104%		\$400,000

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2014 Enterprise Performance Metrics. The following table details our 2014 goals for enterprise performance metrics and actual results.

2014 Metric	Rationale for Use	2014	2014	Metric
		Threshold /Target/ Maximum	Result	Payout
Environment, Health & Safety (5 measures)	Protects employees, contractors, communities, reputation and ensures safe operations	Varies by measure ¹		116%
Proved Reserve Additions	Aligned to sustainability	115/160/200 (MMBOE)	192	160%
	Aligned to growth			