

AMERADA HESS CORP
Form DEF 14A
March 27, 2002

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 ☒ [X]

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))

☒ [X] Definitive Proxy Statement

☐ [] Definitive Additional Materials

☐ [] Soliciting Material Pursuant to § 240.14a-11(c) or § 240.14a-12

Amerada 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):

☒ [X] No fee required.

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

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

☐ [] Fee paid previously with preliminary materials.

☐ [] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for

Edgar Filing: AMERADA HESS CORP - Form DEF 14A

which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

AMERADA HESS CORPORATION

**1185 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10036**

March 27, 2002

Dear Stockholder:

The annual meeting of stockholders will be held at the Hess Office Building, 1 Hess Plaza, Route 9, Woodbridge, New Jersey, on Wednesday, May 1, 2002, at 2:00 P.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.

You are cordially invited to attend this meeting. The Hess Office Building can be reached, if you travel by car, from Exits 127 (northbound) and 130 (southbound) of the Garden State Parkway or Exit 11 of the New Jersey Turnpike or, if you travel by train, from the Metropark station in Iselin, New Jersey.

It is important that your shares be represented at the meeting whether or not you are personally able to attend. Accordingly, you are requested to sign, date and return the enclosed proxy promptly. Many stockholders will also be able to vote their shares by using a toll-free telephone number or over the internet. Please check your proxy card to see what methods are available to you and related instructions. Your cooperation will be appreciated.

Sincerely yours,

Chairman of the Board

and Chief Executive Officer

AMERADA HESS CORPORATION

1185 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10036

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Wednesday, May 1, 2002, at 2:00 P.M.

To the Stockholders:

The annual meeting of stockholders of Amerada Hess Corporation will be held at the Hess Office Building, 1 Hess Plaza, Route 9, Woodbridge, New Jersey, on Wednesday, May 1, 2002, at 2:00 P.M., local time, for the following purposes:

1. To elect five directors for the ensuing three-year term (pages 1 to 21 of proxy statement);
2. To act upon the ratification of the selection by the board of directors of Ernst & Young LLP as independent auditors (pages 21 and 22); and
3. 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 18, 2002 will be entitled to vote at the meeting.

By order of the board of directors,

Carl T. Tursi

Secretary

New York, New York

March 27, 2002

YOUR VOTE IS IMPORTANT

You are urged to date, sign and promptly return the accompanying form of proxy, or to use the methods of telephone or internet voting, so that if you are unable to attend the meeting your shares can be voted.

AMERADA HESS CORPORATION

PROXY STATEMENT

The enclosed proxy is solicited by the board of directors of Amerada Hess Corporation for use at the annual meeting of stockholders on May 1, 2002, at 2:00 P.M., local time.

The company's principal executive office is located at 1185 Avenue of the Americas, New York, New York 10036. The approximate date on which this proxy statement is first being sent to stockholders is March 27, 2002.

Holders of record of common stock of the company at the close of business on March 18, 2002 will be entitled to vote at the annual meeting. Each share of common stock will be entitled to one vote. On March 18, 2002, there were 88,905,677 shares of common stock outstanding. 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 for purposes of determining the presence of a quorum for the transaction of business.

If you are a registered stockholder, you can simplify your voting by using the internet or calling the toll-free number listed on the enclosed proxy card. 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 a stockholder's identity and allow the stockholder to vote the shares and confirm that the 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 enclosed with this proxy statement.

Proxies in the form enclosed will be voted at the annual meeting in accordance with the specifications you make on the proxy. If you sign the proxy card and do not specify how your shares are to be voted, your shares will be voted:

for the election of directors nominated herein and

for the proposal to ratify the selection of Ernst & Young LLP as independent auditors for the fiscal year ending December 31, 2002.

You may revoke the proxy at any time prior to its use by delivering a written notice to the secretary of the company, by executing a later-dated proxy in a form permitted under Delaware law, or by attending the annual meeting and voting in person.

ELECTION OF DIRECTORS

At the annual meeting, five directors are to be elected to serve for a term of three years and until their successors are elected and qualified. It is intended that proxies will be voted for the nominees set forth herein. Directors are elected by a plurality of the votes cast. Accordingly, abstentions and broker non-votes will not affect tabulation of the vote for directors. 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 it reduces the number of directors to be elected.

The following table presents information as of February 1, 2002 on the nominees for election as directors of the company and the directors continuing in their respective terms of office:

Nominees for Director

Class II

For the three-year term expiring in 2005

Name	Principal occupation and business experience	Age	Director since	Other directorships
Edith E. Holiday	Attorney; Former Assistant to the President of the United States and Secretary of the Cabinet; Former General Counsel, United States Department of the Treasury	49	1993	Beverly Enterprises, Inc. Canadian National Railway Digex Incorporated Hercules, Incorporated H.J. Heinz Company RTI International Metals, Inc. Director or trustee of various Franklin Templeton mutual funds
John J. O'Connor	Executive Vice President; President, Worldwide Exploration and Production	55	2001	
Roger B. Oresman	Consulting Partner, Milbank, Tweed, Hadley & McCloy LLP (attorneys)	81	1969	
Robert N. Wilson	Senior Vice Chairman of the Board of Directors, Johnson & Johnson	61	1996	United States Trust Corporation
Robert F. Wright	Former President and Chief Operating Officer	76	1981	

Members of Board of Directors Continuing in Office

Class III

Term expiring in 2003

Name	Principal occupation and business experience	Age	Director since	Other directorships
Peter S. Hadley	Former Senior Vice President, Metropolitan Life Insurance Company	73	1991	
John B. Hess	Chairman of the Board and Chief Executive Officer	47	1978	

Members of Board of Directors Continuing in Office (Continued)

Name	Principal occupation and business experience	Age	Director since	Other directorships
William R. Johnson . .	Chairman, President and Chief Executive Officer H.J. Heinz Company	53	1996	PNC Bank The Clorox Company
John Y. Schreyer	Executive Vice President and Chief Financial Officer	62	1990	

Class I

Term expiring in 2004

Name	Principal occupation and business experience	Age	Director since	Other directorships
Nicholas F. Brady	Chairman, Darby Overseas Investments, Ltd. (investment firm); Former Secretary of the United States Department of the Treasury; Former Chairman of the Board, Dillon, Read & Co. Inc. (investment banking firm)	71	1994	C2, Inc. H.J. Heinz Company Director or trustee of various Templeton mutual funds
J. Barclay Collins II	Executive Vice President and General Counsel	57	1986	
Thomas H. Kean	President, Drew University; Former Governor of the State of New Jersey	66	1990	ARAMARK Corporation Fiduciary Trust Company International The Pepsi Bottling Group UnitedHealth Group Incorporated
Frank A. Olson	Chairman of the Board, The Hertz Corporation	69	1998	Becton Dickinson and Company White Mountains Insurance Group Ltd.

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. O Connor was President of Worldwide Exploration and Production and a Senior Vice President of Texaco Inc. from January 1998 until October 2001, when he was employed by the company. From August 1994 to August 1997, Mr. O Connor served as chief executive officer of BHP Petroleum, the oil and gas exploration division of Broken Hill Proprietary Company. Mr. Johnson served in various senior executive positions at H.J. Heinz Company prior to his becoming president and chief executive officer in 1998. Mr. Olson retired as chief executive officer of The Hertz Corporation at the end of 1999 and continues as non-executive chairman of its board.

John B. Hess, Nicholas F. Brady, Thomas H. Kean and John Y. Schreyer may be deemed to be control persons of the company by virtue of their beneficial ownership of common stock in their capacity as executors of the estate of Leon Hess and as

trustees of certain related trusts. See Ownership of Voting Securities by Certain Beneficial Owners.

The audit committee of the board of directors is composed of Robert N. Wilson, Chairman, Edith E. Holiday, Thomas H. Kean, Frank A. Olson and Roger B. Oresman. During 2001, the board of directors reviewed the composition of the audit committee in view of rules of the New York Stock Exchange. The board determined that each member of the audit committee was independent within the meaning of these rules. The audit committee met four times in 2001. In addition, the audit committee held four telephone conference calls in 2001 with management and the independent auditors to review quarterly financial results.

The board of directors has adopted a written charter for the audit committee. A copy of this charter was included as an appendix to the company's proxy statement last year. 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 shareholders, 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 review of the independence of outside auditors, and

the company's environmental and safety policies and compliance.

The board of directors' compensation and management development committee is composed of Nicholas F. Brady, Chairman, Peter S. Hadley, William R. Johnson, Frank A. Olson and Robert N. Wilson. This committee met three times in 2001. The compensation and management development committee approves and administers the company's compensation policies for executive officers and approves the compensation of the chief executive officer, and is authorized to make awards of options, restricted stock and other stock and cash compensation permitted under the amended and restated 1995 long-term incentive plan. Also, this committee oversees the company's benefit plans. It recommends to the board of directors asset allocation targets and investment managers for the employees' pension plan and appoints investment managers for the employees' savings and stock bonus plan and the savings and stock bonus plan for retail operations employees. In addition, this committee reviews and approves policies relating to the professional development of the company's executives.

The directors and board affairs committee is composed of Nicholas F. Brady, Chairman, Edith E. Holiday and Thomas H. Kean. This committee is responsible for reviewing:

the size and composition of the board,

appropriate board practices and procedures,

board meeting content,

frequency and length of board meetings, and

composition and function of committees of the board of directors.

This committee also recommends for election as directors qualified candidates identified through various sources. Stockholders may suggest candidates by writing to the secretary of the company, including a brief summary of each candidate's qualifications. This committee met once in 2001.

The board of directors met twelve times in 2001. Each director attended at least 75% of the aggregate of all board of directors meetings and all meetings of committees of the board of directors on which he or she served during 2001.

Certain Transactions

In November 2001, the company merged into itself certain corporations controlled by Hess family members whose sole assets were shares of the company's common stock. In the merger, the shares held by such corporations were cancelled and new shares of the company's common stock in the same amounts (except for fractional shares settled in cash) were issued to the shareholders of these corporations. The audit committee and the board of directors each reviewed this transaction and, after considering the views of outside counsel and tax advisors, approved the transaction as fair to the company.

The company retained Milbank, Tweed, Hadley & McCloy LLP, of which Mr. Oresman is a consulting partner, to provide legal services in 2001. It is expected that the company's dealings with this firm will continue in 2002.

Section 16(a) Beneficial Ownership Reporting Compliance

On March 8, 2001, the company filed a Form 4 on behalf of Mr. Schreyer reporting his exercise of stock options in February 2001 but neglected to report sales during that month of an aggregate of 11,000 shares of the company's common stock. On March 20, 2001, the company filed an amended Form 4 for the month of February 2001 on behalf of Mr. Schreyer reporting the sale of these shares.

On March 11, 2002, the company filed on behalf of Mr. Brady a Form 4, due October 10, 2001, reporting his purchase of 2,300 shares of common stock on September 6, 2001.

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 auditors are responsible for expressing an opinion on the fair presentation of the audited 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, 2001 financial statements of the company with management and the independent auditors. 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 auditors. In addition, the committee has received from the independent auditors the annual independence disclosures required by Independence Standards Board Standard No. 1 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 and reaffirmed its previous decision that its independent auditor will not provide information technology consulting or outsourced internal audit services.

During 2001, the audit committee met with management, the internal auditors and independent 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, and

- the adequacy and effectiveness of accounting and financial controls.

The audit committee also met with the independent auditors and the internal auditors without management present.

In reliance on the reviews and discussions with management and the independent auditors, the audit committee recommended to the board of directors, and the board approved, the inclusion of the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2001 to be filed with the Securities and Exchange Commission. The audit committee has also recommended the selection of, and the board of directors has selected, Ernst & Young LLP as independent auditors for 2002. The board has proposed that the stockholders ratify this selection at the annual meeting.

Robert N. Wilson, Chairman

Edith E. Holiday

Thomas H. Kean

Frank A. Olson

Roger B. Oresman

Executive Compensation and Other Information***Summary of Compensation***

The following table sets forth information on compensation paid or accrued for each of the last three completed fiscal years to the chief executive officer and the four other most highly compensated executive officers, for services in all capacities to the company and its subsidiaries.

Summary Compensation Table

Name and principal position	Year	Annual Compensation			Long-Term Compensation			
		Salary(\$)	Bonus(\$)*	Other annual compensation(\$)	Awards		Payouts	
					Restricted stock award(s)(\$) ***	Securities underlying options/ SARs(#)	LTIP payouts(\$)	All other compensation(\$) ****
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
John B. Hess, Chairman of the Board and Chief Executive Officer	2001	1,000,000	1,500,000			200,000		8,500
	2000	1,000,000	1,865,000		3,012,500	100,000		8,500
	1999	1,000,000	1,150,000			150,000		8,000
J. Barclay Collins, Executive Vice President and General Counsel	2001	650,000	450,000			75,000		8,500
	2000	650,000	595,000		1,205,000	40,000		8,500
	1999	650,000	350,000			60,000		8,000
John J. O Connor** Executive Vice President and President, Worldwide Exploration and Production	2001	162,500	250,000		2,331,600	100,000		
	2000							
	1999							
John Y. Schreyer, Executive Vice President and Chief Financial Officer	2001	650,000	450,000			100,000		8,500
	2000	650,000	595,000		1,205,000	40,000		8,500
	1999	650,000	350,000			60,000		8,000
F. Borden Walker, Executive Vice President and President, Refining and Marketing	2001	550,000	200,000			75,000		6,800
	2000	525,000	175,000		602,500	20,000		8,500
	1999	475,000	100,000			15,000		8,000

* The cash bonuses shown above for each year are paid early in the following year.

** Mr. O Connor commenced employment with the company in October 2001. His annualized salary for 2001 was \$750,000.

Edgar Filing: AMERADA HESS CORP - Form DEF 14A

*** At December 31, 2001, the named executives each held shares of restricted common stock, subject to vesting pursuant to the company's restricted stock plan and incentive plan, in the following amounts and having the following aggregate market values at such date:

Mr. Hess	100,000 shares	\$6,250,000
Mr. Collins	45,000 shares	\$2,812,500
Mr. O'Connor	40,000 shares	\$2,500,000
Mr. Schreyer	45,000 shares	\$2,812,500
Mr. Walker	20,000 shares	\$1,250,000

To the extent paid on the company's common stock generally, dividends accrue on shares of restricted stock and are held in escrow until vesting, at which time they are paid with interest at short-term market rates to the named executives. At December 31, 2001, the named executives held book value appreciation units under the restricted stock plan in the following amounts and having the corresponding market value at such date:

Mr. Hess	50,000 units	\$961,000
Mr. Collins	25,000 units	\$480,500
Mr. O'Connor	0 units	\$ 0
Mr. Schreyer	25,000 units	\$480,500
Mr. Walker	10,000 units	\$192,200

Each book value appreciation unit entitles the holder to a cash payment equal to the increase, if any, in the book value per share of common stock over the five-year vesting period of the restricted stock. No further awards could be granted under the restricted stock plan after 1997.

**** Amounts shown in column (i) represent matching contributions of the company credited to the named executive officers under the company's employees' savings and stock bonus plan.

Stock Options

On November 7, 2001, the compensation and management development committee approved awards of non-qualified stock options. No stock appreciation rights were granted to executive officers for 2001. The following table sets forth information concerning individual grants of stock options made under the incentive plan for the last fiscal year to each of the named executive officers:

Option/SAR Grants In Last Fiscal Year*

Name (a)	Individual Grants				
	Number of securities underlying options/SARs granted(#) (b)	Percent of total options/SARs granted to employees in fiscal year (c)	Exercise or base price (\$/Sh) (d)	Expiration date (e)	Grant date present value(\$)** (f)
John B. Hess, Chairman of the Board and Chief Executive Officer	200,000	12.10	58.29	11/7/11	3,080,000
J. Barclay Collins, Executive Vice President	75,000	4.54	58.29	11/7/11	1,155,000
John J. O Connor Executive Vice President	100,000	6.05	58.29	11/7/11	1,540,000
John Y. Schreyer, Executive Vice President	100,000	6.05	58.29	11/7/11	1,540,000
F. Borden Walker, Executive Vice President	75,000	4.54	58.29	11/7/11	1,155,000

* This table includes information about stock options awarded by the compensation and management development committee effective November 7, 2001 as part of compensation in respect of the last fiscal year. These options become fully exercisable November 7, 2002, except that options may become exercisable earlier in full in cases of death, disability, normal retirement or change of control. At the discretion of the committee, upon early retirement of an awardee, options not then exercisable may become exercisable in proportion to the amount of time elapsed in the non-exercisability period to the early retirement date. The options remain exercisable until November 7, 2011, except in cases of termination of employment for reasons other than death, disability or normal retirement, in which case options remain exercisable only for specified periods. If a grantee's employment terminates before these options become exercisable, they will be forfeited.

** The grant date present values shown in the above table have been determined using the Black-Scholes option pricing model. This model, like all pricing models, requires assumptions, and therefore the amounts shown should not necessarily be considered indicative of the present value of the amounts that may actually be realized. The following assumptions were made for purposes of this valuation: expected life of seven years for each option; volatility of 24.5%; risk-free rate of return of 3.95%; and dividend yield of 2.1%.

The following table sets forth information as to the named executives regarding the values of unexercised options under the incentive plan as of the end of the last fiscal year:

**Aggregated Option/SAR Exercises in Last Fiscal Year
and Fiscal Year-End Option/SAR Values**

Name (a)	Shares acquired on exercise(#) (b)	Value realized(\$) (c)	Number of shares underlying unexercised options/ SARs at FY-end(#) (exercisable/ unexercisable) (d)	Value of unexercised in-the-money options/ SARs at FY-end(\$) (exercisable/ unexercisable) (e)
John B. Hess, Chairman of the Board and Chief Executive Officer			754,000/200,000	4,639,250/842,000
J. Barclay Collins, Executive Vice President	19,500	585,605	223,500/75,000	1,213,605/315,750
John J. O Connor, Executive Vice President			0/100,000	0/421,000
John Y. Schreyer, Executive Vice President	25,000	542,750	263,000/100,000	1,596,475/421,000
F. Borden Walker, Executive Vice President	5,000	135,000	101,500/75,000	631,275/315,750

Retirement Plans

The following table shows the estimated annual pension benefits payable to a covered participant at normal retirement age under the company's employees' pension plan, a qualified defined benefit pension plan and a nonqualified supplemental plan that provides benefits, paid from a trust established and funded by the company, that would otherwise be paid to participants under the pension plan but for limitations imposed by the Internal Revenue Code:

Pension Plan Table

Remuneration	Years of Service				
	15	20	25	30	35
\$ 700,000	\$ 168,000	\$ 224,000	\$ 280,000	\$ 336,000	\$ 392,000
1,200,000	288,000	384,000	480,000	576,000	672,000
1,800,000	432,000	576,000	720,000	864,000	1,008,000
2,400,000	576,000	768,000	960,000	1,152,000	1,344,000
2,800,000	672,000	896,000	1,120,000	1,344,000	1,568,000

A participant's remuneration covered by the pension plan and the supplemental plan is the greater of:

twelve times the participant's average monthly compensation (as reported on an annual basis in columns (c) and (d) of the summary compensation table) in the 36 consecutive months (or the number of consecutive months of employment, if fewer) of highest compensation during the 120 months immediately preceding the participant's retirement date, and

the participant's average annual compensation in any three calendar years during the ten calendar years immediately preceding the participant's retirement date.

Benefits shown are computed as a straight life annuity beginning at age 65 and do not reflect the offset for a portion of social security benefits as required under the pension plan. Covered compensation for the named executives as of December 31, 2001 was: Mr. Hess: \$2,505,000; Mr. Collins: \$1,115,000; Mr. O'Connor: \$1,000,000; Mr. Schreyer: \$1,115,000; and Mr. Walker: \$675,000.

The years of credited service for the named executives under the pension plan and, except for Messrs. O'Connor, Schreyer and Walker, the supplemental plan as of February 1, 2002 are as follows: Mr. Hess, 24 years; Mr. Collins, 17 years; Mr. O'Connor, 0 years; Mr. Schreyer, 11 years; and Mr. Walker, 5 years. As of February 1, 2002 in the case of Mr. Schreyer and as of March 6, 2002 in the case of Messrs. O'Connor and Walker, Messrs. Schreyer, O'Connor and Walker had 37 years, 33 years and 24 years, respectively, of credited service under the supplemental plan pursuant to determinations of the compensation and management development committee that gave Messrs. Schreyer, O'Connor and Walker credit for 26 years, 33 years and 19 years, respectively, of prior service with previous employers for purposes of determining benefits under the supplemental plan. However, retirement benefits payable to Messrs. Schreyer, O'Connor and Walker in connection with their prior employment will be deducted from benefits payable under the supplemental plan.

Employment Contracts, Termination of Employment and Change of Control Arrangements

The company has entered into change in control termination benefit agreements with executive officers and certain other officers of the company. These agreements

provide for lump sum cash payments equal to a multiple of an executive's annual compensation if the executive is actually or constructively terminated within 24 months following a change in control, as defined in the agreements. For these purposes, annual compensation consists of the executive's base pay at the date of his termination or immediately before the change in control, whichever is higher, plus the greater of his or her target bonus for the year in which the change in control occurs or the highest bonus earned in the three fiscal years preceding the change in control. The multiple of annual compensation received is three times for the named executive officers and two times for all other officers with whom such agreements were entered into.

In addition, the executive is entitled to receive a pro rata portion of his or her target bonus for the fiscal year in which termination occurs. The executive is also entitled to receive continuation of major medical, dental and other welfare benefits for 24 months following termination (36 months in the case of the named executive officers). The agreements provide for immediate vesting of retirement benefits upon termination and certain other ancillary benefits.

For purposes of these agreements, constructive termination includes a reduction in base salary or target annual bonus or a material adverse change in the nature or scope of the executive's authorities or responsibilities.

Messrs. O'Connor, Schreyer and Walker have agreements with the company which provide credit for prior service and determine benefits payable under the company's nonqualified supplemental retirement plan, as more fully described above under Retirement Plans.

Awards granted to employees under the incentive plan, including the named executive officers, are subject to accelerated vesting and, at the compensation and management development committee's discretion, cash-out upon the occurrence of a change of control, as defined in the incentive plan.

Directors' Compensation

Each director who is not an employee of the company or any of its subsidiaries receives an annual fee of \$55,000 for membership on the board of directors and a fee of \$1,500 for each board of directors and stockholders meeting attended. These directors receive an additional annual fee of \$4,000 for membership on each committee of the board of directors on which such director serves and a fee of \$1,500 for each committee meeting attended. In addition, the chairperson of each committee receives an annual fee of \$5,000. Through June 30, 2001 each director who was a member of the executive committee received an annual fee of \$75,000, but no fee for each meeting attended. This annual fee for the executive committee members was reduced to \$4,000 effective July 1, 2001. The members of the executive committee are Nicholas F. Brady, John B. Hess, Thomas H. Kean, John Y. Schreyer, and Robert F. Wright. Messrs. Hess and Schreyer are employees of the company and receive no additional compensation for serving on any committee of the board of directors.

In addition, each non-employee director receives 500 shares of common stock, generally in the beginning of each year. These awards are made from treasury shares purchased by the company in the open market.

Compensation Committee Report on Executive Compensation

The compensation and management development committee of the board of directors is responsible for approving and administering the company's compensation policies for executive officers and approving the compensation of the chief executive officer of the company.

Executive Compensation Policies. The company's executive compensation policies are designed to attract and retain executives and motivate them to achieve the company's business goals through a combination of cash and stock-based compensation. The key elements of executive compensation consist of cash salary, cash bonuses, stock option awards, and restricted stock awards.

Cash Compensation. The company's goal is to target total cash compensation, using a combination of salary and cash bonus, at the 75th percentile of that of a group of surveyed industrial companies, if specified performance metrics are met. This level of cash compensation was selected in recognition of the company's need to remain competitive in attracting and retaining talented executives to work as part of a small management team functioning in a demanding corporate and market environment. In the past, the company relied almost exclusively on salaries to deliver the targeted level of cash compensation. However, since the introduction of an annual cash bonus plan three years ago, the company's goal is to rely increasingly on cash bonuses in an effort to relate a greater portion of cash compensation to performance.

Salary. In determining salary levels for executive officers, the compensation and management development committee considers the following subjective and quantitative factors:

job level and responsibility,

individual performance,

recent corporate performance, including results of operations, success in implementing corporate strategy and long-term goals and development of future strategies, and

the objective of targeting cash compensation at the company's desired percentile benchmark.

For 2001, the committee relied on two surveys: first, a survey of over 500 industrial companies with revenues comparable to the company, including five companies also included in the peer group discussed under "Performance Graph," and a survey comprising twelve major oil and gas companies including three companies also included in the peer group.

Cash Bonus. The annual cash bonus plan approved by the committee for 2001 for executive officers, including the named executive officers, has both quantitative

and discretionary elements. A target bonus was established for each executive officer. Fifty percent of the target bonus is based on attainment of a specified target level of a quantitative corporate performance measure, net income before interest and special items, five percent is based on the attainment of goals relating to the environment, health and safety and the remaining forty-five percent of the bonus is discretionary. For business unit executive officers, including one of the named executive officers, one-third of the executive officer's cash bonus is based on attainment of the corporate performance measure, one-third is based on attainment of a specified performance measure for the executive officer's business unit, five percent is based on the attainment of goals relating to the environment, health and safety and the remainder is discretionary.

The weightings were developed to provide for a quantifiable performance incentive, but also to permit discretion to adjust compensation to meet survey percentile benchmarks and to take account of unusual competitive market demands for specific skills, unforeseen conditions like a material change in the price assumptions underlying the quantitative component, and individual performance relative to peers. Payouts may range from zero to 150% of each component of the target bonus, based on the percentage attainment of the corporate and business unit performance measures, environment, health and safety goals and, with respect to the discretionary component, the committee's determination of an appropriate amount.

In 2001, the company achieved 87% of the corporate performance goal and 58% of the business unit performance goal for the exploration and production business unit, 107% for the retail business unit and 98% for the refining and marketing business unit. Discretionary bonus payouts were adjusted to result in total bonuses averaging approximately 10% below last year. Cash compensation in excess of \$1 million to the named executive officers is not deductible for federal income tax purposes.

Long-Term Compensation Incentive Plan. The incentive plan, which was amended and restated in 1999 and approved by the board of directors and later by stockholders, was developed to align senior management's compensation more closely with the interests of stockholders. The incentive plan provides the compensation and management development committee with authority to grant various types of stock-based and other compensation, including performance awards, stock options, restricted stock, deferred stock, dividend equivalents and stock appreciation rights. The committee believes that a plan of this type affords the committee the flexibility to design compensation packages that provide appropriate remuneration to attract and retain talented executives, while at the same time providing incentives to maximize shareholder value.

Awards under the incentive plan to executive officers have been primarily option-based, as the committee determined this would align executive and stockholder interests most closely, and would be most accounting efficient in that no charge to earnings is recorded upon the grant of stock options. The committee's reliance on stock options for a significant portion of long-term compensation comports with the common practice by large industrial companies, including major oil companies.

However, the committee has determined that grants of restricted stock, vesting in five years, are useful to support retention of employees. The annual aggregate grant levels will depend on the company's performance as well as oil industry and general industry benchmarks. Individual awards are based on market benchmarks, grade level and individual performance.

Long-Term Compensation 2001 Awards. In November 2001, the committee granted only stock options to executive officers and other employees of the company. The aggregate number of shares awarded at that time to all executive officers and other participating employees was approximately 1.45 million, or about 1.6% of the company's outstanding common stock, an amount consistent with industry benchmarks. The awards to executive officers on average are targeted to deliver long-term incentive compensation near the 75th percentile of such compensation as established in the benchmark surveys.

The performance-based nature of the options will permit any compensation paid in respect of the options to a named executive in a fiscal year in excess of \$1 million to be deductible by the company for federal income tax purposes. Compensation paid in respect of restricted stock, however, will not be deductible.

Compensation of the Chief Executive Officer. Mr. Hess' cash compensation for 2001 was established in the manner discussed above for all executive officers. Mr. Hess' combined salary and bonus for 2001 were below the 75th percentile cash compensation benchmark for chief executive officers as determined from the surveys.

In approving the award of stock options shown in the summary compensation table to Mr. Hess for 2001, the committee again followed the principles set forth above in establishing long-term compensation for all executive officers for 2001. Based on comparative analyses of long-term compensation as published in the surveys, the total present value of Mr. Hess' stock option and restricted stock awards, based on expected option values, was below the 75th percentile benchmark for chief executive officers as determined from the surveys.

The committee concluded that the total of Mr. Hess' 2001 cash compensation and the grant date present value of his long-term compensation was reasonable compared with that of his peers and appropriate in view of the success of the strategic initiatives to reshape the company that he has continued to oversee, as well as the company's financial performance in 2001.

Nicholas F. Brady, Chairman

Peter S. Hadley
William R. Johnson
Frank A. Olson
Robert N. Wilson

Performance Graph

Set forth below is a line graph comparing the cumulative total shareholder return, assuming reinvestment of dividends, on the company's common stock with the cumulative total return, assuming reinvestment of dividends, of:

Standard & Poor's 500 Stock Index, which includes the company,

a peer group (Peer Group) selected in good faith by the company, consisting of Anadarko Petroleum Corporation, Apache Corporation, Burlington Resources Inc., Devon Energy Corporation, Kerr-McGee Corporation, Marathon Oil Corporation, Occidental Petroleum Corporation, and Unocal Corporation, and

a group of companies (Old Index) that formerly comprised the Standard & Poor's Oil (Domestic Integrated)-500 Stock Index, which included the company, Conoco Inc., Marathon Oil Corporation, Occidental Petroleum Corporation and Phillips Petroleum Company, as of each December 31, over a five-year period commencing on December 31, 1996 and ending on December 31, 2001:

Total Shareholder Returns

**(Dividends Reinvested)
Years ended December 31**

	1996	1997	1998	1999	2000	2001
Amerada Hess Corporation	100	95.83	87.84	101.26	131.55	114.47
S&P 500 Index	100	133.36	171.48	207.56	188.66	166.24
Peer Group	100	109.57	85.40	95.22	134.33	117.15
Old Index	100	121.31	100.49	109.53	132.70	139.06

The Company selected a different comparative index this year because Standard & Poor's ceased publishing the Oil (Domestic Integrated)-500 Stock Index as of this year. In selecting its peer group, the company selected issuers approximating its own market capitalization that are engaged, as is the company, primarily in the oil and gas exploration and production business.

Ownership of Voting Securities by Certain Beneficial Owners

The following table sets forth, as of the most recent practicable date, 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 of beneficial ownership(a)	Percent of class
Common Stock	John B. Hess	12,537,400(b)(c)(d)	14.0
	John Y. Schreyer	10,043,774(b)(c)(e)	11.3
	Burton T. Lefkowitz	9,689,581(b)(c)	10.9
	Nicholas F. Brady	7,567,454(b)(f)	8.5
	Thomas H. Kean	7,547,554(b)(g)	8.5
	c/o Amerada Hess Corporation 1185 Avenue of the Americas New York, New York 10036		
Common Stock	AXA Financial, Inc. 1290 Avenue of the Americas New York, New York 10104	8,041,558(h)	9.1
	AXA 25, Avenue Matignon 75008 Paris, France	8,054,858(h)	9.1
	AXA Conseil Vie Assurance Mutuelle	8,054,858(h)	9.1
	AXA Assurances I.A.R.D. Mutuelle	8,054,858(h)	9.1
	AXA Assurances Vie Mutuelle	8,054,858(h)	9.1
	370, rue Saint Honore 75001 Paris, France		
	AXA Courtage Assurance Mutuelle	8,054,858(h)	9.1
	26, rue Louis le Grand 75002 Paris, France		
Common Stock	Dodge & Cox One Sansome St., 35th Fl. San Francisco, California 94104	6,805,328(i)	7.7
Common Stock	T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	5,234,583(j)	5.9
Common Stock	PRIMECAP Management Company 225 South Lake Avenue, No. 400 Pasadena, California 91101	4,523,100(k)	5.1

(a) The information in this table and in the notes thereto was obtained, with respect to AXA Financial, Inc., *et al.*, Dodge & Cox, T. Rowe Price Associates, Inc., and PRIMECAP Management Company from Schedules 13G filed by

such reporting

persons with the Securities and Exchange Commission in February 2002. Information with respect to Messrs. Hess, Schreyer, Lefkowitz, Brady and Kean is as of February 1, 2002, and with respect to the others is as of December 31, 2001. The individual amounts and percentages shown for Messrs. Hess, Schreyer, Lefkowitz, Brady and Kean should not be added because they reflect shared beneficial ownership. Amounts and percentages shown for individual entities within the AXA group should not be added for the same reason.

(b) This amount includes 3,278,818 shares held by a marital trust and 4,265,136 shares held by a charitable lead annuity trust, each established under the will of Leon Hess. Mr. John B. Hess has sole voting power over the stock held by these trusts and shares dispositive power over such stock with Messrs. Schreyer, Lefkowitz, Brady and Kean, who are the other trustees of these trusts. Messrs. Schreyer, Lefkowitz, Brady and Kean disclaim beneficial ownership of these shares.

(c) This amount includes 2,145,627 shares held by the Hess Foundation, Inc. of which Messrs. Hess, Lefkowitz and Schreyer are directors and as to which they share voting and dispositive power.

(d) This amount includes:

372,654 shares owned directly by Mr. Hess, as to which he has sole voting and dispositive power,

192,913 shares held by three trusts for the benefit of Mr. Hess and his children, as to which Mr. Hess is trustee and has sole voting and dispositive power,

100,000 shares held in escrow under the company's restricted stock plan and incentive plan over which Mr. Hess has voting but not dispositive power,

754,000 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,

13,000 shares vested in the name of Mr. Hess under the employees' savings and stock bonus plan as to which he has sole dispositive power and as to 6,667 shares of which he has sole voting power,

105,874 shares held by a trust for the benefit of Mr. Hess's mother of which Mr. Hess is trustee and as to the shares of which Mr. Hess has sole voting and dispositive power,

790,626 shares held by two trusts for the benefit of Mr. Hess's siblings, as to which Mr. Hess has sole voting power and shares dispositive power pursuant to a shareholders agreement among Mr. Hess, his siblings and others,

368,752 shares held by a trust for the benefit of Mr. Hess and his heirs, of which Mr. Hess's spouse is trustee, but as to which he has sole voting power and shares dispositive power pursuant to a shareholders agreement among Mr. Hess, his spouse and others, and

150,000 shares held by a trust for the benefit of Mr. Hess, of which Mr. Hess is trustee and as to which he has sole voting and dispositive power.

(e) This amount includes:

12,000 shares owned directly by Mr. Schreyer, as to which he has sole voting and dispositive power,

45,000 shares held in escrow for Mr. Schreyer under the company's restricted stock plan and incentive plan over which Mr. Schreyer has voting but not dispositive power,

263,000 shares underlying options to purchase common stock, as to which Mr. Schreyer has no voting or dispositive power until they are acquired upon exercise of the options,

3,858 shares vested in the name of John Y. Schreyer under the employees' savings and stock bonus plan, as to which he has sole dispositive power and as to 2,007 shares of which he has sole voting power, and

30,335 shares held by four trusts as to which Mr. Schreyer has shared voting and dispositive power.

(f) This amount includes 23,500 shares held directly by Mr. Brady, as to which he has sole voting and dispositive power.

(g) This amount includes 3,600 shares held directly by Mr. Kean, as to which he has sole voting and dispositive power.

(h) A Schedule 13G was filed pursuant to a joint filing agreement by AXA Financial, Inc.; AXA, which owns AXA Financial, Inc.; and AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle, AXA Conseil Vie Assurance Mutuelle and AXA Courtage Assurance Mutuelle (collectively, the "Mutuelles AXA"), which as a group control AXA. AXA Financial, Inc.'s filing is in its capacity as parent holding company with respect to Alliance Capital Management L.P., a registered investment adviser which holds 8,040,858 shares on behalf of client discretionary investment advisory accounts, and The Equitable Life Assurance Society of the United States, an insurance company and registered investment adviser which holds 700 shares. AXA's filing is in its capacity as parent holding company with respect to AXA Investment Managers UK Ltd., which holds 4,000 shares, and AXA Rosenberg Investment Management LLC, which holds 9,300 shares. The filing of the Mutuelles AXA as a group is in the capacity as parent holding company with respect to the holdings of all the foregoing AXA entities. Each of the Mutuelles AXA and AXA may be deemed to have sole voting power with respect to 4,572,867 shares, shared voting power with respect to 612,278 shares, sole dispositive power with respect to 8,045,558 shares, and shared dispositive power with respect to 9,300 shares. AXA Financial, Inc. may be deemed to have sole voting power with respect to 4,562,467 shares, shared voting power with respect to 612,278 shares, and sole dispositive power with respect to 8,041,558 shares.

(i) This amount includes 6,417,378 shares as to which such beneficial owner has sole voting power, 71,200 shares as to which such beneficial owner has shared voting power, and 6,805,328 shares as to which such beneficial owner has sole dispositive power.

(j) These securities are owned by various individual and institutional investors which T. Rowe Price Associates, Inc. serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, T. Rowe Price Associates, Inc. is deemed to be a beneficial owner of such securities; however, T. Rowe Price Associates, Inc. expressly disclaims that it is, in fact, the beneficial owner of such securities. T. Rowe Price Associates, Inc. has sole voting power with respect to 1,471,417 shares and sole dispositive power with respect to 5,234,583 shares.

(k) This amount includes 723,100 shares as to which such beneficial owner has sole voting power and 4,523,100 shares as to which such beneficial owner has sole dispositive power.

Ownership of Equity Securities by Management

The table below sets forth as to each director and named executive officer, and all directors and executive officers as a group, information regarding their ownership of equity securities of the company on February 1, 2002. 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 one percent of the common stock.

Name	Total number of shares beneficially owned(a)	Percent of outstanding shares of common stock owned	Of total number of shares beneficially owned, number of option shares
Nicholas F. Brady	7,567,454(b)	8.5	
J. Barclay Collins II	272,735		223,500
Peter S. Hadley	2,737(c)		
John B. Hess	12,537,400(d)	14.0	754,000
Edith E. Holiday	2,600		
William R. Johnson	2,600		
Thomas H. Kean	7,547,554(e)	8.5	
John J. O Connor	40,000		
Frank A. Olson	4,400		
Roger B. Oresman	12,310		
John Y. Schreyer	10,043,774(f)	11.3	263,000
F. Borden Walker	129,043		101,500
Robert N. Wilson	3,300		
Robert F. Wright	3,143		
All directors and executive officers as a group	13,667,873(g)	15.1	1,474,500

(a) These figures include 734 shares vested in the name of Mr. Collins, 13,000 shares vested in the name of Mr. Hess, 3,858 shares vested in the name of Mr. Schreyer, 543 shares vested in the name of Mr. Walker, and 22,701 shares vested for all executive officers and directors as a group under the employees' savings and stock bonus plan. These individuals and the group have investment power but generally do not have voting power over these shares. However, shares purchased with each such individual's own contributions will be voted by the plan trustee in accordance with such individual's written instructions. These amounts also include 45,000 shares held in escrow under the restricted stock plan and the incentive plan for Mr. Collins, 100,000 shares held in escrow under these plans for Mr. Hess, 40,000 shares held in escrow under these plans for Mr. O'Connor, 45,000 shares held in escrow under these plans for Mr. Schreyer, 20,000 shares held in escrow under these plans for Mr. Walker and 322,000 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 investment 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) and (f) to the table under the caption "Ownership of Voting Securities by Certain Beneficial Owners."

(c) Mr. Hadley holds these shares jointly with his wife and shares voting and investment power.

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

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

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

(g) Individual amounts and percentages shown for Messrs. Brady, Hess, Kean and Schreyer cannot be added because they reflect shared beneficial ownership of shares as explained in footnotes (b) and (c) to the table under the caption "Ownership of Voting Securities by Certain Beneficial Owners."

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

Based on the recommendation of its audit committee, the board of directors has selected the firm of Ernst & Young LLP as the independent auditors of the company for the fiscal year ending December 31, 2002. Ernst & Young LLP has acted for the company in this capacity since November 1, 1971. The board proposes that the stockholders ratify this selection at the annual meeting.

If the stockholders do not ratify the selection of Ernst & Young LLP, the selection of independent auditors will be reconsidered by the board of directors.

Representatives of Ernst & Young LLP are expected to be present at the annual meeting and will be afforded the opportunity to make a statement if they desire and will be available to respond to appropriate questions.

Audit Fees

The fees billed for professional services rendered by Ernst & Young LLP for the audit of the company's annual financial statements for the year 2001 and the review of the financial statements included in the company's quarterly reports for 2001 were \$2,840,000.

All Other Fees

The aggregate fees billed for all other services rendered by Ernst & Young LLP during 2001 were:

Audit related fees	\$5,318,000
Other services, principally tax related	2,485,000
	<hr/>
Total all other fees	\$7,803,000
	<hr/>

Ernst & Young's fees for audit related services include business acquisition reviews, accounting consultations, credit and market risk control and advisory services, registration statements, and pension and statutory audits.

Financial Information Systems Design and Implementation Fees

There were no professional services rendered by Ernst & Young LLP for the year 2001 for information technology consulting services relating to financial information systems design and implementation.

OTHER MATTERS

The board of directors knows of no other matters to come before the meeting. Should any unanticipated business properly come before the meeting, the persons named in the enclosed form of proxy will vote in accordance with their best judgment. The accompanying proxy confers discretionary authority to such persons to vote on any unanticipated matters.

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. Some personal solicitation may be made by directors, officers and employees without special compensation, other than reimbursement for expenses. In addition, D. F. King & Co. has been retained to aid in the solicitation. Its fees for this solicitation are not expected to exceed \$20,000, exclusive of expenses.

Proposals which stockholders wish to include in the company's proxy materials relating to the 2003 annual meeting of stockholders must be received by the company no later than November 27, 2002. Notice of any stockholder proposal for the 2003 annual meeting which the proponent does not wish to include in the company's proxy materials for that meeting will be considered untimely if not received by the company on or before February 10, 2003.

It is important that proxies be returned promptly. Stockholders are urged to date and sign the enclosed proxy and return it promptly in the accompanying envelope, or to vote via the internet or by calling the toll-free number as instructed on the proxy card.

By order of the Board of Directors,

CARL T. TURSI
Secretary

New York, New York
March 27, 2002

AMERADA HESS CORPORATION

P R O X Y

**PROXY SOLICITED BY BOARD OF DIRECTORS
FOR ANNUAL MEETING OF STOCKHOLDERS, MAY 1, 2002**

The undersigned hereby appoints JOHN B. HESS and JOHN Y. SCHREYER, or any of them, proxies, each with power of substitution, to vote all shares the undersigned is entitled to vote at the Annual Meeting of Stockholders of Amerada Hess Corporation to be held at its offices, 1 Hess Plaza, Route 9, Woodbridge, New Jersey, on May 1, 2002, at 2:00 p.m., local time, and all adjournments thereof, as directed on the reverse side of this card, and in their discretion, upon any other matters which may properly come before the Meeting or any adjournment thereof.

The undersigned hereby revokes any proxy heretofore given to vote said shares, and hereby ratifies all that said proxies may do at the Meeting or any adjournment thereof.

Please indicate on the reverse side of this card how your stock is to be voted.

If not otherwise specified, shares will be voted FOR all nominees in Item 1 and FOR Proposal 2 on the reverse side of this card.

Receipt of Notice of the Meeting and of the Proxy Statement is hereby acknowledged.

(Continued and to be signed on reverse side.)

AMERADA HESS CORPORATION
P.O. BOX 11188
NEW YORK, N.Y. 10203-0188

**AMERADA HESS
CORPORATION**

***24 Hours a Day 7 Days
a Week
Save your Company Money
It s Fast and Convenient***

***Two New Ways to Vote*
VOTE BY INTERNET OR TELEPHONE**

TELEPHONE

1-866-874-4881

INTERNET

<https://www.proxyvotenow.com/ahc>

MAIL

Use any touch-tone telephone. Go to the website address listed above. Mark, sign and date your proxy card. Have your proxy card ready **OR** Have your proxy card ready. **OR** Detach your proxy card. Enter your Control Number located in the box below. Enter your Control Number located in the box below. Return your proxy card in the postage-paid envelope provided. Follow the simple recorded instructions. Follow the simple instructions on the website.

Your telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card. If you have submitted your proxy by the Internet or telephone there is no

need for you to mail back your proxy card.

**CONTROL NUMBER FOR
TELEPHONE OR INTERNET
VOTING 1-866-874-4881 CALL
TOLL-FREE TO VOTE**

- DETACH PROXY CARD HERE IF YOU ARE NOT VOTING BY TELEPHONE OR INTERNET -

**(Please sign, date and return
this proxy in the enclosed
postage prepaid envelope.)**

**Votes must be indicated
(x) in Black or Blue ink**

The Board of Directors recommends a vote FOR all nominees, and a vote FOR Proposal 2.

1. Election of the following nominees as Directors for three-year terms expiring in 2005.

FOR ALL	WITHHOLD FOR ALL	EXCEPTIONS
Nominees:	01 E. E. Holiday, 04 R. N. Wilson,	02 J. J. O Connor, II, 05 R. F. Wright
		03 R. B. Oresman,

2. Ratification of the selection of Ernst & Young LLP as independent auditors for fiscal year ending December 31, 2002.
- FOR AGAINST ABSTAIN**

To
change
your
address,
please
mark
this
box.

**(INSTRUCTIONS: To withhold authority to vote for any individual nominee, mark the
Exceptions box and write that nominee's name in the space provided below.)**

*Exceptions _____

SCAN LINE

NOTE: Please sign as name appears hereon.
Joint owners should each sign. When signing as
attorney, executor, administrator, trustee or guardian,
please give full title as such. Date Share Owner
sign here Co-Owner sign here

