

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

AMERADA HESS CORPORATION
(Exact name of registrant as specified in its charter)
DELAWARE
(State or other jurisdiction of incorporation or organization)

1311
(Primary Standard Industrial Classification Code Number)
13-4921002

(I.R.S. Employer Identification No.)
1185 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10036

(212) 997-8500
(Address, including ZIP code, and telephone number, including area code, of
registrant's principal executive offices)

J. BARCLAY COLLINS II, ESQ.
EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL

AMERADA HESS CORPORATION
1185 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10036
(212) 997-8500

(Name, address, including ZIP code, and telephone number, including area code,
of agent for service)

Copies to:

TIMOTHY B. GOODELL, ESQ.
WHITE & CASE LLP
1155 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10036
(212) 819-8200

Approximate date of commencement of proposed sale to the public: As soon as
practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in
connection with the formation of a holding company and there is compliance with
General Instruction G, check the following box. []

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, check the following box and
list the Securities Act registration statement number of the earlier effective
registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(d)
under the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering. []

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL
FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION
STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF
THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME
EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A),
MAY DETERMINE.

THE INFORMATION CONTAINED IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES, AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES, IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED 7 DECEMBER 2000

OFFER DOCUMENT DATED -- 2000

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THIS OFFER OR WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED IMMEDIATELY TO SEEK YOUR OWN FINANCIAL ADVICE FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES ACT 1986 OR OTHER APPROPRIATE ADVISER.

If you have sold or otherwise transferred your LASMO securities, please send this document and the accompanying documents as soon as possible to the purchaser or transferee or to the agent through whom the sale or transfer was made, for delivery to the purchaser or transferee.

RECOMMENDED CASH AND SHARE OFFER

by
AMERADA HESS CORPORATION
and by
GOLDMAN SACHS INTERNATIONAL
on its behalf
(outside the United States)

for
all of the issued and to be issued share capital of
LASMO PLC

Amerada Hess and Goldman Sachs International on behalf of Amerada Hess (outside the United States) are offering to acquire, on the conditions and the further terms set out in this document and in the accompanying acceptance form, all of the LASMO shares and ADSs on the following basis:

| | |
|--|---|
| FOR EVERY 78.7 LASMO SHARES HELD | L98.29 IN CASH AND 1 NEW AMERADA HESS SHARE |
| FOR EVERY 78.7 LASMO ADSS HELD | L294.87 IN CASH AND 3 NEW AMERADA HESS SHARES |
| (EACH ADS REPRESENTING 3 LASMO SHARES) | |

We expect that, if all LASMO shares and ADSs are exchanged, we will issue an aggregate of approximately 17,121,344 Amerada Hess shares and pay approximately L1.683 billion in cash to LASMO securityholders.

Amerada Hess shares are traded on the New York Stock Exchange under the symbol "AHC."

A LETTER FROM THE CHAIRMAN OF AMERADA HESS APPEARS ON PAGES 4 AND 5 OF THIS DOCUMENT.

A LETTER OF RECOMMENDATION FROM THE CHAIRMAN OF LASMO APPEARS ON PAGES 6 TO 8 OF THIS DOCUMENT.

The initial offer period will expire at 3.00 pm (London time), 10.00 am (New York City time), on -- 2001, unless we specify a later closing date. At the conclusion of the initial offer period if all the conditions have been satisfied, fulfilled or, to the extent permitted, waived, we will extend the offer for a subsequent offer period of at least 14 calendar days. LASMO securityholders will have withdrawal rights during the initial offer period, including any extension of that period, but not during the subsequent offer period, except in limited circumstances.

TO ACCEPT THE OFFER, YOU MUST COMPLETE THE RELEVANT ACCEPTANCE FORM, TOGETHER WITH ALL OTHER REQUIRED DOCUMENTS, AND RETURN THEM AS SOON AS POSSIBLE BUT, IN ANY EVENT, SO AS TO BE RECEIVED BY NO LATER THAN 3.00 PM (LONDON TIME), 10.00 AM (NEW YORK CITY TIME), ON -- 2001. THE PROCEDURE FOR ACCEPTANCE OF THE OFFER IS SET OUT ON PAGES 26 TO 29 OF THIS DOCUMENT AND IN THE ACCOMPANYING ACCEPTANCE FORM.

NEITHER THE SEC NOR ANY SECURITIES COMMISSION OF ANY STATE OF THE UNITED STATES HAS APPROVED OR DISAPPROVED OF THE SECURITIES OFFERED BY OR ON BEHALF OF AMERADA HESS OR DETERMINED IF THIS DOCUMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

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IMPORTANT INFORMATION

DEFINITIONS

Some words and terms used in this document are defined in Appendix IX to this document.

APPLICABLE DISCLOSURE REQUIREMENTS

Because Amerada Hess is making this offer for securities of an English company, this offer is subject to English and US securities laws, regulations and requirements. US investors should be aware that this document has been prepared primarily in accordance with UK format and style, which differs from US format and style for documents of this type. In particular, the Appendices to this document contain material information that is required to be disclosed by US federal securities laws.

FINANCIAL INFORMATION

The extracts from the consolidated financial statements of, and other information about, Amerada Hess appearing in this document are presented in US dollars (US\$) and have been prepared in accordance with US GAAP. The extracts from the consolidated financial statements of, and other information about, LASMO appearing in this document are presented in pounds sterling (L) or pence (p) and have been prepared in accordance with UK GAAP. US GAAP and UK GAAP differ in some significant respects. Financial information relating to Amerada Hess is contained in Appendix III. Financial Information relating to LASMO is contained in Appendix IV. A reconciliation between UK GAAP and US GAAP in respect of certain information set forth in this document is contained in documents of the LASMO group incorporated by reference in this document. Certain unaudited pro forma financial information relating to the enlarged group and certain projections relating to LASMO are contained in Appendix V. The unaudited pro forma financial information relating to the enlarged Amerada Hess group has been prepared in accordance with US GAAP.

FORWARD-LOOKING STATEMENTS

This document, including information included or incorporated by reference in this document, contains forward-looking statements concerning Amerada Hess and LASMO, as well as the financial condition, results of operations and business of Amerada Hess following the consummation of the offer. Generally, the words "will," "may," "should," "continue," "believes," "expects," "intends," "anticipates" or similar expressions identify forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are

beyond the companies' ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants and the actions of governmental regulators. These and other risk factors are detailed in the two companies' SEC reports. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this document. The safe harbor protection afforded by the U.S. Private Securities Litigation Reform Act of 1995 does not apply to forward-looking statements made in connection with exchange offers.

ABSENCE OF APPRAISAL RIGHTS

LASMO securityholders generally do not have appraisal rights under English law. See the section entitled "Appraisal Rights" in Appendix VII of this document.

INCORPORATION OF DOCUMENTS BY REFERENCE

THIS DOCUMENT INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT AMERADA HESS BY REFERENCE TO DOCUMENTS THAT AMERADA HESS PREVIOUSLY FILED WITH THE SEC AND THAT ARE NOT PRESENTED IN OR DELIVERED WITH THIS DOCUMENT. THESE DOCUMENTS ARE AVAILABLE WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST, FROM AMERADA HESS AT THE ADDRESS AND TELEPHONE NUMBER SET OUT ON PAGE III-7 OF THIS DOCUMENT. IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUESTS SHOULD BE MADE NO LATER THAN -- 2000.

THIS DOCUMENT ALSO INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT LASMO BY REFERENCE TO DOCUMENTS THAT LASMO HAS PREVIOUSLY FILED WITH THE SEC AND THAT ARE NOT PRESENTED IN OR DELIVERED WITH THIS DOCUMENT. THESE DOCUMENTS ARE AVAILABLE WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST, FROM LASMO AT THE ADDRESS AND TELEPHONE NUMBER SET OUT ON

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PAGE IV-3 OF THIS DOCUMENT. IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUESTS SHOULD BE MADE NO LATER THAN -- 2000.

RELIANCE ON OFFER DOCUMENT

You should rely only on information contained in this document. Neither Amerada Hess nor LASMO has authorised anyone to provide you with information that is different. You should not assume that the information contained in this document is accurate as of any date other than the date on the cover of this document, and neither the mailing of this document to you nor the delivery of new Amerada Hess shares in exchange for your LASMO securities will create any implication to the contrary.

RULE 8 NOTICES

Any person who, alone or acting together with any other person(s) pursuant to an agreement or understanding (whether formal or informal) to acquire or control securities of Amerada Hess or of LASMO, owns or controls, or becomes the owner or controller, directly or indirectly, of one per cent. or more of any class of securities of Amerada Hess or of LASMO is generally required under the provisions of Rule 8 of the City Code to notify the London Stock Exchange and the Panel of every dealing in such securities during the initial offer period. Dealings by Amerada Hess or by LASMO or by their respective "associates" (within the definition set out in the City Code) in any class of securities of Amerada Hess or of LASMO during the initial offer period must also be so disclosed. Please consult your financial adviser immediately if you believe this Rule may be applicable to you.

ADVISERS

Goldman Sachs International, which is regulated in the United Kingdom by The Securities and Futures Authority Limited, is acting for Amerada Hess and no one else in connection with the offer and will not be responsible to anyone other than Amerada Hess for providing the protections afforded to customers of Goldman Sachs International nor for giving advice in relation to the offer. Amerada Hess is making the offer in the United States on its own behalf.

Schroder Salomon Smith Barney, which is regulated in the United Kingdom by The Securities and Futures Authority Limited, is acting for LASMO and no one else in connection with the offer and will not be responsible to anyone other than LASMO for providing the protections afforded to customers of Schroder Salomon Smith Barney nor for giving advice in relation to the offer.

TIMETABLE

| | |
|--|------------------|
| Announcement of offer..... | 6 November 2000 |
| Effective Date of Registration Statement and date offer document and other materials mailed to LASMO Securityholders..... | -- December 2000 |
| Expiry of offer (unless extended or conditions satisfied)... | -- 2001 |
| Expected commencement of trading of new Amerada Hess shares on the New York Stock Exchange assuming offer becomes or is declared unconditional in all respects on -- January 2001..... | -- January 2001 |

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

We are not making the offer directly or indirectly in or into Canada, Australia or Japan. YOU SHOULD NOT FORWARD OR TRANSMIT THESE DOCUMENTS IN OR INTO CANADA, AUSTRALIA OR JAPAN.

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LETTER FROM THE CHAIRMAN OF AMERADA HESS

LOGO

-- 2000

To all holders of LASMO securities and, for information only, to participants in the LASMO share option schemes, the LASMO Profit Sharing Scheme and the Monument 1996 Participating Share Plan

AMERADA HESS CORPORATION
RECOMMENDED CASH AND SHARE OFFER FOR
LASMO PLC

Dear Sir or Madam,

On 6 November 2000, it was announced that the boards of LASMO and Amerada Hess had reached agreement on the terms of a recommended offer for the entire issued and to be issued share capital of LASMO. We are extremely pleased at the prospect of combining our two companies. The purpose of this letter is to explain the offer and our reasons for making it and to urge you to accept it.

BENEFITS OF THE OFFER

We are very excited about this transaction. The combined companies will benefit from an expanded exploration and production business, a strengthened international reserve portfolio and an extended production profile. The combination of LASMO and Amerada Hess will enhance our competitive position in a consolidating industry. It will increase our production from an estimated 373,000 barrels of oil equivalent per day in 2000 to an expected 582,000 barrels of oil equivalent per day in 2001, creating one of the largest global independent exploration and production companies, with the necessary scale to compete effectively in the international arena.

THE OFFER

Under the terms of the offer, which has been unanimously approved by the boards of directors of Amerada Hess and LASMO, each LASMO securityholder will receive:

| | |
|--|---|
| FOR EVERY 78.7 LASMO SHARES HELD | L98.29 IN CASH AND 1 NEW AMERADA HESS SHARE |
| FOR EVERY 78.7 LASMO ADSS HELD | L294.87 IN CASH AND 3 NEW AMERADA HESS SHARES |
| (EACH ADS REPRESENTING 3 LASMO SHARES) | |

At the time of the announcement of the offer, the offer valued each LASMO share at 180 pence, based on an exchange rate of US\$1.4484: L1.00 and the closing

price on the New York Stock Exchange of US\$62 13/16 per Amerada Hess share on 3 November 2000, the last New York Stock Exchange trading day prior to the announcement.

The offer now values each LASMO share at -- pence, based on an exchange rate of US\$ -- :L1.00 and the closing price on the New York Stock Exchange of US\$ -- per Amerada Hess share on -- December 2000, the last New York Stock Exchange trading day prior to the posting of this document.

REASONS TO ACCEPT THE OFFER

We believe the offer affords a very attractive opportunity for LASMO securityholders. At the time of announcement, the offer:

- provided for payment of 69 per cent. of the offer price in cash (approximately L1.25 per LASMO share), but with a 31 per cent. equity component, enabling LASMO securityholders to continue

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to participate at a favourable entry price in a strategically strengthened combined enterprise, with significantly greater cash flow and reserves per share; and

- represented a premium of approximately 28 per cent. to the closing middle market price of a LASMO share on 3 November 2000, the last London Stock Exchange dealing day prior to the announcement, and a premium of approximately 33 per cent. to the average closing middle market price of a LASMO share over the 6 months prior to the announcement.

We have already received irrevocable undertakings to accept the offer from two major shareholders, Schroder Investment Management Limited and Electrafina S.A., as well as from the directors of LASMO, constituting in the aggregate 20.1 per cent. of the total issued LASMO shares.

On behalf of the board of directors of Amerada Hess, I urge you to accept the offer. We welcome you as shareholders of Amerada Hess and invite you to participate in the increased shareholder value we believe this combination will create.

Yours sincerely,

John B. Hess
Chairman

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LETTER OF RECOMMENDATION FROM THE CHAIRMAN OF LASMO

LOGO

LASMO PLC
101
Bishopsgate
London
EC2M 3XH

-- 2000

To all holders of LASMO securities and, for information only, to participants in the LASMO share option schemes, the LASMO Profit Sharing Scheme and the Monument 1996 Participating Share Plan

AMERADA HESS CORPORATION
RECOMMENDED CASH AND SHARE OFFER FOR
LASMO PLC

Dear Sir or Madam,

1. INTRODUCTION

It was announced on 6 November 2000 that your board and the board of Amerada Hess had reached agreement on the terms of a recommended cash and share offer for the entire issued and to be issued share capital of LASMO. I am writing to explain the background to the transaction and the reasons why the LASMO board recommends that LASMO securityholders accept the offer.

Further details of the offer are set out in the letter from Goldman Sachs and in Appendix I of this document.

2. TERMS OF THE OFFER

At the time of the announcement of the offer, the offer valued each LASMO share at 180 pence, based on an exchange rate of US\$1.4484: L1 and the closing price on the New York Stock Exchange of US\$62 13/16 per Amerada Hess share on 3 November 2000, the last New York Stock Exchange trading day prior to the announcement of the offer. The cash element of the consideration represents approximately 125 pence per LASMO share.

The offer now values each LASMO share at -- pence, based on an exchange rate of US\$ -- : L1.00 and the closing price on the New York Stock Exchange of US\$ -- per Amerada Hess share on -- December 2000, the last New York Stock Exchange trading day prior to the posting of this document.

The offer, which will be subject to the conditions and further terms set out in the letter from Goldman Sachs and Appendix I, will be made on the following basis:

| | |
|--|---|
| FOR EVERY 78.7 LASMO SHARES HELD | L98.29 IN CASH AND 1 NEW AMERADA HESS SHARE |
| FOR EVERY 78.7 LASMO ADS HELD | L294.87 IN CASH AND 3 NEW AMERADA HESS |
| (EACH ADS REPRESENTING 3 LASMO SHARES) | SHARES |

There will be a mix and match election under which LASMO securityholders who accept the offer may elect to vary the proportions of Amerada Hess shares and cash (and/or loan notes, if applicable) which they receive, subject to other LASMO securityholders making opposite elections.

There will also be a loan note alternative in respect of the cash element of the offer, as adjusted by any mix and match elections (other than for US persons and certain other shareholders outside the United Kingdom).

It is intended that appropriate proposals will be available to holders of options under the LASMO share option schemes once the offer becomes or is declared unconditional in all respects.

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3. BACKGROUND TO AND REASONS FOR RECOMMENDING ACCEPTANCE OF THE OFFER

The stock market performance of the UK independent exploration and production sector has been disappointing for investors. Even the recent surge in oil prices has not been reflected in a significant re-rating of share prices in the sector. Between 1 January 1999 and 3 November 2000, the last London Stock Exchange dealing day prior to the announcement of the offer, LASMO's share price only increased from 100 pence to 141 pence, despite the price of Brent Crude moving from US\$10.48 per barrel to US\$31.73 over the same period and despite your company's cashflow and profit gearing to higher oil prices.

This share price performance has been an area of concern for your board and we therefore initiated an extensive analysis of a broad range of options earlier this year. These options were against the background of the following matters:

- our share buyback announcement earlier this year was well received by shareholders;
- our talks on asset disposals with other industry players led us to the conclusion that, in the current business and oil price environment, LASMO faced highly favourable sale conditions for its portfolio; and
- continuing industry consolidation meant that scale was becoming

increasingly important in the oil industry. The larger companies have lower cost bases, are able to deliver higher returns on a substantially lower and hence more competitive cost of capital and are able to take on greater investment risk within the scope of significantly larger portfolios. LASMO needed to respond to this trend or risk becoming less competitive in accessing projects and in delivering the required balance of risk and return to shareholders.

Your board was therefore unanimous in deciding to pursue Amerada Hess' proposal. The offer, which represented at the time of its announcement a premium of approximately 28 per cent. to the closing middle market price of a LASMO share on 3 November 2000, the last London Stock Exchange dealing day prior to the announcement, and a premium of approximately 33 per cent. to the average closing middle market price of a LASMO share over the 6 months prior to the announcement, includes a significant proportion of cash whilst also providing our shareholders with the opportunity to participate in the enlarged group. Your board has carefully considered the benefits of the transaction for holders of shares in the enlarged Amerada Hess group. The combination will result in a larger, more diversified asset base with a growing production profile and strong reserve life. In addition, we believe that combining LASMO's exploration skills with Amerada Hess' proven development expertise will create a more competitive company able to deliver better returns. Following extensive negotiations, your board was unanimous in deciding that the offer from Amerada Hess should be recommended to shareholders.

4. MANAGEMENT AND EMPLOYEES

Amerada Hess has indicated that it attaches great importance to the skills and experience of the management and employees of LASMO. The enlarged group will have a broader geographic spread than either Amerada Hess or LASMO has independently. The boards of both companies therefore believe that the combination of Amerada Hess and LASMO, with its strong prospects for continued growth, will provide enhanced opportunities for the employees of both groups.

Amerada Hess has given assurances to the board of LASMO that, on the offer becoming or being declared unconditional in all respects, the accrued employment rights of employees of LASMO, including pension rights, will be fully safeguarded.

5. ACTION TO BE TAKEN TO ACCEPT THE OFFER

The procedure for acceptance of the offer is set out on pages 26 to 29 of this document and in the accompanying acceptance form. In order to accept the offer, you should ensure that you return your completed acceptance form as soon as possible and, in any event, so as to be received by no later than 3.00 pm (London time), 10.00 am (New York City time) on -- 2001.

6. RECOMMENDATION

YOUR DIRECTORS, WHO HAVE BEEN SO ADVISED BY SCHRODER SALOMON SMITH BARNEY, THEIR FINANCIAL ADVISER, CONSIDER THE TERMS OF THE OFFER TO BE FAIR AND REASONABLE. IN PROVIDING ADVICE TO THE

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DIRECTORS, SCHRODER SALOMON SMITH BARNEY HAS TAKEN INTO ACCOUNT THE DIRECTORS' COMMERCIAL ASSESSMENTS.

ACCORDINGLY, YOUR DIRECTORS UNANIMOUSLY RECOMMEND LASMO SECURITYHOLDERS TO ACCEPT THE OFFER. THE DIRECTORS OF LASMO HAVE IRREVOCABLY UNDERTAKEN TO ACCEPT THE OFFER IN RESPECT OF THEIR OWN PERSONAL HOLDINGS AND THOSE OF THEIR CONNECTED PERSONS. IN ADDITION, SCHRODER INVESTMENT MANAGEMENT LIMITED AND ELECTRAFINA S.A., TWO OF OUR SIGNIFICANT SHAREHOLDERS, HAVE IRREVOCABLY UNDERTAKEN TO ACCEPT THE OFFER IN RESPECT OF THEIR HOLDINGS REPRESENTING, TOGETHER WITH THE DIRECTORS' SHAREHOLDINGS, 20.1 PER CENT. OF LASMO'S ISSUED SHARE CAPITAL.

Yours sincerely,

Antony Hichens
Chairman

Registered Office at the above address. Registered in England and Wales no. 1008965.

SUMMARY TERM SHEET

The following are some of the questions you, as a holder of LASMO shares and/or ADSs, may have and answers to those questions. We urge you to read carefully the remainder of this document and the accompanying form of acceptance or letter of transmittal.

-- WHO IS OFFERING TO BUY MY SHARES?

Our name is Amerada Hess. We are a Delaware corporation. We are listed on the New York Stock Exchange (symbol: AHC).

We are a global integrated energy company engaged in the exploration and production, purchase, transportation and sale of crude oil and natural gas, the refining of crude oil and the sale of refined petroleum products. Exploration and production activities take place primarily in the United States, the United Kingdom, Norway, Denmark, Gabon, Indonesia, Thailand, Azerbaijan, Algeria and Brazil. We have a refining joint venture in the United States Virgin Islands and a retail marketing network focused on the East Coast of the United States.

We have total assets of approximately US\$9.1 billion as of 30 September 2000 and a market capitalisation of approximately US\$5.5 billion as of that date. We had proved oil and gas reserves of over 1 billion barrels of oil equivalent at 31 December 1999. Our oil and gas production has averaged 369,000 barrels of oil equivalent per day for the nine months ended 30 September 2000. Our net income for the nine months ended 30 September 2000 was US\$683 million (US\$7.57 per share).

The address of our principal executive offices is 1185 Avenue of The Americas, New York, New York 10036, and our telephone number is +1 212 997 8500.

-- WHY ARE YOU MAKING THIS OFFER?

The combination of Amerada Hess and LASMO will benefit from an expanded exploration and production business, a strengthened international reserve portfolio and an extended production profile. The combination will enhance our competitive position in a consolidating industry. It will increase both cash flow and reserves per share in the enlarged Amerada Hess group. The combination will also increase our production from an estimated 373,000 barrels of oil equivalent per day in 2000 to an expected 582,000 barrels of oil equivalent per day in 2001, creating one of the largest global independent exploration and production companies, with the necessary scale to compete effectively in the international arena.

-- WHAT ARE THE CLASSES AND AMOUNTS OF LASMO SECURITIES SOUGHT IN THE OFFER?

We are seeking to acquire all of the issued and to be issued shares and ADSs of LASMO. See paragraph 2 of the Letter from Goldman Sachs forming a part of this document.

-- WHAT WOULD I RECEIVE IN EXCHANGE FOR MY LASMO SECURITIES?

We are offering to pay:

| | |
|---|---|
| FOR EVERY 78.7 LASMO SHARES HELD | L98.29 IN CASH AND 1 NEW AMERADA HESS SHARE |
| FOR EVERY 78.7 LASMO ADSS HELD (EACH ADS REPRESENTING 3 LASMO SHARES) | L294.87 IN CASH AND 3 NEW AMERADA HESS SHARES |

At the time of the announcement of the offer, the offer valued each LASMO share at 180 pence, based on an exchange rate of US\$1.4884: L1 and the closing price on the New York Stock Exchange of US\$62 13/16 per Amerada Hess share on 3 November 2000, the last New York Stock Exchange trading day prior to the announcement.

The offer now values each LASMO share at -- pence, based on an exchange rate of US\$ -- : L1.00 and the closing price on the New York Stock Exchange of US\$ -- per Amerada Hess share on -- December 2000, the last New York Stock Exchange trading day prior to the posting of this document.

LASMO shareholders should bear in mind that fluctuations in the dollar to sterling exchange rate from time to time will affect the sterling value of any investment in Amerada Hess shares and any dividend income from that investment (payable in US dollars and subject to US withholding tax).

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A comparison of the rights of holders of Amerada Hess shares and those of holders of LASMO shares is contained in Appendix VII of this document.

-- WHAT IS THE MIX AND MATCH ELECTION?

If you accept the offer, you can elect to vary the proportions of new Amerada Hess shares and cash (and/or, where available, loan notes) which you would like to receive, including electing to receive only cash or only new Amerada Hess shares. However, your ability to make a mix and match election is subject to other LASMO securityholders making opposite elections. If mix and match elections cannot be satisfied in full, they will be scaled down on a pro rata basis. These elections will not alter the maximum aggregate amount of Amerada Hess shares or cash that we will pay for all the LASMO securities. Once you have submitted your acceptance, you cannot change your mix and match election, but you can withdraw your acceptance and related election until the end of the initial offer period. See paragraph 4 of Part B of Appendix I of this document.

-- WHAT IS THE LOAN NOTE ALTERNATIVE?

We are providing a loan note alternative under which you can elect to receive loan notes issued by Amerada Hess instead of cash. This alternative is not available to US persons or certain other shareholders outside the United Kingdom. See paragraph 5 of Part B of Appendix I and Appendix II of this document.

-- HOW DOES THE OFFER COMPARE WITH RECENT PRICES OF LASMO SHARES?

The offer, valued at 180 pence per LASMO share at the time of the announcement of the offer, represented a premium of approximately 28 per cent. to the closing mid-market price of a LASMO share on 3 November 2000, the last London Stock Exchange dealing day prior to the announcement, and a premium of approximately 33 per cent. to the average closing mid-market price of a LASMO share over the 6 months prior to the announcement.

-- DOES THE LASMO BOARD OF DIRECTORS SUPPORT THE OFFER?

The board of directors of LASMO unanimously recommends that you accept the offer. The board of directors of LASMO, who have been so advised by Schroder Salomon Smith Barney, their financial adviser, consider the terms of the offer to be fair and reasonable. In providing advice to the LASMO board of directors, Schroder Salomon Smith Barney has taken into account the directors' commercial assessments. Each member of the board of directors has agreed to accept the offer for all of his LASMO shares and ADSs. See the Letter from the Chairman of LASMO in this document.

-- DO ANY OTHER SHAREHOLDERS SUPPORT THE OFFER?

We have received undertakings from two major shareholders, Schroder Investment Management Limited and Electrafina S.A., to accept the offer, except in certain circumstances. Accordingly, together with the undertakings we have received from the LASMO directors, we have received undertakings to accept the offer in respect of a total of 270,276,705 LASMO shares representing approximately 20.1 per cent of the existing LASMO ordinary share capital.

-- DO YOU HAVE THE FINANCIAL RESOURCES TO MAKE PAYMENT?

The cash element of the offer will be financed from our existing cash resources and bank facilities arranged with Goldman Sachs Credit Partners L.P. for the purposes of this offer. The offer is not conditional upon any financing arrangements. See paragraph 10 of the Letter from Goldman Sachs and Appendix VI of this document.

-- IS YOUR FINANCIAL CONDITION RELEVANT TO MY DECISION TO ACCEPT THE OFFER?

Yes. If you accept the offer, part of your consideration will be in the form of

Amerada Hess shares, and you should consider our financial condition before you decide to become one of our shareholders through the offer.

We believe we are well positioned to provide long-term growth and to withstand volatile energy price environments as a result of our strong cash flow, reduced cost structure, strong production growth and strong balance sheet. At 30 September 2000, Amerada Hess' total debt to capitalisation ratio was 36 per cent. and earnings were \$683 million (\$7.57 per share) for the first nine months of the year,

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higher than any full year in Amerada Hess' history. After consummation of this transaction, Amerada Hess' debt to capitalisation ratio is expected to be 54 per cent., falling to 42 per cent. and 28 per cent. at year end 2001 and 2002, respectively, based on anticipated cash flows.

We have investment grade ratings on our public debt. Following announcement of this transaction, Standard & Poor's raised its rating from BBB to BBB+, and Moody's Investors Service confirmed its rating of Ba1.

You should also review the information set forth in Appendix III and the documents incorporated by reference in this document which contain detailed business, financial and other information about us.

-- HOW LONG DO I HAVE TO DECIDE WHETHER TO ACCEPT THE OFFER?

You will have until 3:00 pm, London time, 10:00 am, New York City time, on -- 2001, to decide whether to accept the offer, unless the offer is extended. However, if you are an ADS holder and you cannot deliver everything that is required in order to make a valid tender of LASMO ADSs by that time, you may be able to use a guaranteed delivery procedure, which is described later in this document. See paragraph 18 of the Letter from Goldman Sachs and paragraphs 10, 11 and 12 of Part B of Appendix I of this document.

-- WHAT IS THE DIFFERENCE BETWEEN THE INITIAL OFFER PERIOD AND THE SUBSEQUENT OFFER PERIOD?

The initial offer period is the time during which withdrawal rights apply. The initial offer period is the period from the date of this document until the time and date (not being before 3.00 pm (London time), 10.00 am (New York City time) on -- 2001) on which all the conditions are satisfied, fulfilled or, to the extent permitted, waived or, if earlier, the time and date on which the offer lapses.

The subsequent offer period starts as soon as the initial offer period terminates. The subsequent offer period must remain open for at least 14 calendar days but we may extend it beyond that time until a further specified date or until further notice. During the subsequent offer period no withdrawal rights apply, except in limited circumstances. See paragraph 4 of Part B of Appendix I of this document.

-- CAN THE OFFER BE EXTENDED AND UNDER WHAT CIRCUMSTANCES?

Yes. If all of the conditions to the offer have not been either satisfied, fulfilled or, to the extent permitted, waived by Amerada Hess by 3:00 pm, London time, 10:00 am, New York City time, on -- 2001, Amerada Hess may choose, but shall not be obliged, to extend the initial offer period. We may also be required to extend the initial offer period under applicable UK and US securities laws if there is a material change in the offer. Once all the conditions have been either satisfied, fulfilled or, to the extent permitted, waived by Amerada Hess, we will extend the offer for a subsequent offer period of at least 14 calendar days. See paragraph 1 of Part B of Appendix I of this document.

-- HOW WILL I BE NOTIFIED IF THE OFFER IS EXTENDED?

If we extend the offer, we will make a public announcement of the extension, not later than 8:00 am London time and 8:00 am New York City time, on the next business day after the day on which the offer was scheduled to expire. See paragraph 3 of Part B of Appendix I of this document.

We will also announce by 8.00 am London time and 8.00 am New York City time on

the day following the end of the initial offer period that there will be a subsequent offer period. The subsequent offer period will remain open for at least 14 calendar days but we may extend it beyond that time until a further specified date or until further notice.

-- WHAT ARE THE MOST SIGNIFICANT CONDITIONS TO THE OFFER?

- We are not obliged to purchase any LASMO shares and/or LASMO ADSs unless we have received valid acceptances (which have not been properly withdrawn) in respect of at least 90 per cent. of the LASMO shares (including LASMO shares represented by LASMO ADSs) to which the offer relates. We may reduce this percentage, subject to certain limits. At least five business days prior to any reduction, we will announce that we may do this through a press release and newspaper advertisement of general circulation in the United States.
- We are not obliged to purchase any LASMO shares and/or LASMO ADSs unless the new Amerada Hess shares to be issued under the offer have been authorized for listing on the

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New York Stock Exchange and the registration statement that we have filed with the SEC has been declared effective.

- We are not obliged to purchase any LASMO shares and/or LASMO ADSs if, among other things, the offer has been referred to the United Kingdom Competition Commission by the Secretary of State for Trade and Industry or the applicable waiting period under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, has not expired or been waived.

See paragraph 7 of the Letter from Goldman Sachs, Part A of Appendix I and Part B of Appendix I of this document.

-- HOW DO I ACCEPT THE OFFER?

To accept the offer, you must deliver the certificates representing your LASMO shares or your LASMO ADRs, together with a completed form of acceptance in the case of LASMO shares or a completed letter of transmittal in the case of ADSs, to the UK Receiving Agent or the US Depository, respectively, not later than the time the offer expires. If your shares or ADSs are held in "street name" in the United States, your nominee can tender them through the applicable book entry transfer system. In the case of ADSs, if you cannot get any document or instrument that is required to be delivered by the expiration of the offer, you may gain some time by following the procedures for guaranteed delivery. See paragraph 18 of the Letter from Goldman Sachs and paragraphs 10, 11 and 12 of Part B of Appendix I of this document.

-- UNTIL WHAT TIME CAN I WITHDRAW MY ACCEPTANCE?

A LASMO securityholder who accepts the offer will be entitled to withdraw the acceptance at any time until the end of the initial offer period. Thereafter, withdrawals will not be possible except in very limited circumstances (i.e. if Amerada Hess has failed to make certain announcements required by the City Code or if it withdraws an announcement that the offer will not be increased or further extended after a particular date). See paragraph 19 of the Letter from Goldman Sachs and paragraph 4 of Part B of Appendix I of this document.

-- HOW DO I WITHDRAW MY ACCEPTANCE?

To withdraw shares or ADSs, you must deliver a written notice of withdrawal with the required information to the UK Receiving Agent or the US Depository, respectively, while you still have the right to withdraw the shares or ADSs. See paragraph 4 of Part B of Appendix I of this document.

-- WILL THE OFFER BE FOLLOWED BY A COMPULSORY ACQUISITION?

Yes. If all of the conditions to the offer are either satisfied, fulfilled or, where permitted, waived and we have acquired 90 per cent. in nominal value of LASMO shares (including LASMO shares represented by LASMO ADSs) then we will be entitled to and intend to acquire all remaining LASMO shares and LASMO ADSs pursuant to the Companies Act. Holders of LASMO shares and LASMO ADSs subject to

the compulsory acquisition would receive the same consideration as those holders of LASMO shares and LASMO ADSs who accept the offer. See paragraph 24 of the Letter from Goldman Sachs and paragraph 11 of Appendix VI of this document.

-- IF I DECIDE NOT TO ACCEPT, HOW WILL THE OFFER AFFECT MY SECURITIES?

If we are able to, we will acquire all LASMO shares and LASMO ADSs for which we have not received acceptances pursuant to the compulsory acquisition provisions of the Companies Act. We also intend to apply, or request that LASMO apply, to the New York Stock Exchange, the London Stock Exchange and the UK Listing Authority to have the LASMO ADSs and LASMO shares de-listed, terminate the deposit agreement through which the ADS programme is operated and seek to have the registration of the LASMO ADSs and LASMO shares under the Exchange Act terminated. Termination of registration under the Exchange Act would substantially reduce the information required to be furnished to holders of the LASMO ADSs and LASMO shares and would make some other provisions of the Exchange Act inapplicable to LASMO. See paragraph 24 of the Letter from Goldman Sachs and paragraph 13 of Appendix VI of this document.

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-- WHAT IS THE MARKET VALUE OF MY LASMO SECURITIES AS OF A RECENT DATE?

On 3 November 2000, the last dealing day before we announced the offer, the closing mid-market price of LASMO shares reported on the London Stock Exchange was 141 pence per share and the last sale price of ADSs reported on the New York Stock Exchange was US\$6 1/4. Between 3 November 1999 and 3 November 2000, the price of LASMO shares ranged between 89.5 pence and 155.5 pence per share and the price of LASMO ADSs ranged from US\$4 7/16 and US\$7 1/4 per ADS. We advise you to obtain a recent quotation for LASMO shares and LASMO ADSs in deciding whether to accept the offer. See paragraph 16 of the Goldman Sachs Letter and paragraph 3 of Appendix VI of this document.

-- WILL I HAVE TO PAY ANY FEES OR COMMISSIONS?

If you are the record owner of your LASMO shares and/or LASMO ADSs and you accept the offer, you will not have to pay brokerage fees or similar expenses. If you own your LASMO shares and/or LASMO ADSs through a broker or other nominee, and your broker accepts the offer on your behalf, your broker or nominee may charge you a fee for doing so. You should consult your broker or nominee to determine whether any charges will apply. See paragraphs 2 and 5 of the Letter from Goldman Sachs and Appendix II of this document.

-- WILL I BE TAXED ON THE AMERADA HESS SHARES AND CASH THAT I RECEIVE?

For UK tax purposes, a UK resident holder will generally realise an immediate chargeable gain or allowable loss to the extent that he receives cash under the offer. To the extent that such a holder receives Amerada Hess shares and/or loan notes, a further amount of chargeable gain or allowable loss on the holder's LASMO shares will generally be rolled over into those Amerada Hess shares and/or, in the case of loan notes, rolled over (for a non-corporate holder) or held over (for a corporate holder) for UK capital gains tax purposes.

For US federal income tax purposes, a US holder generally will recognize gain or loss upon the receipt of Amerada Hess shares and cash in exchange for such holder's LASMO shares or LASMO ADSs pursuant to the offer in an amount equal to the difference between (a) the sum of (i) the fair market value of such Amerada Hess shares received and (ii) the US dollar value on the date of receipt of the pounds sterling that would have been received (it is unclear whether the date of receipt for this purpose is the date that cash is made available by Amerada Hess to the relevant payment agent or the date that cash is received by a US holder) and (b) the US holder's adjusted tax basis in the LASMO shares or LASMO ADSs, as the case may be.

Further information regarding the application of both US and UK tax laws to LASMO securityholders who accept the offer is set out in paragraphs 14 and 15 of Appendix VI of this document.

-- IF I CHOOSE TO ACCEPT THE OFFER, HOW WILL MY RIGHTS AS AN AMERADA HESS SHAREHOLDER DIFFER FROM MY RIGHTS AS A LASMO SECURITYHOLDER?

An explanation of the material differences between the rights of LASMO securityholders and Amerada Hess shareholders is contained in Appendix VII of

this document.

-- HOW WILL THIS TRANSACTION BE TREATED FOR ACCOUNTING PURPOSES?

The transaction will be accounted for using the purchase method of accounting. See paragraph 17 of the Letter from Goldman Sachs.

-- WHERE CAN I FIND MORE INFORMATION ABOUT AMERADA HESS AND LASMO?

You can find more information about Amerada Hess and LASMO from various sources described in the sections entitled "Where You Can Find Additional Information about Amerada Hess" in Appendix III to this document and "Where You Can Find Additional Information about LASMO" in Appendix IV to this document.

-- WHO CAN ANSWER QUESTIONS I MIGHT HAVE ABOUT THE OFFER?

If you have any questions about the offer, you should contact the Information Agent, D.F. King & Co., Inc. in the UK on 0800 169 6962 and in the US on 1 (800) 628 8536 (Toll-Free). If you have any questions about procedures for acceptance of the offer in the UK, you should contact the UK Receiving Agent, Computershare Services PLC, on 0870 703 0056.

AMERADA HESS
SELECTED HISTORICAL FINANCIAL INFORMATION

The following selected financial information, which is presented in accordance with US GAAP, has been derived from the consolidated financial statements of Amerada Hess and should be read in conjunction with the consolidated financial statements and notes thereto incorporated herein by reference. The unaudited financial information presented below for the nine month periods ended 30 September 2000 and 1999 reflects all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of Amerada Hess' results of operations and financial position.

| MILLIONS, EXCEPT PER SHARE DATA | NINE MONTHS ENDED 30 SEPTEMBER | | YEARS ENDED 31 DECEMBER | | | | |
|---|--------------------------------------|----------|-------------------------|----------|----------|----------|----------|
| | 2000 | 1999 | 1999 | 1998 | 1997 | 1996 | 1995 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| INCOME STATEMENT DATA | | | | | | | |
| Sales and other operating revenues... | \$ 8,308 | \$ 4,770 | \$ 7,039 | \$ 6,580 | \$ 8,224 | \$ 8,270 | \$ 7,299 |
| Net income (loss)..... | 683 | 307 | 438(3) | (459)(4) | 8 | 660(5) | (394)(6) |
| Net income (loss) per share (diluted)..... | 7.57 | 3.40 | 4.85 | (5.12) | .08 | 7.09 | (4.26) |
| Common dividends per share..... | \$.45 | \$.45 | \$.60 | \$.60 | \$.60 | \$.60 | \$.60 |
| Weighted average number of shares outstanding (diluted)..... | 90 | 90 | 90 | 90 | 92 | 93 | 93 |
| BALANCE SHEET DATA (AT PERIOD END) | | | | | | | |
| Cash and cash equivalents..... | \$ 259 | \$ 26 | \$ 41 | \$ 74 | \$ 91 | \$ 113 | \$ 56 |
| Working capital..... | 359 | 187 | 249 | 90 | 464 | 690 | 358 |
| Property, plant and equipment (net)..... | 4,198 | 4,228 | 4,052 | 4,192 | 5,191 | 4,907 | 5,370 |
| Total assets..... | 9,069 | 7,939 | 7,728 | 7,883 | 7,935 | 7,784 | 7,756 |
| Total debt..... | 1,999 | 2,401 | 2,310 | 2,652 | 2,127 | 1,939 | 2,718 |
| Stockholders' equity..... | 3,543 | 2,927 | 3,038 | 2,643 | 3,216 | 3,384 | 2,660 |
| Stockholders' equity per share..... | \$ 40.00 | \$ 32.27 | \$ 33.51 | \$ 29.26 | \$ 35.16 | \$ 36.35 | \$ 28.60 |

- (1) Amerada Hess uses the "successful efforts" method of accounting for oil and gas exploration and production activities.
- (2) On January 1, 1999, Amerada Hess adopted the last-in, first-out (LIFO) inventory method for refining and marketing inventories.
- (3) Includes after-tax gains on asset sales of \$176 and special tax benefits of \$55, partially offset by impairment of assets and operating leases (after income taxes) of \$100.
- (4) Reflects after-tax special charges aggregating \$263 representing impairments of assets and operating leases, a net loss on asset sales and accrued severance.
- (5) Includes after-tax gains on asset sales of \$421.

(6) Includes after-tax impairments of \$416.

LASMO
SELECTED HISTORICAL FINANCIAL INFORMATION

The following summary financial data, which is presented in accordance with UK GAAP, has been derived for the five years ended 31 December 1999 from the consolidated financial statements of LASMO and for the six month periods ended 30 June 2000 and 1999 from the condensed financial statements of LASMO, and should be read in conjunction with those statements and notes thereto, incorporated herein by reference. A reconciliation between UK GAAP and US GAAP with respect to the summary information below is included in the documents incorporated by reference.

| | SIX MONTHS ENDED 30 JUNE | | YEARS ENDED 31 DECEMBER | | | | |
|---|--------------------------|-------|-------------------------|----------|-------|-------|-------|
| | 2000 | 1999 | 1999 | 1998 | 1997 | 1996 | 1995 |
| MILLIONS, EXCEPT PER SHARE DATA | | | | | | | |
| INCOME STATEMENT DATA | | | | | | | |
| Sales and other operating revenues..... | L 463 | L 216 | L 594 | L 484 | L 639 | L 644 | L 550 |
| Net income (loss)..... | 120 | 19 | 136 | (416) | 40 | 55 | 18 |
| Net income (loss) per share (diluted) -- pence..... | 9.0p | 2.0p | 10.7p | (43.70)p | 4.2p | 5.8p | 1.9p |
| Common dividends per share -- pence..... | Nil | Nil | 2.5p | 2.3p | 2.3p | 2.0p | 1.3p |
| Weighted average number of shares outstanding..... | 1,333 | 952 | 1,143 | 966 | 966 | 966 | 966 |

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| | SIX MONTHS ENDED 30 JUNE | | YEARS ENDED 31 DECEMBER | | | | |
|--|--------------------------|--------|-------------------------|--------|--------|--------|--------|
| | 2000 | 1999 | 1999 | 1998 | 1997 | 1996 | 1995 |
| MILLIONS, EXCEPT PER SHARE DATA | | | | | | | |
| BALANCE SHEET DATA (AT PERIOD END) | | | | | | | |
| Cash..... | L 314 | L 483 | L 384 | L 459 | L 383 | L 353 | L 444 |
| Working capital..... | 276 | 444 | 323 | 532 | 319 | 348 | 350 |
| Property, plant and equipment (net)..... | 2,518 | 2,470 | 2,434 | 1,867 | 2,255 | 1,925 | 2,194 |
| Total assets..... | 3,076 | 3,184 | 3,132 | 2,772 | 2,890 | 2,531 | 2,920 |
| Total debt..... | 1,106 | 1,314 | 1,060 | 1,318 | 1,184 | 886 | 1,301 |
| Stockholders' equity..... | 1,467 | 1,390 | 1,326 | 1,281 | 1,297 | 913 | 1,468 |
| Stockholders' equity per share (pounds per share)..... | L 1.10 | L 1.50 | L 1.20 | L 1.30 | L 1.40 | L 1.00 | L 1.60 |

EXCHANGE RATE INFORMATION

The financial statements of LASMO are prepared in pounds sterling. The following table sets forth, for the periods indicated, information concerning the noon buying rate in The City of New York for cable transfers as certified by the Federal Reserve Bank of New York for customs purposes for pounds sterling, expressed in US dollars per pound sterling. The average rate is calculated by using the average of the noon buying rates in The City of New York on each day during a monthly period, and on the last day of each month during an annual period.

| | HIGH | LOW | END | AVERAGE RATE |
|--|--------|--------|--------|--------------|
| | ----- | ----- | ----- | ----- |
| NINE MONTHS ENDED 30 SEPTEMBER 2000..... | \$1.65 | \$1.40 | \$1.48 | \$1.54 |

| | HIGH | LOW | END | AVERAGE RATE |
|--|------|-----|-----|--------------|
|--|------|-----|-----|--------------|

| YEAR ENDED 31 DECEMBER | ----- | ----- | ----- | ----- |
|------------------------|--------|--------|--------|--------|
| 1999..... | \$1.68 | \$1.55 | \$1.62 | \$1.62 |
| 1998..... | \$1.72 | \$1.61 | \$1.66 | \$1.66 |
| 1997..... | \$1.70 | \$1.58 | \$1.64 | \$1.64 |
| 1996..... | \$1.71 | \$1.49 | \$1.71 | \$1.57 |
| 1995..... | \$1.64 | \$1.53 | \$1.55 | \$1.68 |

As of 5 December 2000 the noon buying rate for pounds sterling was \$1.4410. Amerada Hess makes no representation that the amounts of sterling presented in this Offer Document have been, could have been or could be converted into US dollars at the rates indicated above.

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SELECTED UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following selected unaudited pro forma financial information, which is presented in accordance with US GAAP, gives effect to the consummation of the Offer using the purchase method of accounting for business combinations. The pro forma selected financial data is based on the historical financial information of Amerada Hess and LASMO and should be read in conjunction with the historical financial statements, including footnotes.

The selected unaudited pro forma balance sheet data is presented as if the transaction occurred on 30 September 2000. The selected unaudited pro forma income statement data for the year ended 31 December 1999, and the nine months ended 30 September 2000, are presented as if the business combination had been completed on 1 January 1999.

The selected unaudited pro forma financial data are presented for illustrative purposes only. They are based on assumptions and do not purport to be indicative of the results of operations or the financial position that would have actually occurred if the combination had been consummated on the dates indicated or that may be expected in the future.

The unaudited pro forma financial information does not reflect any cost savings or anticipated changes in expenses reflecting efficiencies resulting from combining operations.

| | NINE MONTHS ENDED 30 SEPTEMBER 2000 | | YEAR ENDED 31 DECEMBER 1999 | |
|---|--|---|---------------------------------|---|
| | AMERADA HESS (HISTORICAL) | PRO FORMA AMERADA HESS AND LASMO | AMERADA HESS (HISTORICAL) | PRO FORMA AMERADA HESS AND LASMO |
| MILLIONS, EXCEPT PER SHARE DATA | | | | |
| INCOME STATEMENT DATA | | | | |
| Sales and other operating revenues..... | \$ 8,308 | \$ 9,395 | \$ 7,039 | \$ 8,001 |
| Net income..... | 683 | 685 | 438 | 248 |
| Net income per share (diluted)..... | 7.57 | 6.38 | 4.85 | 2.31 |
| Common dividends per share..... | .45 | .45 | .60 | .60 |
| Weighted average number of shares outstanding (diluted)..... | 90 | 107 | 90 | 107 |

| | NINE MONTHS ENDED 30 SEPTEMBER 2000 | |
|------------------------------------|--|---|
| | AMERADA HESS (HISTORICAL) | PRO FORMA AMERADA HESS AND LASMO |
| BALANCE SHEET DATA (AT PERIOD END) | | |
| Cash and cash equivalents..... | \$ 259 | \$ 319 |

| | | |
|--|----------|----------|
| Working capital..... | 359 | 461 |
| Property, plant and equipment (net)..... | 4,198 | 9,467 |
| Total assets..... | 9,069 | 15,928 |
| Total debt..... | 1,999 | 5,774 |
| Stockholders' equity..... | 3,543 | 4,618 |
| Stockholders' equity per share..... | \$ 40.00 | \$ 43.16 |

LOGO

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To all holders of LASMO Securities and, for information only, to participants in the LASMO Share Option Schemes, the LASMO Profit Sharing Scheme and the Monument 1996 Participating Share Plan

Dear Sir or Madam,

AMERADA HESS CORPORATION
RECOMMENDED CASH AND SHARE OFFER FOR
LASMO PLC

1. INTRODUCTION

On 6 November 2000, the boards of Amerada Hess and LASMO announced that they had reached agreement with respect to the terms of a recommended cash and share offer for the entire issued and to be issued share capital of LASMO. This letter contains the terms of the formal Offer by Goldman Sachs on behalf of Amerada Hess (except in the United States, where Amerada Hess is making the Offer on its own behalf) and should be read in conjunction with the accompanying Acceptance Form.

Your attention is drawn to the letter from the Chairman of LASMO on pages 6 to 8 of this document which states that the directors of LASMO, who have been so advised by Schroder Salomon Smith Barney, consider the terms of the Offer to be fair and reasonable. In providing its advice to the directors of LASMO, Schroder Salomon Smith Barney has taken into account the commercial assessments of the directors of LASMO. Accordingly, the directors of LASMO unanimously recommend all LASMO Securityholders to accept the Offer, as they have agreed to do themselves in respect of their aggregate holdings of 324,311 LASMO Shares.

TO ACCEPT THE OFFER, THE RELEVANT ACCEPTANCE FORM, TOGETHER WITH ALL OTHER REQUIRED DOCUMENTS, MUST BE COMPLETED AND RETURNED AS SOON AS POSSIBLE BUT, IN ANY EVENT, SO AS TO BE RECEIVED BY NO LATER THAN 3.00 PM (LONDON TIME), 10.00 AM (NEW YORK CITY TIME), ON -- 2001. The procedure for acceptance of the Offer is set out on pages 26 to 29 of this document and in the accompanying Acceptance Form.

2. THE OFFER

Amerada Hess and Goldman Sachs on behalf of Amerada Hess (outside the United States) are offering to acquire, subject to the Conditions and the further terms set out or referred to in this document and in the relevant Acceptance Form, all of the LASMO Securities on the following basis:

| | |
|--|---|
| FOR EVERY 78.7 LASMO SHARES HELD | L98.29 IN CASH AND 1 NEW AMERADA HESS SHARE |
| FOR EVERY 78.7 LASMO ADSS HELD | L294.87 IN CASH AND 3 NEW AMERADA HESS SHARES |
| (EACH ADS REPRESENTING 3 LASMO SHARES) | |

At the time of the Announcement, the Offer valued each LASMO Share at 180 pence and LASMO's issued share capital (allowing for LASMO's estimate of likely dilution by the exercise of outstanding options) at approximately L2.4 billion based in each case on the Closing Price per Amerada Hess Share of US\$62 13/16 on 3 November 2000 (the last NYSE trading day prior to the Announcement) and an exchange rate of US\$1.4484: L1.00. The cash element of the consideration represents approximately 125 pence per LASMO Share.

The Offer now values each LASMO Share at -- pence, based on an exchange rate of US\$ -- : L1.00 and the NYSE Closing Price of US\$ -- per Amerada Hess Share on -- December 2000, the last NYSE trading day prior to the posting of this document.

The Offer (valued at 180 pence per LASMO Share at the time of the Announcement) represented a premium of approximately 28 per cent. to the Closing Price of a LASMO Share at the close of business on 3 November 2000, the last London Stock Exchange dealing day prior to the Announcement, and a premium of approximately 33 per cent. to the average Closing Price of a LASMO Share over the 6 months prior to the Announcement.

The Offer will result in the issue of up to approximately 17.1 million Amerada Hess Shares (representing approximately 16.3 per cent. of the ordinary share capital of Amerada Hess, as enlarged as a result of the Offer).

The Offer extends to all LASMO Shares (including LASMO Shares represented by LASMO ADSs) unconditionally allotted or issued at the date of the Offer Document and any further such shares which are unconditionally allotted or issued while the Offer remains open for acceptance or on or before such earlier time and/or date as Amerada Hess may (subject to the City Code, US securities laws and/or with the consent of the Panel) decide.

The number of Amerada Hess Shares which will be issued on full acceptance of the Offer is expected not to exceed approximately 17.1 million on the basis that, as at 3 November 2000, 1,344,328,323 LASMO Shares had been issued (including LASMO Shares represented by LASMO ADSs) and it is reasonable, in LASMO's opinion, to expect that a further 3,121,406 new LASMO Shares may be issued during the relevant period as a result of the exercise of options. Amerada Hess reserves the right to adjust the Offer consideration, by reducing rateably the aggregate number of Amerada Hess Shares to be issued under the Offer, if any issue of LASMO Shares in excess of these amounts would mean that Amerada Hess would otherwise be obliged to issue more than 17.18 million new Amerada Hess Shares under the Offer or pursuant to the statutory compulsory acquisition arrangements under Section 429 of the Companies Act. In that event, LASMO Securityholders will instead be entitled to receive cash at a rate of L43.37 for each Amerada Hess Share by which the Offer consideration is so adjusted. This represents the NYSE Closing Price of an Amerada Hess Share on 3 November 2000, the last NYSE trading day prior to the Announcement, translated into sterling at the rate of US\$1.4484: L1.00.

All LASMO Securities which are acquired by Amerada Hess under the Offer will be acquired fully paid and free from all liens, equities, charges, equitable interests, encumbrances and other interests and together with all rights now or hereafter attaching thereto, including the right to receive and retain all dividends and other distributions declared, made or payable after 6 November 2000.

3. BACKGROUND TO AND REASONS FOR THE OFFER

Amerada Hess' strategy is focused on the continued expansion of its exploration and production business, the primary driver of future income growth. Refining and marketing will play a smaller but more profitable role in its portfolio than it has in the past.

The acquisition of LASMO, a pure exploration and production company, will add significantly to Amerada Hess' oil and gas reserves and production profile. It will also create a more balanced investment portfolio due to the complementary nature of their assets, cashflows and investment opportunities. Further, given the significant geographical overlap of both companies, Amerada Hess anticipates significant synergies.

Amerada Hess has hedged its foreign exchange exposure to lock in the purchase price of the transaction and has hedged volumes equivalent to substantially all of LASMO's anticipated 2001 oil production to support the accretive nature of the transaction to earnings and cash flow and permit significant debt paydown (it being understood that this statement is not intended to mean that Amerada Hess' earnings or earnings per share for any period will necessarily exceed those of any previous period).

Amerada Hess' management believes this combination will:

- continue the transformation of Amerada Hess into an exploration and

production company; exploration and production is expected to represent approximately 76 per cent. of average capital employed at year end 2001 on a pro-forma basis (compared with 59 per cent. at year end 2000 for Amerada Hess on a stand-alone basis);

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- achieve Amerada Hess' strategic objective to increase its international reserves outside the US and North Sea; international proved reserves will be increased to 42 per cent. on a pro-forma basis from 14 per cent. of total proved reserves at year-end 1999;
- enhance Amerada Hess' production growth from 5 per cent. pre-acquisition to 6 per cent. post-acquisition on a compound annual basis through 2004, while significantly extending its proved reserve life from 8.2 to 9.8 years;
- add high quality operated reserves at an attractive cost of US\$5.49 per proved boe;
- increase reserves per share from 11.3 proved boe per share at year end 1999 to 17.2 proved boe per share on a pro-forma basis;
- generate approximately US\$130 million of annual pre-tax synergies (approximately US\$90 million of annual synergies after tax);
- preserve balance sheet flexibility through the issuance of equity amounting to 31 per cent. of the value of the Offer to continue Amerada Hess' ability to fund its capital expenditures and its share repurchase programme;
- be accretive to Amerada Hess' internal 2001 estimate of earnings per share and cash flow per share (by 2.5 per cent. and 17.8 per cent. respectively) based on futures prices (it being understood that this statement is not intended to mean that Amerada Hess earnings or earnings per share for any period will necessarily exceed those of any previous period);
- increase Amerada Hess' production from an estimated 373,000 boe per day in 2000 to an expected 582,000 boe per day in 2001 on a pro-forma basis, making Amerada Hess one of the largest global independent exploration and production companies with the scale to access a broader range of investment opportunities that meet its financial goals.

4. MIX AND MATCH ELECTION

LASMO Securityholders who validly accept the Offer may elect under the Mix and Match Election to vary the proportions in which they receive Amerada Hess Shares and cash and/or Loan Notes, if applicable, in respect of their LASMO Securities. Insofar as a LASMO Securityholder is entitled to receive additional cash under the Mix and Match Election, it will be payable in an amount per Amerada Hess Share equal to the sterling equivalent of the Closing Price, at the relevant time, of each such Amerada Hess Share to which the shareholder would have been entitled under the basic terms of the Offer if the shareholder had not elected to receive additional cash. The relevant time for ascertaining the value of an Amerada Hess Share for these purposes will be the close of trading on the NYSE on the most recent NYSE trading day before the LASMO Securityholder's entitlement under the Mix and Match Election falls to be determined. The sterling equivalent will be determined at the US dollar to pound sterling exchange rate at that time, as determined by Goldman Sachs.

Although the Offer will remain open for a Subsequent Offer Period of at least 14 calendar days after the date on which the Offer becomes or is declared unconditional in all respects (at the end of the Initial Offer Period) and may be extended beyond that time until a further specified date or until further notice, the Mix and Match Election will remain open until but not beyond 3.00 pm (London time), 10.00 am (New York City time) on the date falling five calendar days after the Offer becomes or is declared unconditional in all respects. Mix and Match Elections must be made at the same time as the acceptances of the Offer to which they relate, on the relevant Acceptance Form.

The maximum number of new Amerada Hess Shares to be issued under the Offer and the maximum amount of cash to be paid under the Offer will not be varied as a

result of the Mix and Match Election. Accordingly, the ability of a LASMO Securityholder to make a Mix and Match Election will depend on the extent to which other LASMO Securityholders make opposite elections. To the extent that elections cannot be satisfied in full, they will be scaled down on a pro rata basis. To the extent that elections can be satisfied, LASMO Securityholders will receive new Amerada Hess Shares instead of cash (and/or Loan Notes, if applicable), and vice versa.

Accordingly, LASMO Securityholders who make Mix and Match Elections will not know the exact number of new Amerada Hess Shares or the amount of cash (and/or Loan Notes) they will receive until settlement of the consideration under the Offer, although an announcement of the approximate extent to

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which Mix and Match Elections will be satisfied will be made two days after the Mix and Match Election ceases to be open for acceptance.

In addition, Amerada Hess reserves the right to limit the extent to which elections by LASMO Securityholders under the Mix and Match Election (or any subsequent mix and match election) will be capable of being satisfied by cash and/or Amerada Hess Shares released by opposite elections by other LASMO Securityholders insofar as it determines this to be necessary or desirable with a view to ensuring that the aggregate number of Amerada Hess Shares and the aggregate amount of cash payable to all LASMO Securityholders do not exceed the levels which would apply in the event of full acceptance of the Offer with a single closing date for the Mix and Match Election, whether as a result of the operation of the provisions of Sections 429 to 430F of the Companies Act (which permit compulsory acquisition of outstanding shares following a takeover offer) or otherwise.

A Mix and Match Election made by a LASMO Securityholder may not be changed after the time that it is first made on the relevant Acceptance Form. However, acceptances including the associated Mix and Match Election may be withdrawn in accordance with the procedures in paragraph 4 of Part B of Appendix I. This right of withdrawal, except in the limited circumstances set out in paragraphs 4 (b), (c) and (d) of Part B of Appendix I, terminates at the time that the Offer becomes unconditional in all respects (i.e. at the end of the Initial Offer Period). Accordingly, Mix and Match Elections made in the 5 calendar day period between the end of the Initial Offer Period and the time and date at which the Mix and Match Election ceases to be open for acceptance cannot be changed or withdrawn.

The Mix and Match Election is conditional upon the Offer becoming or being declared unconditional in all respects. Your attention is drawn to paragraph 18 of this letter and to paragraph 5 of part B of Appendix 1 of this document which set out the procedure for making a Mix and Match Election.

5. THE LOAN NOTE ALTERNATIVE

As an alternative to some or all of the cash consideration which would otherwise be receivable under the Offer (including the Mix and Match Election), accepting LASMO Shareholders (other than US persons and certain other shareholders not resident in the United Kingdom) will be able to elect to receive Loan Notes to be issued by Amerada Hess on the following basis:

FOR EVERY L1 OF CASH CONSIDERATION UNDER THE OFFER L1 NOMINAL VALUE OF LOAN NOTES

The Loan Notes, which will be governed by English law, will be unsecured obligations of Amerada Hess and will be issued, credited as fully paid, in integral multiples of L1 nominal value. All fractional entitlements will be disregarded and not paid.

Goldman Sachs has advised that, based on market conditions on -- December 2000 (the latest practicable day prior to the posting of this document), the value of the Loan Notes (had they been in issue on that day) would have been not less than -- pence per L1 in nominal value.

The Loan Notes will be transferable (subject to certain conditions) in multiples of L500 or such lower number as Amerada Hess may approve, but no application will be made for them to be listed or dealt in on any stock exchange.

The Loan Notes have not been, and will not be, registered under the Securities Act or under the laws of any State of the United States nor have any steps been taken, nor will any be taken, to enable the Loan Notes to be offered in compliance with applicable securities laws of Canada or Japan and no prospectus in relation to the Loan Notes has been, or will be, lodged with the Australian Securities Commission. Accordingly, the Loan Notes may not be offered, sold, resold, delivered or distributed directly or indirectly, in or into the United States, or to or for the account or benefit of any US person, except pursuant to an exemption from, or in a transaction exempt from, or not subject to, the requirements of the Securities Act or the relevant securities laws of any State of the United States. The Loan Notes may not be offered, resold, sold or delivered, or distributed directly or indirectly, in or into Canada, Australia or Japan.

The Loan Notes will bear interest (from but excluding the date of issue to the relevant holder of Loan Notes) payable (subject to any requirement to deduct tax therefrom) semi-annually in arrears on 30 June and 31 December in each year, or (if in any year the relevant date is not a business day) on the next following business day, commencing on 2 July 2001, up to and including 31 December 2005, at a rate of 0.5 per cent. below LIBOR for six month sterling deposits determined on the first business day of

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each interest period. The first interest payment will be made on 2 July 2001 in respect of the period up to (but excluding) 2 July 2001.

The Loan Notes will be redeemable at par at the option of the holders, in whole or in any part (being L500 in nominal amount or any integral multiple thereof), on 31 December 2001 and on any subsequent interest payment date. If at any time 5 per cent. or less in nominal value of the Loan Notes issued remain outstanding, Amerada Hess shall have the right on any interest payment date falling on or after 31 December 2001 to redeem all of the outstanding Loan Notes at par, together with accrued interest. Any Loan Notes outstanding on 31 December 2005 will be redeemed at par (together with any accrued interest) on that date.

No Loan Notes will be issued unless, at the time the Offer becomes or is declared unconditional in all respects, valid elections for the Loan Note Alternative will result in the issue of at least L2 million in aggregate nominal value of Loan Notes or such smaller amount as Amerada Hess may decide. If insufficient elections are received, the LASMO Shareholders who validly accept the Offer and elect to receive Loan Notes will instead receive cash in accordance with the terms of the Offer (including the Mix and Match Election).

The Loan Note Alternative is conditional on the Offer becoming or being declared unconditional in all respects and will remain open for so long as the Offer remains open for acceptance. Further details of the terms of the Loan Note Alternative are set forth in Appendix II.

6. IRREVOCABLE UNDERTAKINGS

Amerada Hess has received irrevocable undertakings to accept the Offer from the Directors of LASMO in respect of their entire holdings, amounting, in aggregate, to 324,311 LASMO Shares representing 0.02 per cent. of the issued share capital of LASMO. Such undertakings will cease to be binding only if the Offer lapses or is withdrawn.

The Announcement stated that Amerada Hess had also received irrevocable undertakings from Schroder Investment Management Limited and Electrafina S.A. to accept the Offer in respect of an aggregate of approximately 276,279,208 LASMO Shares, representing approximately 20.56 per cent. of LASMO's issued share capital. Schroder Investment Management Limited, being a fund manager, has given an undertaking to accept the Offer in respect of 177,943,047 LASMO Shares insofar as the relevant clients have not withdrawn or altered their mandate (in a manner inconsistent with acceptance) at the time required for acceptance. Schroder Investment Management Limited has notified Amerada Hess that its undertaking applies to 171,616,233 LASMO Shares and not 177,943,047 LASMO Shares as stated in the Announcement. Therefore, the irrevocable undertakings received from the above institutions in fact represent an aggregate of 269,952,394 LASMO Shares, representing approximately 20.08 per cent. of LASMO's issued share capital.

The undertakings from Schroder Investment Management Limited and Electrafina S.A. will cease to be binding if a third party makes an offer for the fully diluted ordinary share capital of LASMO the value of which, upon announcement, is more than 10 per cent. greater than 180p per LASMO Share or, if less, the value of the Offer per LASMO Share at the close of the NYSE trading day immediately preceding announcement of the new offer.

Accordingly, Amerada Hess has received irrevocable undertakings in respect of a total of 270,276,705 LASMO Shares representing approximately 20.1 per cent. of the existing issued LASMO ordinary share capital.

7. CONDITIONS AND FURTHER TERMS OF THE OFFER

The Offer (including the Loan Note Alternative) is subject to the Conditions and further terms set out in Appendix I.

8. INFORMATION RELATING TO AMERADA HESS

Amerada Hess, headquartered in New York, is a global integrated energy company engaged in the exploration for and the production, purchase, transportation and sale of crude oil and natural gas, the refining of crude oil and the sale of refined petroleum products. Exploration and production activities take place primarily in the United States, the United Kingdom, Norway, Denmark, Gabon, Indonesia, Thailand, Azerbaijan, Algeria and Brazil.

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Amerada Hess produces approximately 370,000 barrels of oil equivalent per day, two-thirds oil and one-third natural gas. Amerada Hess' total proved oil and gas reserves as at 31 December 1999 were over 1 billion boe.

Amerada Hess' vision is to deliver superior returns while providing long-term profitable growth. The acquisition of LASMO furthers Amerada Hess' strategy to expand its exploration and production operations outside of the United States and the North Sea and increase reserves outside these areas to at least one-third of total reserves. Brazil, Venezuela, Africa, Central Asia and Southeast Asia are all target areas.

Amerada Hess' future strategy will involve a balance among exploration, reserve developments and reserve acquisitions. Amerada Hess is well positioned to provide long-term growth and withstand volatile energy price environments as a result of its strong cash flow, reduced cost structure, strong production growth and strong balance sheet. At 30 September 2000, Amerada Hess' total debt to capitalisation ratio was 36 per cent. and earnings were \$683 million (\$7.57 per share) for the first nine months of the year, higher than any full year in Amerada Hess' history. After consummation of this transaction, Amerada Hess' debt to capitalisation ratio is expected to be 54 per cent., falling to 42 per cent. and 28 per cent. at year end 2001 and 2002 respectively, based on anticipated cash flows.

Refining and marketing has become a smaller, but more profitable, portion of Amerada Hess' portfolio than it was in the past.

Refined petroleum products are manufactured at the HOVENSA refinery in St. Croix, United States Virgin Islands, which is owned jointly by Petroleos de Venezuela S.A. and Amerada Hess. The refinery is one of the largest in the world with a crude oil distillation capacity of 500,000 barrels per day and a fluid catalytic cracking unit that operates at 140,000 barrels per day.

Amerada Hess markets refined petroleum products on the East Coast of the United States. These refined petroleum products are marketed through 27 terminals and approximately 915 HESS brand retail outlets. Amerada Hess markets fuel oil, natural gas and electricity to industrial and commercial customers on the East Coast of the United States. Amerada Hess also markets natural gas to approximately 350,000 customers in the UK.

Retail marketing is the area of emphasis in Amerada Hess' downstream business. Amerada Hess' vision is to be the leading independent retail marketer on the East Coast of the United States. Amerada Hess expects to have nearly 1,100 retail outlets by April 2001. Amerada Hess is focused on expanding HESS EXPRESS convenience stores at its retail outlets which include fast food outlets.

For the nine months ended 30 September 2000, Amerada Hess reported total

revenues of US\$8.5 billion (1999: US\$5.2 billion) and net income of US\$683 million (1999: US\$307 million). Net assets as at 30 September 2000 were US\$3.5 billion (31 December 1999: US\$3.0 billion). For the full year ended 31 December 1999, Amerada Hess had total revenues of US\$7.5 billion (1998: US\$6.6 billion) and net income of US\$438 million (1998: US\$(459) million).

Further information with respect to Amerada Hess is set forth in Appendix III to this document.

9. INFORMATION RELATING TO LASMO

LASMO, headquartered in London, is a substantial oil and gas exploration and production company whose activities and producing assets are presently concentrated primarily in North West Europe and Indonesia, and these, together with Venezuela, North Africa and Pakistan are the current material contributors to reserves. At the end of 1999, LASMO was active in 14 countries around the world, in nine of which it acted as operator. Production during 1999 was mainly derived from six of these countries: the United Kingdom, The Netherlands, Indonesia, Venezuela, Algeria and Pakistan.

As at 31 December 1999, LASMO's net proved oil and gas reserves were estimated at 830 million boe. Approximately 62 per cent. relate to oil and 38 per cent. relate to gas, with 24 per cent. of LASMO's net proved reserves located in North West Europe, 27 per cent. located in Indonesia, 29 per cent. located in Venezuela, 14 per cent. located in North Africa and 6 per cent. located in Pakistan. For the year ended 31 December 1999, LASMO's average daily production was 178,000 boe with approximately 56 per cent. derived from North West Europe and approximately 27 per cent. derived from Indonesia. In the same period, production of crude oil and natural gas each accounted for approximately 62 per cent. and 38 per cent. respectively of LASMO's daily average production.

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For the six months ended 30 June 2000, LASMO reported sales of L463 million (1999: L216 million) and profit before exceptional items and taxation of L187 million (1999: L35 million). Net assets as at 30 June, 2000 were L1,467 million. For the full year ended 31 December 1999, LASMO had sales of L594 million (1998: L484 million) and profit before exceptional items and taxation of L170 million (1998: L1 million).

Further information with respect to LASMO is set forth in Appendix IV to this document.

10. FINANCING OF THE OFFER

The cash consideration under the Offer will be financed from existing cash resources and bank facilities arranged with Goldman Sachs Credit Partners L.P. for the purposes of the Offer.

Further details regarding these bank facilities are set out in paragraph 7 of Appendix VI.

11. MANAGEMENT AND EMPLOYEES

The employment rights of employees of LASMO, including pension rights, will be fully safeguarded. Amerada Hess attaches great importance to the skills and experience of the management and employees of LASMO and believes that they will benefit from the enhanced opportunities available within the Amerada Hess Group.

12. LASMO SHARE OPTION SCHEMES

The Offer will extend to any further LASMO Shares (including LASMO Shares represented by LASMO ADSs) unconditionally allotted or issued at the date of this document and any further such shares which are unconditionally allotted or issued while the Offer remains open for acceptance or on or before such earlier time and/or date as Amerada Hess may, subject to the City Code, US securities laws and/or with the consent of the Panel, decide; including those issued as a result of the exercise of options granted under the LASMO Share Option Schemes.

It is intended that proposals will be made available to holders of options under the LASMO Share Option Schemes once the Offer becomes or is declared unconditional in all respects that comply with the City Code.

13. FRACTIONS

Fractions of new Amerada Hess Shares will not be allotted or issued to accepting LASMO Securityholders. Fractional entitlements to new Amerada Hess Shares will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to the holders of LASMO Securities entitled to them. Any LASMO Securityholder may elect (by separate written notice to the UK Receiving Agent or the US Depository accompanying his or her Acceptance Form) to receive the payment due in respect of fractional entitlements in either pounds sterling or US dollars. In the absence of any such election, such payment will be made to holders of LASMO ADSs in US dollars and to LASMO Shareholders in pounds sterling, the proceeds having been converted from US dollars at a prevailing exchange rate selected by Amerada Hess at the relevant time. Amerada Hess will not be liable to LASMO Securityholders or any other person in respect of the timing of any such sale or conversion or the price or exchange rate achieved in respect of any such sale or conversion. Individual entitlements to amounts of less than L5.00 (or its equivalent in US dollars at the relevant time) will not be paid to holders of LASMO Securities but will be retained for the benefit of the enlarged Amerada Hess Group.

14. NEW AMERADA HESS SHARES

The new Amerada Hess Shares will rank pari passu in all respects with existing Amerada Hess Shares, including the right to any dividends and other distributions declared, paid or made by reference to a record date after the date on which they are issued. For the avoidance of doubt, LASMO Securityholders will not be entitled to the dividend of Amerada Hess expected to be declared in December 2000 and paid on or about 3 January 2001.

The new Amerada Hess Shares will be delivered in accordance with the terms of the Offer and will be fully paid and free from all liens, equities, charges, equitable interests, encumbrances and other interests and together with all rights now or hereafter attaching thereto.

Amerada Hess Shares are traded in US dollars on the NYSE and dividends are declared and paid in US dollars. The sterling value of any investment in Amerada Hess Shares and any dividend income from

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that investment (payable in US dollars and subject to US withholding tax) will be affected by fluctuations in the dollar to sterling exchange rate from time to time.

The new Amerada Hess Shares are expected to be authorised for listing, subject to official notice of issuance, on the NYSE, but they will not be listed or traded on the London Stock Exchange or any other stock exchange.

15. ILLUSTRATIVE COMPARATIVE PER SHARE DATA

The following table presents historical net income, cash dividends and book value for Amerada Hess and LASMO individually on a per share basis. The table also presents unaudited pro forma per share data for Amerada Hess and LASMO. The unaudited pro forma earnings and book value per share data give effect to the business combination as if it occurred on 30 September 2000 for balance sheet purposes and 1 January 1999 for income statement purposes and are based on the Unaudited Pro Forma Condensed Consolidated Financial Information included in Appendix V to this document.

The unaudited pro forma data is based on the terms of the business combination in which Amerada Hess will offer cash and new Amerada Hess Shares for the LASMO Shares. The information in the table below should be read in conjunction with the respective audited and unaudited consolidated financial statements of Amerada Hess and LASMO, including the notes thereto and the Unaudited Pro Forma Condensed Consolidated Financial Information included in Appendix V to this document.

| NINE MONTHS ENDED | YEAR ENDED |
|-------------------|------------------|
| 30 SEPTEMBER 2000 | 31 DECEMBER 1999 |
| ----- | ----- |
| (UNAUDITED) | |

AMERADA HESS -- HISTORICAL

| | | |
|--|---------|---------|
| Earnings per common share | | |
| Basic..... | \$ 7.63 | \$ 4.88 |
| Diluted..... | \$ 7.57 | \$ 4.85 |
| Cash dividends per common share..... | \$ 0.45 | \$ 0.60 |
| Stockholders' equity per common share..... | \$40.00 | \$33.51 |

LASMO -- HISTORICAL

| | | |
|--|---------|---------|
| Earnings per ordinary share | | |
| Basic..... | \$ 0.19 | \$ 0.10 |
| Diluted..... | \$ 0.19 | \$ 0.10 |
| Cash dividends per ordinary share..... | \$ -- | \$ 0.04 |
| Stockholders' equity per ordinary share..... | \$ 1.47 | \$ 1.79 |

AMERADA HESS -- PRO FORMA COMBINED COMPANY

| | | |
|--|---------|---------|
| Earnings per common share | | |
| Basic..... | \$ 6.41 | \$ 2.32 |
| Diluted..... | \$ 6.38 | \$ 2.31 |
| Cash dividends per common share..... | \$ 0.45 | \$ 0.60 |
| Stockholders' equity per common share..... | \$43.16 | |

LASMO -- PRO FORMA EQUIVALENT PER SHARE INFORMATION

| | | |
|--|---------|---------|
| Earnings per ordinary share | | |
| Basic..... | \$ 0.27 | \$ 0.10 |
| Diluted..... | \$ 0.26 | \$ 0.10 |
| Cash dividends per ordinary share..... | \$ 0.02 | \$ 0.02 |
| Stockholders' equity per ordinary share..... | \$ 1.79 | |

Amounts are calculated by multiplying the Amerada Hess pro forma combined amounts by the ratio determined by dividing the combined cash and stock consideration of \$2.61 (L1.80) by the Amerada Hess share price of \$62 13/16, the price on 3 November 2000, the last NYSE trading day prior to the announcement of the Offer.

16. FINANCIAL EFFECTS OF ACCEPTANCE

The following tables set out, for illustrative purposes only and on the bases and assumptions set out below, the financial effects of acceptance on capital value and income for a holder of 78.7 LASMO Shares accepting the Offer, if the Offer becomes or is declared unconditional in all respects:

(A) INCREASE IN CAPITAL VALUE UNDER THE TERMS OF THE OFFER

| | NOTES | OFFER |
|---|-------|-------|
| | ----- | ----- |
| For 78.7 LASMO Shares | | |
| Cash consideration..... | (i) | -- |
| Market value of a new Amerada Hess Share..... | (ii) | -- |
| Market value of 78.7 LASMO Shares..... | (iii) | -- |
| | | ----- |
| Increase in capital value..... | | -- |
| | | ----- |
| Representing an effective increase of..... | | --% |
| | | ===== |

(B) INCREASE IN GROSS INCOME UNDER THE TERMS OF THE OFFER

| | NOTES | OFFER |
|--|-------|-------|
| | ----- | ----- |
| For 78.7 LASMO Shares | | |
| Gross income from cash consideration..... | (iv) | -- |
| Gross dividend income from a new Amerada Hess Share..... | (v) | -- |
| Gross dividend income from 78.7 LASMO Shares..... | (vi) | -- |
| | | ----- |
| Increase in gross income..... | (vii) | -- |
| | | ----- |

Representing an effective increase of.....

--%
=====

NOTES

- (i) Based on the cash element of the consideration of L98.29 for every 78.7 LASMO Shares.
- (ii) Based on the Closing Price of an Amerada Hess Share on -- December 2000 (the last practicable business day prior to the posting of this document) of \$ -- and an exchange rate of \$ -- : L1.00, being the noon-buying rate published by the Federal Reserve Bank of New York on that date.
- (iii) Based on the Closing Price of a LASMO Share on 3 November 2000 (the last practicable business day prior to the announcement of the Offer).
- (iv) The gross income from the cash consideration is based on an assumption that the cash consideration is re-invested so as to yield -- per cent. gross per annum, being the gross yield shown by the FT Actuaries Average Gross Redemption Yield for medium coupon U.K. government securities of up to five years maturity on -- , as published in the Financial Times on -- December 2000 (the last practicable business day prior to the posting of this document).
- (v) The gross dividend income from a new Amerada Hess Share is based on the aggregate of the quarterly dividends of \$0.15, \$0.15, \$0.15 and \$0.15 per Amerada Hess Share for the periods ending 30 September 2000, 30 June 2000, 31 March 2000 and 31 December 1999, respectively. The gross dividend income is based on an exchange rate of US\$ -- : L1.00, being the average noon buying rate published by The Federal Reserve Bank of New York for the period 1 October 1999 to 30 September 2000.
- (vi) The gross dividend income from a LASMO Share is based on the final dividend for the year ended 31 December 1999 of 2.5p per LASMO Share grossed up by the amount of the related UK tax credit.
- (vii) Except as expressly stated in (v) and (vi) above, no account has been taken of any potential liability to taxation. The comparison would be very difficult for some categories of shareholder if tax were taken into account, because of different tax rates applying to different categories of income.

17. ACCOUNTING TREATMENT

Amerada Hess expects that the transaction will be accounted for using the purchase method of accounting for business combinations. Under the purchase method, the consummation of the Offer will be treated as an acquisition of LASMO by Amerada Hess, and Amerada Hess will allocate the total purchase price among the acquired assets and liabilities based on their estimated fair values at closing of the transaction.

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18. PROCEDURE FOR ACCEPTANCE OF THE OFFER

THIS SECTION SHOULD BE READ TOGETHER WITH THE NOTES AND INSTRUCTIONS ON THE RELEVANT ACCEPTANCE FORM.

(a) Holders of LASMO Shares

The attention of LASMO Shareholders is drawn to paragraphs 10 and 11 of Part B of Appendix I to this document and to the relevant provisions of the Form of Acceptance. You should note that, if you hold LASMO Shares in both certificated and uncertificated (that is, in CREST) form, you should complete a separate Form of Acceptance for each holding. In addition, you should complete a separate Form of Acceptance for LASMO Shares held in uncertificated form, but under different member account IDs. Similarly, you should complete a separate Form of Acceptance for LASMO Shares held in certificated form but under different designations. If you hold LASMO Shares in CREST you should also refer to paragraphs (vi) and (viii) below. ADDITIONAL FORMS OF ACCEPTANCE ARE AVAILABLE FROM THE UK RECEIVING AGENT AND THE INFORMATION AGENT.

(i) To accept the Offer

To accept the Offer, you should complete Box 1 of the Form of Acceptance, check the details contained in Box 2 of the Form of Acceptance and, if your LASMO Shares are in CREST, complete Box 7 of the Form of Acceptance. In all cases you should sign and date Box 6 of the Form of Acceptance in accordance with the instructions printed on it. ALL HOLDERS OF LASMO SHARES WHO ARE INDIVIDUALS SHOULD SIGN BOX 6 OF THE FORM OF ACCEPTANCE IN THE PRESENCE OF A WITNESS, WHO SHOULD ALSO SIGN BOX 6 IN ACCORDANCE WITH THE INSTRUCTIONS PRINTED ON IT.

(ii) To elect for the Mix and Match Election

To make a Mix and Match Election in respect of some or all of your LASMO Shares you should complete Box 3A (to elect for additional Amerada Hess Shares) OR Box 3B (to elect for additional cash) in addition to completing Box 1 and checking Box 2. You should then sign and date Box 6 in accordance with the instructions printed on it. IN ALL CASES, HOLDERS OF LASMO SHARES WHO ARE INDIVIDUALS MUST SIGN BOX 6 OF THE FORM OF ACCEPTANCE IN THE PRESENCE OF A WITNESS, WHO SHOULD ALSO SIGN BOX 6 IN ACCORDANCE WITH THE INSTRUCTIONS PRINTED THEREON.

You must not fill in both Box 3A and Box 3B. If you do so, you will be deemed not to have made a Mix and Match Election.

Although the Offer will remain open for a Subsequent Offer Period of at least 14 calendar days after the date on which the Offer becomes or is declared unconditional in all respects (i.e. at the end of the Initial Offer Period) and may be extended beyond that time until a further specified date or until further notice, an election for the Mix and Match Election will not be valid unless by not later than 3.00 p.m. (London time), 10.00 a.m. (New York City time) on the date falling five calendar days after that date (i) the UK Receiving Agent has received the relevant Form of Acceptance, correctly completed in all respects and (ii) either (1) if the LASMO Shares concerned are in certificated form, the UK Receiving Agent has received all relevant share certificate(s) and/or other document(s) of title or (2) if the LASMO Shares concerned are in uncertificated form, there has occurred settlement of a TTE instruction in favour of the escrow agent in relation to those LASMO Shares in accordance with the procedures described in paragraphs 10(d) to (1) of Part B of Appendix 1. Any Mix and Match Election must be made at the same time as the acceptance of the Offer to which it relates. The invalidity of an election for the Mix and Match Election (including the making of such election after the Mix and Match Election has closed) will not affect the validity of an acceptance of the Offer.

(iii) To elect for the Loan Note Alternative

To elect for the Loan Note Alternative in respect of some or all of the LASMO Shares for which you are accepting the Offer, you should complete the Form of Acceptance as set out in (i) above and in addition complete Box 4. The number inserted in Box 4 indicates the number

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of LASMO shares for which you wish to receive Loan Notes instead of the cash to which you would otherwise be entitled under the Offer in respect of those LASMO Shares. Note that if you wish to receive all your cash entitlement under the Offer in Loan Notes, you should insert the same number of LASMO Shares in Box 4 as you have in Box 1.

The attention of those holders of LASMO Shares considering accepting the Loan Note Alternative is drawn to paragraph 5 of this letter, to paragraph 6 of Part B of Appendix I to this document and to Appendix II of this document. IN ALL CASES HOLDERS OF LASMO SHARES WHO ARE INDIVIDUALS MUST SIGN BOX 6 OF THE FORM OF ACCEPTANCE IN THE PRESENCE OF A WITNESS, WHO SHOULD ALSO SIGN BOX 6 IN ACCORDANCE WITH THE INSTRUCTIONS PRINTED THEREON.

(iv) To elect for both the Mix and Match Election and the Loan Note Alternative

To elect for both the Mix and Match Election and the Loan Note Alternative, in respect of all of your LASMO Shares, you must complete Box 1 and in respect of such number of LASMO Shares in respect of which you wish to accept the Mix and Match Election and the Loan Note Alternative, either Box 3A or Box 3B, and Box 4, and, if appropriate, Boxes 5, 7, 8 and/or Box 9, and then sign Box 6 in accordance with its instructions. Holders of LASMO Shares who are individuals must sign Box 6 of the Form of Acceptance in the presence of a witness, who should also sign Box 6 in accordance with the instructions printed on it.

If you make a Mix and Match Election at a time when it is open and elect for the Loan Note Alternative, the following will apply:

- (1) the Mix and Match Election will take effect first and will, subject to elections of other Securityholders, adjust the amount of cash to which you become entitled under the Offer;
- (2) a "loan note ratio" will be calculated by dividing the number of LASMO Shares entered in Box 4 by the total number of LASMO Shares entered in Box 1; and
- (3) the total amount of Loan Notes you will receive will be calculated by multiplying your total cash entitlement under the Offer, following implementation of your Mix and Match Election, by your loan note ratio.

LASMO Securityholders should note that, for acceptances after the date falling five calendar days after the date on which the Offer becomes unconditional in all respects (i.e. at the end of the Initial Offer Period), the Mix and Match Election will not be available and accordingly the Loan Note Alternative will not be available in relation to any Mix and Match Election for additional cash consideration made after that date.

(v) Return of the Form of Acceptance

To accept the Offer, the Form of Acceptance must be completed and returned, whether or not your LASMO Shares are in CREST. The completed, signed and (if you are an individual) witnessed Form of Acceptance, together with, if your LASMO Shares are not in CREST, the share certificate(s) and/or other document(s) of title for your LASMO Shares, should be returned (IF YOU ARE NOT IN THE UNITED STATES) BY POST OR BY HAND (DURING NORMAL BUSINESS HOURS ONLY) TO THE UK RECEIVING AGENT, COMPUTERSHARE SERVICES PLC OF PO BOX 859, THE PAVILIONS, BRIDGWATER ROAD, BRISTOL, BS99 1XZ OR BY HAND ONLY (DURING NORMAL BUSINESS HOURS ONLY) TO COMPUTERSHARE SERVICES PLC OF 7TH FLOOR JUPITER HOUSE, TRITON COURT, 14 FINSBURY SQUARE, LONDON, EC2A 1BR OR (IF YOU ARE IN THE UNITED STATES) TO THE US DEPOSITARY, THE BANK OF NEW YORK AT, BY MAIL, TENDER & EXCHANGE DEPARTMENT, P.O. BOX 11248, CHURCH STREET STATION, NEW YORK, NEW YORK 10286-1248 OR BY HAND OR OVERNIGHT COURIER AT TENDER & EXCHANGE DEPARTMENT, 101 BARCLAY STREET, RECEIVE AND DELIVER WINDOW, NEW YORK, NEW YORK 10286 AS SOON AS POSSIBLE BUT, IN ANY EVENT, SO AS TO BE RECEIVED BY NO LATER THAN 3.00 PM (LONDON TIME), 10.00 AM (NEW YORK CITY TIME), ON -- 2001. A reply-paid envelope is enclosed for your convenience and may be used by holders of LASMO Shares for returning Forms of Acceptance within the United Kingdom or the United States (as the case may be). The instructions printed on the Form of Acceptance shall be deemed to form part of the terms of the Offer.

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Any Form of Acceptance received in an envelope postmarked in Canada, Australia or Japan or otherwise appearing to Amerada Hess or its agents to have been sent from Canada, Australia or Japan may be rejected as an invalid acceptance of the Offer. For further information for overseas LASMO Shareholders, see paragraph 23 of this letter and paragraph 9 of Part B of Appendix I to this document.

(vi) LASMO Shares in uncertificated form (that is, in CREST)

If your LASMO Shares are in uncertificated form (that is, if you do not have a share certificate because your LASMO Shares are held in CREST), you should read carefully paragraph 10 of Part B of Appendix I to this

document, which sets out the acceptance procedures for holders of LASMO Shares in uncertificated form.

IF YOU ARE A CREST SPONSORED MEMBER, YOU SHOULD REFER TO YOUR CREST SPONSOR BEFORE TAKING ANY ACTION.

(vii) Share certificates not readily available or lost

If your LASMO Shares are in certificated form, but your share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, the Form of Acceptance should nevertheless be completed, signed and returned as stated in paragraph (v) above together with any share certificate(s) and/or other document(s) of title that you have available, accompanied by a letter stating that the balance will follow or that you have lost one or more of your share certificate(s) and/or other document(s) of title to be forwarded as soon as possible. No acknowledgement of receipt of documents will be given. In the case of loss of your share certificate(s) and/or other document(s) of title, you should write as soon as possible to LASMO's registrars, Computershare Services PLC of PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh, EH11 4BR, for a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned to the UK Receiving Agent (if you are not in the United States) or to the US Depository (if you are in the United States) at the relevant address set out in paragraph (v) above.

(viii) Deposits of LASMO Shares into, and withdrawals of LASMO Shares from, CREST

Normal CREST procedures (including timings) apply in relation to any LASMO Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of LASMO Shares or otherwise). Holders of LASMO Shares who are proposing so to convert any such LASMO Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the LASMO Shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and/or other document(s) of title or transfers to an escrow balance as referred to in the acceptance procedures referred to in sub-paragraph (vi) above) PRIOR TO 3.00 PM (LONDON TIME), 10.00 AM (NEW YORK CITY TIME) ON -- 2001.

(b) Holders of LASMO ADSs

The attention of holders of LASMO ADSs is drawn to paragraph 12 of Part B of Appendix I to this document and to the relevant provisions of the Letter of Transmittal.

For a holder of LASMO ADSs evidenced by LASMO ADRs validly to accept the Offer, either (i) a properly completed and duly executed Letter of Transmittal, together with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message, and any other documents required by the Letter of Transmittal, must be received by the US Depository at one of its addresses set out at the back of this document and either the LASMO ADRs evidencing such LASMO ADSs must be received by the US Depository at one of such addresses or such LASMO ADRs evidencing such LASMO ADSs must be delivered pursuant to the procedure for book-entry transfer set out in paragraph 12(c) of Part B of Appendix I to this document (and a Book-Entry Confirmation received by the US Depository in accordance with such procedures); or (ii) such holder must comply with the

guaranteed delivery procedures set out in paragraph 12(h) of Part B of Appendix I to this document. Attention of LASMO ADS holders is drawn to paragraph 12(h)(iii) of this document.

(c) Validity of acceptance

Without prejudice to Part B of Appendix I to this Offer Document and

subject to the City Code, Amerada Hess and Goldman Sachs reserve the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by (as applicable) the relevant transfer to escrow or the relevant share certificate(s), LASMO ADRs and/or other document(s) of title or which is received in a form or at a place or places other than as set out in this document or on the relevant Acceptance Form. In that event, no payment of cash or issue of new Amerada Hess Shares or, if applicable, issue of Loan Notes under the Offer will be required to be made until after the acceptance is entirely in order to Amerada Hess' satisfaction and (as applicable) the relevant transfer to escrow has been settled or the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to Amerada Hess have been received by the UK Receiving Agent or the US Depository, as the case may be.

(d) General

No acknowledgement of receipt of any Acceptance Form, LASMO Share certificates, LASMO ADRs or other documents of title or documentation in respect of the Offer will be given.

IF YOU ARE IN ANY DOUBT AS TO THE PROCEDURES FOR ACCEPTANCE, PLEASE CONTACT THE UK RECEIVING AGENT AT PO BOX 859, THE PAVILIONS, BRIDGWATER ROAD, BRISTOL BS99 1XZ OR BY TELEPHONE ON 0870 703 0056 OR THE US DEPOSITARY AT THE BANK OF NEW YORK, TENDER & EXCHANGE DEPARTMENT, P.O. BOX 11248, CHURCH STREET STATION, NEW YORK, NEW YORK 10286-1248, OR BY TELEPHONE ON (212) 815-6156 OR THE INFORMATION AGENT AT D.F. KING & CO. INC., 77 WATER STREET, NEW YORK, NEW YORK 10005, OR BY TELEPHONE ON (212) 269-5550 OR (888) 460-7637. YOU ARE REMINDED THAT IF YOU ARE A CREST SPONSORED MEMBER, YOU SHOULD CONTACT YOUR CREST SPONSOR BEFORE TAKING ANY ACTION.

19. RIGHTS OF WITHDRAWAL

Except to the extent of the exemptive relief which has been granted by the SEC, the Offer is subject to the US tender offer rules applicable to securities registered under the Exchange Act, as well as to the City Code. This has necessitated a number of changes from the procedures which normally apply to offers for companies governed by the City Code, including those applicable to the rights of holders of LASMO Securities to withdraw their acceptance of the Offer.

Under the Offer, holders of LASMO Securities will be able to withdraw their acceptances at any time during the Initial Offer Period but will not have any withdrawal rights during the Subsequent Offer Period, except in certain limited circumstances (see paragraphs 4(c) and (d) of Part B of Appendix I to this document). The Subsequent Offer Period must remain open for at least 14 calendar days but may be extended beyond that time until a further specified date or until further notice.

The Offer will be deemed not to have been validly accepted in respect of any LASMO Securities acceptances in respect of which have been validly withdrawn. However, the Offer may be accepted again in respect of any withdrawn LASMO Securities following one of the procedures described in paragraph 18 of this letter at any time prior to expiry or lapse of the Offer.

Further details of these rights of withdrawal and the procedure for effecting withdrawals are set out in paragraph 4 of Part B of Appendix I to this document.

20. SETTLEMENT

(a) Date of Payment

The settlement procedure with respect to the Offer will be consistent with UK practice, which differs from US domestic tender offer procedures in certain material respects, particularly with regard to the date of payment.

Subject to either the satisfaction, fulfilment or, to the extent permitted, waiver of all of the Conditions, settlement of consideration to accepting LASMO Shareholders and accepting holders of LASMO ADSs or their designated agents will be effected in the manner set out below:

- (i) in the case of acceptances received complete in all respects by the end of the Initial Offer Period, within 14 calendar days of such date; or
- (ii) in the case of acceptances received complete in all respects after such date but while the Offer remains open for acceptance, within 14 calendar days of such receipt,

in the manner set out below.

(b) LASMO Shares in uncertificated form (that is, in CREST)

Where an acceptance relates to LASMO Shares in uncertificated form:

- (i) the new Amerada Hess Shares to which the accepting LASMO Shareholder is entitled under the Offer will be issued to such shareholder in certificated form and share certificates and/or other documents of title will be despatched by post (or by such other method as may be approved by the Panel);
- (ii) the cash consideration to which an accepting LASMO Shareholder is entitled will be paid by means of CREST by Amerada Hess procuring the creation of an assured payment obligation in favour of the accepting LASMO Shareholder's payment bank in respect of the cash consideration due, in accordance with the CREST assured payment arrangements; and
- (iii) definitive certificates for any Loan Notes to which the accepting LASMO Shareholder is entitled will be despatched by post (or by such other method as may be approved by the Panel).

Amerada Hess reserves the right to settle all or any part of the cash consideration referred to above, for all or any accepting LASMO Shareholder(s), in the manner referred to in paragraph (c) below, if, for any reason, it wishes to do so.

(c) LASMO Shares in certificated form and LASMO ADSs

Where an acceptance relates to LASMO Shares in certificated form or LASMO ADSs evidenced by LASMO ADRs, the new Amerada Hess Shares to which an accepting LASMO Securityholder is entitled under the Offer will be issued to the LASMO Securityholder in certificated form. Definitive certificates for the new Amerada Hess Shares and cheques for cash due and, where applicable, definitive certificates for any Loan Notes will be despatched by post (or by such other method as may be approved by the Panel).

(d) Lapsing of the Offer

During the Initial Offer Period, if by the relevant Closing Date the Conditions are not satisfied, fulfilled or, to the extent permitted, waived, the Offer will lapse (unless a later Closing Date is selected by Amerada Hess). If the Offer lapses then: (i) in respect of LASMO Shares in certificated form and LASMO ADSs, the relevant share certificate(s), LASMO ADRs and/or other documents of title will be returned by post (or by such other method as may be approved by the Panel) within 14 calendar days of the Offer lapsing to the person or agent whose name and address (outside Canada, Australia or Japan) is set out in Box 2 (or, if applicable, Box 9) of the Form of Acceptance or to the person or agent whose name and address (outside Canada, Australia or Japan) is set out in the Letter of Transmittal (as applicable) or, if none is set out, to the name and address of the person who is the first named holder at his or her registered address; (ii) in respect of LASMO Shares in uncertificated form (that is, in CREST), the UK Receiving Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 calendar days after the lapsing of the Offer), give transfer from escrow instructions to CRESTCo to transfer all relevant LASMO Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Offer to the original available balances of the holders of LASMO Shares concerned; and (iii) in respect of LASMO ADSs delivered by book-entry transfer into the US Depository's account at a Book-Entry Transfer Facility, LASMO ADSs will be credited to an account maintained at the appropriate Book-Entry Transfer Facility.

Further information on the lapsing of the Offer is set out in paragraph 8 of Part B of Appendix I to this document.

(e) General

All documents and remittances sent by, to or from LASMO Securityholders or their appointed agents will be sent at their own risk.

All mandates, instructions and other instruments in force immediately before the Offer becomes or is declared unconditional in all respects relating to holdings of LASMO Securities will, unless and until revoked, continue in force in relation to payments and notices in respect of new Amerada Hess Shares and under the Loan Notes issued under the Offer in each case insofar as relevant. If a LASMO Securityholder has existing Amerada Hess Shares, the mandates, instructions and instruments in force for the existing Amerada Hess Shares will supersede the mandates, instructions and instruments for the LASMO Securities.

(f) Currency of cash consideration

Instead of receiving cash consideration in pounds sterling, LASMO Shareholders who so wish may elect to receive US dollars on the basis that the cash amount payable in pounds sterling to which such holder would otherwise be entitled pursuant to the terms of the Offer will be converted, without charge, from pounds sterling to US dollars at the exchange rate obtainable by the relevant payment agent (either the UK Receiving Agent or the US Depository) on the spot market in London at approximately noon (London time) on the date the cash consideration is made available by Amerada Hess to the relevant payment agent for delivery in respect of the relevant LASMO Shares. A LASMO Shareholder may receive such amount on the basis set out above only in respect of the whole of his holding of LASMO Shares in respect of which he accepts the Offer. LASMO Shareholders may not elect to receive both pounds sterling and US dollars.

Holders of LASMO ADSs are entitled under the terms of the Offer to receive the cash element of the consideration in pounds sterling. The pounds sterling consideration available to holders of LASMO ADSs is the same, per LASMO Share, as that offered to LASMO Shareholders. To facilitate the settlement of the Offer, unless they elect to receive pounds sterling, holders of LASMO ADSs will receive consideration converted into US dollars as described above, as if such holders of LASMO ADSs had elected to receive US dollars.

Consideration in US dollars may be inappropriate for LASMO Securityholders other than persons in the US and holders of LASMO ADS.

If you are a LASMO Shareholder and you wish to elect to receive cash consideration in US dollars instead of pounds sterling under the Offer, you should complete the appropriate box of the Form of Acceptance in addition to taking the actions described in paragraph 18 above.

If you are a holder of LASMO ADSs and you wish to elect to receive cash consideration in pounds sterling instead of US dollars under the Offer, you should complete the appropriate box of your Letter of Transmittal in addition to taking the actions described in paragraph 18 above.

THE ACTUAL AMOUNT OF US DOLLARS RECEIVED WILL DEPEND UPON THE EXCHANGE RATE PREVAILING ON THE BUSINESS DAY ON WHICH FUNDS ARE MADE AVAILABLE TO THE RELEVANT PAYMENT AGENT BY AMERADA HESS. LASMO SECURITYHOLDERS SHOULD BE AWARE THAT THE US DOLLAR/POUND STERLING EXCHANGE RATE WHICH IS PREVAILING ON THE DATE ON WHICH AN ELECTION IS MADE OR DEEMED TO BE MADE TO RECEIVE US DOLLARS AND ON THE DATES OF DESPATCH AND RECEIPT OF PAYMENT MAY BE DIFFERENT FROM THAT PREVAILING ON THE BUSINESS DAY ON WHICH FUNDS ARE MADE AVAILABLE TO THE RELEVANT PAYMENT AGENT BY AMERADA HESS. IN ALL CASES, FLUCTUATIONS IN THE US DOLLAR/POUNDS STERLING EXCHANGE RATE ARE AT THE RISK OF ACCEPTING LASMO SECURITYHOLDERS WHO ELECT OR ARE TREATED AS HAVING ELECTED TO RECEIVE THEIR CONSIDERATION IN US DOLLARS. NEITHER AMERADA HESS NOR ANY OF ITS ADVISERS OR AGENTS SHALL HAVE ANY RESPONSIBILITY WITH RESPECT TO THE ACTUAL AMOUNT OF CASH CONSIDERATION PAYABLE OTHER THAN IN POUNDS STERLING.

21. UNITED KINGDOM TAXATION

Information on the application of current UK tax law and Inland Revenue practice

applicable to LASMO Shareholders who accept the Offer is contained in paragraph 14 of Appendix VI to this document.

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22. UNITED STATES FEDERAL TAXATION

Information on the application of current US federal tax law applicable to LASMO Securityholders who accept the Offer is contained in paragraph 15 of Appendix VI to this document.

HOLDERS OF LASMO SECURITIES ARE URGED TO CONSULT THEIR INDEPENDENT PROFESSIONAL ADVISER IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES AS TO THE US AND UK TAX CONSEQUENCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS.

23. OVERSEAS LASMO SECURITYHOLDERS

The availability of the Offer to persons who are not resident in the United Kingdom or the United States may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom or the United States should inform themselves about and observe any applicable requirements. The attention of LASMO Securityholders who are citizens or residents of jurisdictions outside the United Kingdom or the United States is drawn to paragraph 9 of Part B of Appendix I of this document and to the relevant provisions of the Acceptance Form.

The Offer, including the Loan Note Alternative, is not being made, directly or indirectly, in or into Canada, Australia or Japan. Accordingly, any accepting LASMO Securityholder who is unable to give the representations and warranties set out in paragraphs 11(b) and 12(i)(ii)(dd) (as applicable) of Part B of Appendix I to this document may be deemed not to have accepted the Offer.

The Loan Notes which may be issued pursuant to the Offer will not be listed on any stock exchange and have not been, and will not be, registered under the Securities Act or under the laws of any State of the United States and may not be offered, sold or delivered, directly or indirectly, in or into the United States, or to or for the account or benefit of any US person, except pursuant to an exemption from, or in a transaction not subject to, the requirements of the Securities Act and the relevant securities laws of any State of the United States. The Loan Notes may not be offered, sold or delivered, directly or indirectly, in or into Canada, Australia or Japan. The Loan Note Alternative will not be made into the United States or available to LASMO Securityholders in the United States or to US persons outside the United States.

24. COMPULSORY ACQUISITION AND APPLICATION FOR DE-LISTING OF LASMO SECURITIES

If all of the Conditions are either satisfied, fulfilled or, to the extent permitted, waived and Amerada Hess has acquired or contracted to acquire, pursuant to the Offer or otherwise, at least 90 per cent. in nominal value of the LASMO Shares to which the Offer relates, before the end of the four month period provided by the Companies Act, Amerada Hess will be entitled, and intends, to acquire the remaining LASMO Shares (including LASMO Shares represented by LASMO ADSs) on the same terms as the Offer pursuant to the compulsory acquisition procedure set out in sections 428 to 430F of the Companies Act (see paragraph 11 of Appendix VI and Appendix VII to this document).

When the Offer becomes or is declared unconditional in all respects, Amerada Hess intends to procure the making of an application by LASMO for the removal of LASMO Shares from the Official List of the UK Listing Authority and for the cancellation of trading in LASMO Shares on the London Stock Exchange's market for listed securities and also for the de-listing of LASMO ADSs and LASMO Shares (the LASMO Shares do not trade on the NYSE and are listed on the NYSE only in connection with the ADS program) from the NYSE. It is anticipated that cancellation of listing from the Official List and cancellation of trading on the London Stock Exchange will take effect no earlier than 20 business days after the Offer becomes or is declared unconditional in all respects. De-listing would significantly reduce the liquidity and marketability of any LASMO Securities not assented to or tendered in the Offer. Amerada Hess will make an announcement at least 20 business days prior to the cancellation of listing from the Official List and the cancellation of trading on the London Stock Exchange specifying the exact date upon which LASMO Shares will be de-listed. While it is anticipated that cancellation of both listings will take place at the same time,

cancellation of the listing of the LASMO ADSs on the NYSE could take effect earlier than cancellation of the listing and trading of the LASMO Shares on the Official List of the UK Listing Authority and the London Stock Exchange, respectively.

25. LASMO L90,000,000 7 3/4 PER CENT. CONVERTIBLE BONDS DUE 2005

On 1 March 2000 LASMO announced that it intended to redeem some or all of its 7 3/4 per cent. Convertible Bonds due 2005 on or at any time after 4 October 2000 at the principal amount together with interest accrued to the date fixed for redemption. If and when Amerada Hess has implemented the

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compulsory acquisition procedure as described in paragraph 24 above, it is the intention of Amerada Hess, within sixty days after the completion of that procedure, to procure that LASMO should implement the provisions of these bonds relating to their redemption.

26. FURTHER INFORMATION

Your attention is drawn to the further information contained in the Appendices which form part of this document, and to the accompanying Acceptance Form, which should be read in conjunction with this document. The Appendices and the Acceptance Form contain material information which may not be summarised elsewhere.

27. ACTION TO BE TAKEN

YOU ARE URGED TO COMPLETE, SIGN AND RETURN THE FORM OF ACCEPTANCE OR LETTER OF TRANSMITTAL (AS APPROPRIATE), TOGETHER WITH ALL THE REQUIRED DOCUMENTS, AS SOON AS POSSIBLE AND, IN ANY EVENT, SO AS TO BE RECEIVED BY THE UK RECEIVING AGENT OR THE US DEPOSITARY, AS APPROPRIATE, BY NO LATER THAN 3.00 PM (LONDON TIME), 10.00 AM (NEW YORK CITY TIME) ON -- 2001.

Yours sincerely,

Richard Murley
Managing Director
for and on behalf of
GOLDMAN SACHS INTERNATIONAL

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APPENDIX I

CONDITIONS AND FURTHER TERMS OF THE OFFER

PART A -- CONDITIONS OF THE OFFER

The Offer, which will be made by Amerada Hess on its own behalf in the United States and by Goldman Sachs on behalf of Amerada Hess elsewhere, will be subject to the following conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) by not later than 3.00 pm (London time), 10.00 am (New York City time), on -- 2001 (or such later time(s) and/or date(s) as Amerada Hess may, subject to the rules of the City Code or with the consent of the Panel and in accordance with the Exchange Act, decide) in respect of not less than 90 per cent. (or such lesser percentage as Amerada Hess may decide) in nominal value of the LASMO Shares (including LASMO Shares represented by LASMO ADSs) to which the Offer relates, provided that this condition will not be satisfied unless Amerada Hess (together with any of its wholly-owned subsidiaries and, to the extent that Amerada Hess so elects with the consent of the Panel, Methodplan) shall have acquired or agreed to acquire, whether pursuant to the Offer or otherwise, LASMO Shares (including LASMO Shares represented by LASMO ADSs) carrying, in aggregate, more than 50 per cent. of the voting rights then exercisable at general meetings of LASMO (excluding, to the extent that Amerada Hess so elects with the consent of the Panel, voting rights attached to the Methodplan Shares), including for this purpose (to the extent, if any, required by the Panel) any such voting rights attaching to any LASMO Shares (including LASMO Shares represented by

LASMO ADSSs) which are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding conversion or subscription rights or otherwise and, for this purpose:

- (i) the expression "LASMO Shares to which the Offer relates" shall be construed in accordance with sections 428 to 430F of the Companies Act; and
 - (ii) LASMO Shares which have been unconditionally allotted shall be deemed to carry the voting rights which they will carry upon issue;
- (b) the new Amerada Hess Shares having been authorised for listing, subject to official notice of issuance, on the New York Stock Exchange and the Registration Statement having been declared effective;
 - (c) insofar as the Offer or any matter arising therefrom constitutes a concentration with a Community dimension within the scope of Council Regulation (EEC) 4064/89, as amended (the "Regulation"), the European Commission indicating in terms satisfactory to Amerada Hess that it does not intend to initiate proceedings under Article 6(1)(c) of the Regulation either in relation to the proposed acquisition of the whole of the LASMO business or in relation to those parts of the LASMO business over which it retains jurisdiction following its decision to make a referral of any part of the proposed acquisition to a competent authority of any Member State of the European Union under Article 9(1) of the Regulation;
 - (d) insofar as the Offer or any matter arising therefrom is not a concentration with a Community dimension or is such a concentration but is referred in whole or part to the competent authority of the UK under Article 9(1) of the Regulation, it being indicated in terms satisfactory to Amerada Hess, that it is not the intention of the Secretary of State for Trade and Industry to refer the Offer or any matter arising therefrom to the Competition Commission;
 - (e) all filings which Amerada Hess considers appropriate having been made and all or any applicable waiting periods (including any extensions thereof) under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations thereunder having expired or been terminated (as appropriate) in respect of the Offer and the proposed acquisition of LASMO by Amerada Hess;
 - (f) the information supplied to Amerada Hess by LASMO prior to the release of the Announcement with respect to the number of LASMO Shares in issue and those which may fall to be issued pursuant to the exercise of subscription or conversion rights or otherwise being accurate in all respects when supplied and continuing to be accurate in all respects while the Offer remains open for acceptance;

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- (g) no government or governmental, quasi-governmental, supranational, statutory or regulatory body, court, trade agency, professional association or any other person or body in any jurisdiction having decided to take, instituted, implemented or threatened any action, proceedings, suit, investigation or enquiry, or made, proposed or enacted, any statute, regulation or order or taken any other steps and there continuing not to be outstanding any statute, regulation, order or other such matter which in any such case would or might:
 - (i) make the Offer or the acquisition by Amerada Hess of any shares or other securities in, or control of, LASMO void, illegal or unenforceable or otherwise restrain, prohibit, restrict or delay or impose additional conditions or obligations with respect thereto or otherwise challenge or interfere therewith;
 - (ii) require or prevent the divestiture by any member of the Wider Amerada Hess Group or by any member of the Wider LASMO Group of all or any material portion of their respective businesses, assets or property or impose any material limitation on the ability of any of them to conduct all or any material portion of their respective businesses or to own all or any material portion of their respective assets or properties to an extent which is material in the context of the Amerada Hess Group

or the LASMO Group respectively taken as a whole;

- (iii) impose any limitation on the ability of any member of the Wider Amerada Hess Group to acquire or to hold or to exercise effectively any rights of ownership of shares or any other securities in LASMO or on the ability of any member of the LASMO Group to hold or exercise effectively any rights of ownership of shares in any member of the Wider LASMO Group or to exercise management control over any member of the LASMO Group to an extent which is material in the context of the Wider Amerada Hess Group taken as a whole or the LASMO Group taken as a whole respectively;
- (iv) require any member of the Amerada Hess Group or any member of the LASMO Group to offer to acquire any shares or any other securities in any of LASMO's subsidiaries or in any entity in which any member of the LASMO Group has a substantial interest owned by any third party where such interest would be material in the context of the Amerada Hess Group or the LASMO Group, as the case may be;
- (v) otherwise affect the business, profits or prospects of the LASMO Group (taken as a whole) in a manner which is material and adverse;

and all applicable waiting and other time periods during which any such government, body, court, agency, association or person could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation or enquiry having expired or been terminated;

- (h) (i) all necessary filings having been made, all appropriate waiting periods under any applicable legislation or regulations of any jurisdiction having expired or been terminated and all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals necessary for or in respect of the Offer and the proposed acquisition of any shares in, or control of, LASMO by Amerada Hess ("AUTHORISATIONS") having been obtained, in terms and in a form reasonably satisfactory to Amerada Hess, from all appropriate governments, governmental, quasi-governmental, supranational, statutory or regulatory bodies or trade agencies, professional associations or courts, or persons or bodies with whom any member of the LASMO Group has entered into contractual arrangements; and
 - (ii) all Authorisations necessary to carry on the business of any member of the Wider LASMO Group (the absence of which Authorisation would have a material adverse effect on the LASMO Group taken as a whole) or to enable any member of the Wider LASMO Group to continue to enjoy without material interruption or modification the benefit of its interests in its material assets, remaining in full force and effect and there being no intimation of an intention to revoke or not to renew any of such Authorisations and all necessary statutory or regulatory obligations in any jurisdiction having been complied with in all material respects;
- (i) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Wider LASMO Group is a party, or by or to which any such member or any of their assets may be bound, entitled or be subject to and which, in consequence of the proposed acquisition of any shares in, or control of, LASMO by Amerada Hess or otherwise, would or might, to an extent which is material in the context of the LASMO Group taken as a whole, result in:

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- (i) any monies borrowed by any such member becoming capable of being declared repayable prior to their stated maturity or the ability of any such member to incur any indebtedness being withdrawn or inhibited;
- (ii) the creation of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member or any such security (whenever arising or having arisen) becoming enforceable;
- (iii) any such arrangement, agreement, licence or instrument being terminated or adversely modified or any action being taken or any obligation arising thereunder;

(iv) any assets of any such member being disposed of other than in the ordinary course of business;

(v) the interests or business of any such member in or with any firm or body or, in the case of a business, person or any arrangements relating to such interest or business, being terminated or modified or affected;

and no event having occurred which, under any provision of any such arrangement, agreement, licence or other instrument, could result in any of the events or circumstances which are referred to in paragraphs (i) to (v) of this condition (i) in any case where such result would be material in the context of the LASMO Group taken as a whole;

(j) except as publicly announced through the London Stock Exchange or publicly filed with the SEC by LASMO prior to 5 November 2000 no member of the LASMO Group having since 31 December 1999:

(i) issued or authorised or proposed the issue of additional shares of any class, or securities convertible into, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save as between LASMO and wholly-owned subsidiaries of LASMO and save for options granted, and for any LASMO Shares allotted upon exercise of options granted prior to 5 November 2000 under the LASMO Share Option Schemes) or redeemed, purchased or reduced any part of its share capital;

(ii) declared, paid or proposed to declare, pay or make, any bonus, dividend or other distribution other than to other members of the LASMO Group;

(iii) authorised or proposed or announced its intention to propose any merger or demerger or acquisition or disposal of assets or shares, (other than in the ordinary course of business) or any change in its loan or share capital;

(iv) issued or proposed the issue of any debentures or incurred any indebtedness or contingent liability which is material (other than in the ordinary course of business);

(v) disposed of or transferred, mortgaged or encumbered any asset or any right, title or interest in any asset which is material (other than in the ordinary course of business);

(vi) entered into any contract or commitment (whether in respect of capital expenditure or otherwise) which is of a long term or unusual nature or magnitude or which involves or could involve an obligation of a nature or magnitude which is material (other than in the ordinary course of business);

(vii) entered into any contract, reconstruction, amalgamation, scheme, transaction or arrangement otherwise than in the ordinary course of business which is material in the context of the LASMO Group taken as a whole;

(viii) entered into an agreement or commitment or passed any resolution with respect to any of the matters or events referred to in this paragraph;

(ix) entered into or varied the terms of any service agreement with any of the directors of LASMO; or

(x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any

analogous proceedings in any jurisdiction or for the appointment of any analogous person in any jurisdiction;

- (k) since 31 December 1999 and except as publicly announced through the London Stock Exchange or filed publicly with the SEC prior to 5 November 2000 by LASMO:
 - (i) there having been no material adverse change in the business, financial or trading position or profits, or prospects of the LASMO Group taken as a whole;
 - (ii) there having been no material litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider LASMO Group is a party (whether as plaintiff or defendant or otherwise) and no such proceedings having been threatened against any member of the Wider LASMO Group, in each case which could have a material adverse effect on the LASMO Group taken as a whole;
 - (iii) no contingent liability having arisen which might be likely materially and adversely to affect the LASMO Group;
- (l) Amerada Hess not having discovered:
 - (i) that the financial or business information concerning the LASMO Group, as contained in the information disclosed at any time publicly or directly to Amerada Hess by any member of the LASMO Group contains a material misrepresentation of fact or omits to state a fact necessary to make the information contained therein not materially misleading to an extent which is material in the context of the LASMO Group taken as a whole;
 - (ii) that any member of the Wider LASMO Group is subject to any liability (contingent or otherwise) which is not disclosed in LASMO's annual report and accounts or filing on Form 20-F for the financial year ended 31 December 1999 and which is material in the context of the LASMO Group taken as a whole; or
 - (iii) any information which affects any information disclosed prior to 5 November 2000 by any member of the Wider LASMO Group to Amerada Hess to an extent which is material and adverse in the context of the LASMO Group taken as a whole; and
- (m) Amerada Hess not having discovered:
 - (i) that any information supplied to Amerada Hess by LASMO with respect to the nature of LASMO's interests in its material assets is or has become materially inaccurate or misleading or that any member of the Wider LASMO Group has become or may become subject to a material interruption or modification of its ability to enjoy the benefit of its interests in its material assets;
 - (ii) that any past or present member of the Wider LASMO Group has not complied with all applicable laws of any relevant jurisdiction relating to environmental matters which non-compliance would be likely to give rise to any material liability or cost on the part of any member of the Wider LASMO Group which is material in the context of the LASMO Group taken as a whole;
 - (iii) that there is, or is likely to be, any material liability (whether actual or contingent), or requirement to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider LASMO Group which is material in the context of the LASMO Group taken as a whole;
 - (iv) that circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider LASMO Group which claim or claims would be likely materially and adversely to affect any member of the Wider LASMO Group and which is material in the context of the LASMO Group taken as a whole.

The Offer will lapse unless the Conditions have been determined by Amerada Hess in its reasonable opinion to have been and to remain satisfied, fulfilled or (if capable of waiver) waived by 3.00 pm (London time), 10.00 am (New York City time), on -- 2001 or to have been satisfied, fulfilled or (if capable of waiver) waived by any later Closing Date applicable from time to time.

At the time when the Initial Offer Period ends, all the Conditions must have been satisfied, fulfilled or, to the extent permitted, waived. Therefore, withdrawal rights will apply until that time.

The Acceptance Condition shall be capable of being satisfied or being treated as satisfied only at the time when all of the other Conditions shall have been either satisfied, fulfilled or (to the extent permitted) waived unless Amerada Hess, with the consent of the Panel, shall otherwise decide. In respect of LASMO ADSs validly tendered pursuant to a Letter of Transmittal, Amerada Hess shall, insofar as it may so determine, be deemed for the purposes of the Acceptance Condition or generally to have agreed to acquire the tendered LASMO ADSs and the LASMO Shares represented by such LASMO ADSs.

The Offer is not required to become or be declared unconditional in all respects only on a Closing Date; it may become unconditional in all respects prior to the Closing Date applicable from time to time (but not earlier than 3.00pm (London time), 10.00am (New York City time) on -- , 2001 and not, except with the consent of the Panel, later than [DAY 60].

Amerada Hess reserves the right to waive, in whole or in part, all or any of Conditions (c) to (m) inclusive. Amerada Hess shall be under no obligation to waive or treat as satisfied any of the Conditions by a date earlier than the applicable Closing Date for its satisfaction notwithstanding that any other Condition of the Offer may on or before such date have been satisfied, fulfilled or, to the extent permitted, waived and/or that there are no circumstances indicating that any such Conditions may not be capable of satisfaction or fulfilment.

Amerada Hess reserves the right, subject to the consent of the Panel, to extend the time allowed under the rules of the City Code for satisfaction of the Acceptance Condition and accordingly for the satisfaction, fulfilment or, where permitted, waiver of other Conditions, and thus to extend the duration of the Initial Offer Period.

The LASMO Shares held by Methodplan may not be voted by Methodplan as a result of the operation of section 23 of the Companies Act. Amerada Hess has elected, and has received the consent of the Panel in respect of such election, in accordance with the terms of the Acceptance Condition, that any LASMO Shares held by Methodplan at the date the Acceptance Condition is treated as satisfied will not be counted for the purposes of the Acceptance Condition in determining (a) whether or not Amerada Hess and/or any other relevant person has acquired or agreed to acquire, whether pursuant to the Offer or otherwise, LASMO Shares (including LASMO Shares represented by LASMO ADSs) carrying in aggregate more than 50 per cent. of the voting rights then exercisable at general meetings of LASMO or (b) the LASMO Shares (including LASMO Shares represented by LASMO ADSs) of which LASMO (or any other relevant person) is required to acquire (or agree to acquire) such percentage. This election will not otherwise affect the determination, for the purposes of the Acceptance Condition, of whether valid acceptances have been received in respect of not less than 90 per cent. (or such lesser percentage as Amerada Hess may decide) in nominal value of the LASMO Shares (including LASMO Shares represented by LASMO ADSs) to which the Offer relates.

Essentially this means that the Methodplan Shares will not count in the calculation of the 50 per cent. threshold in the Acceptance Condition.

If Amerada Hess is required by the Panel to make an offer for LASMO Securities under the provisions of Rule 9 of the City Code, Amerada Hess may make such alterations to the Conditions, including the Acceptance Condition, as are necessary to comply with the provisions of that Rule.

Unless the Panel otherwise agrees, the Offer will lapse if (a) the acquisition of LASMO is referred to the Competition Commission or (b) the European Commission, pursuant to Council Regulation (EEC) 4064/89, as amended ("THE REGULATION"), initiates proceedings in connection with any aspect of the proposed acquisition under Article 6(1)(c) of the Regulation or makes a referral in respect of any aspect of such acquisition to a competent authority of the United Kingdom under Article 9(1) of the Regulation which is followed by a reference of the proposed acquisition to the Competition Commission, in any such case before 3.00 pm (London time), 10.00 am (New York City time) on -- , 2001 or the date when the Offer is declared or becomes unconditional as to

acceptances, whichever is the later. In those circumstances, the Offer will cease to be capable of further acceptances and persons who have accepted it will no longer be bound by their acceptances.

The attention of member firms of the NYSE is drawn to certain UK dealing disclosure requirements following the Announcement. The Announcement commenced an offer period under the City Code

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which is published and administered by the Panel. An offer period is deemed to commence at the time when an announcement is made of a proposed or possible offer, with or without terms.

The above disclosure requirements are set out in Rule 8 of the Code. In particular, Rule 8.3 requires public disclosure of dealings during an offer period by persons who own or control, or who would as a result of any transaction own or control, 1 per cent. or more of any class of relevant securities of the offeror or offeree company. Relevant securities includes all instruments exchangeable into LASMO Shares or into Amerada Hess Shares. This requirement will apply until the end of the Initial Offer Period.

Disclosure should be made on the appropriate form before 12 noon London time on the business day following the date of the dealing transaction. These disclosures should be sent to the Company Announcements Office of the London Stock Exchange and to the Panel.

Member firms should advise those of their clients who wish to deal in the relevant securities of LASMO and Amerada Hess, whether in the US or the UK, that they may be affected by these requirements. If there is any doubt as to their application, the Panel should be consulted (telephone number +44 (0)20 7638 0129, fax number +44 (0)20 7256 9386).

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PART B -- FURTHER TERMS OF THE OFFER

The following further terms apply, unless the contrary is expressed or the context requires otherwise, to the Offer and the Loan Note Alternative.

Unless the context otherwise requires, any reference in Part B of this Appendix I and in the Acceptance Form:

- (i) to the "Offer" will mean the Offer and will include any revision, variation or renewal thereof or extension thereto and any election in connection therewith;
- (ii) to the Offer "becoming unconditional as to acceptances" means the Acceptance Condition becoming or being determined by Amerada Hess to be satisfied;
- (iii) to the Offer "becoming unconditional in all respects" means all Conditions being fulfilled, satisfied or, to the extent permitted, waived; and
- (iv) to "acceptances of the Offer" shall include deemed acceptances of the Offer.

1. ACCEPTANCE PERIOD

- (a) The Offer is initially open for acceptance until 3.00 pm (London time), 10.00 am (New York City time), on -- 2001. Amerada Hess reserves the right (but will not be obliged, other than as may be required by the City Code or the Exchange Act and the rules and regulations thereunder) at any time or from time to time to extend the Offer after such time and, in such event, will make a public announcement of such extension in the manner described in paragraph 3 below. If all of the Conditions are not satisfied, fulfilled or, to the extent permitted, waived by Amerada Hess as at 3.00 pm (London time), 10.00 am (New York City time), on -- 2001, the Offer will lapse and no LASMO Securities will be purchased under it unless Amerada Hess extends the Offer by specifying a later Closing Date. Upon the

Conditions being satisfied, fulfilled or waived (i.e. at the end of the Initial Offer Period), the Offer will be extended for a Subsequent Offer Period which will remain open for at least 14 calendar days.

- (b) Amerada Hess reserves the right (but will not be obliged) at any time and from time to time to extend the Subsequent Offer Period for any period it chooses. The Subsequent Offer Period must remain open for at least 14 calendar days but may be extended beyond that time until a further specified date or until further notice. If Amerada Hess states that the Offer will remain open until further notice, Amerada Hess will give not less than 14 calendar days' notice in writing to LASMO Securityholders who have not accepted the Offer before closing the Subsequent Offer Period.
- (c) Except with the consent of the Panel, the Offer, whether revised or not, shall not be capable of becoming unconditional as to acceptances (nor, therefore, unconditional in all respects) and, accordingly, the Initial Offer Period is not (except with the consent of the Panel) capable of being extended, after midnight (London time), 7.00 pm (New York City time), on [DAY 60] (or any earlier time or date beyond which Amerada Hess has stated that the Offer will not be extended and has not withdrawn that statement). If all of the Conditions are not satisfied, fulfilled or, to the extent permitted, waived by such time or by any later Closing Date specified by Amerada Hess, with the consent of the Panel, the Offer will lapse unless the Panel agrees otherwise. If the Offer lapses for any reason, the Offer shall cease to be capable of further acceptance and Amerada Hess and LASMO Securityholders shall cease to be bound by prior acceptances. Amerada Hess reserves the right, with the permission of the Panel and in accordance with the Exchange Act, to extend the final date for acceptance of the Offer and for the satisfaction of the Acceptance Condition and all the other Conditions and, accordingly, the Initial Offer Period.

The Offer is not required to become or be declared unconditional in all respects only on a Closing Date; it may become unconditional in all respects prior to the Closing Date applicable from time to time (but not earlier than 3.00 pm (London time), 10.00 am (New York City time) on -- 2001) and not, except with the consent of the Panel, later than [DAY 60].

- (d) Although no revision is envisaged, if the Offer is revised, the Offer will be extended, if necessary, for a period of at least 14 calendar days (or such lesser period as may be permitted by the Panel and in accordance with the Exchange Act) from the date on which written notification of the revised Offer is posted to LASMO Securityholders. Except with the consent of the Panel, no revision of the Offer

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may be made after [DAY 46] or, if later, the date which is 14 calendar days before the last date on which the Offer can become unconditional as to acceptances.

- (e) If a competitive situation arises (as determined by the Panel) after a "no increase" and/or "no extension" statement has been made by or on behalf of Amerada Hess in relation to the Offer, Amerada Hess may, if it has specifically reserved the right to do so at the time the statement is made (or otherwise with the consent of the Panel), withdraw the statement and be free to increase or, as the case may be, to extend the Offer provided that it complies with the requirements of the City Code and the Exchange Act and in particular that:
 - (i) it announces the withdrawal as soon as possible and in any event within four business days after the date of the announcement of the competing offer or other competitive situation;
 - (ii) it notifies LASMO Securityholders in writing of the withdrawal (or, in the case of LASMO Securityholders with registered addresses outside the United Kingdom or United States, or whom Amerada Hess reasonably believes to be nominees, custodians or trustees holding LASMO Securities for such persons, by announcement in the United Kingdom and United States) at the earliest practicable opportunity; and
 - (iii) any LASMO Securityholders who accepted the Offer after the date of the "no increase" or "no extension" statement are given a right of

withdrawal in accordance with paragraph 4(d) of Part B of this Appendix below. Withdrawal rights will apply in any event during the Initial Offer Period.

Amerada Hess may, if it has specifically reserved the right to do so at the time the statement is made, choose not to be bound by the terms of a "no increase" or "no extension" statement if it would otherwise prevent the posting of an increased or improved offer (either as to the value or nature of the consideration offered or otherwise) which is recommended for acceptance by the board of directors of LASMO, or in other circumstances permitted by the Panel.

2. ACCEPTANCE CONDITION

- (a) For the purposes of determining whether the Acceptance Condition has been satisfied, Amerada Hess may, except as otherwise agreed by the Panel, only take into account acceptances received or purchases of LASMO Securities made in respect of which all relevant documents are received by the UK Receiving Agent or the US Depository by 3.00 pm (London time), 10.00 am (New York City time) on -- 2001 or such later Closing Date as may be specified but, except with the consent of the Panel, not later than 1.00 pm (London time), 8.00 am (New York City time) on [DAY 60] or, in each case, any earlier Closing Date beyond which Amerada Hess has stated that the Offer will not be extended (unless the Conditions are by that Closing Date satisfied, fulfilled or, to the extent permitted, waived) and has not withdrawn that statement.

If, with the consent of the Panel, the latest time and date at which the Offer may become unconditional as to acceptances (and thus the latest time at which it may become unconditional in all respects) is extended to a time and date later than midnight (London time), 7.00 pm (New York City time) on [DAY 60], so that the Initial Offer Period is accordingly extended, acceptances received and purchases made in respect of which the relevant documents are received by the UK Receiving Agent or the US Depository after 1.00 pm (London time), 8.00 am (New York City time) on that later date may only be taken into account with the agreement of the Panel, except where the City Code permits otherwise.

- (b) Except as otherwise agreed by the Panel:

- (i) an acceptance of the Offer in respect of LASMO Securities will only be treated as valid for the purposes of the Acceptance Condition if the requirements of Note 4 and, if applicable, Note 6 to Rule 10 of the City Code are satisfied in respect of it;
- (ii) a purchase of LASMO Securities by Amerada Hess or its nominee or (if Amerada Hess is required by the Panel to make an offer for LASMO Securities under Rule 9 of the City Code) by a person acting in concert with Amerada Hess or its nominee, will only be treated as valid for the purposes of the Acceptance Condition if the requirements of Note 5 and, if applicable, Note 6 to Rule 10 of the City Code are satisfied in respect of it; and

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- (iii) before the Offer may become unconditional as to acceptances the UK Receiving Agent must issue a certificate to Amerada Hess or Goldman Sachs which states the number of LASMO Securities in respect of which acceptances have been received and not validly withdrawn and the number of LASMO Securities otherwise acquired, whether before or during the Offer Period, which comply with the provisions of the City Code referred to in this paragraph 2(b) or which otherwise comply with the requirements of the Panel. Copies of such certificate will be sent to the Panel as soon as possible after it is issued.
- (c) For the purpose of determining whether the Acceptance Condition has been satisfied, Amerada Hess shall be entitled to take into account only those LASMO Securities carrying voting rights which have been unconditionally allotted or issued, whether pursuant to the exercise of conversion or subscription rights or otherwise, before the determination takes place and written notice of the allotment or issue of which, containing all relevant details, has been received before that time by the UK Receiving Agent or the US Depository on behalf of Amerada Hess from LASMO or its agents at one

of the addresses set out at the back of this document. Notification by e-mail, telex or facsimile transmission does not constitute written notice for this purpose.

- (d) In accordance with applicable SEC rules, at least five business days prior to any reduction in the percentage of LASMO Shares (including LASMO Shares represented by LASMO ADSs) required to satisfy the Acceptance Condition, Amerada Hess will announce that it has reserved the right so to reduce the Acceptance Condition. The announcement will be made through a press release designed to inform LASMO Securityholders in the United Kingdom and elsewhere and by placing an advertisement in a newspaper of national circulation in the United States. Such announcement will state the exact percentage to which the Acceptance Condition may be reduced, will state that such a reduction is possible but that Amerada Hess need not declare its actual intentions until it is required to do so under the City Code and will contain language advising LASMO Securityholders to withdraw their LASMO Securities if their willingness to accept the Offer would be affected by a reduction of the Acceptance Condition. Amerada Hess will not make such an announcement unless it believes that there is a significant possibility that a sufficient number of acceptances will be received to permit the Acceptance Condition to be satisfied at such reduced level and that the other Conditions will be satisfied, fulfilled or, to the extent permitted, waived at such time. LASMO Securityholders who are not willing to accept the Offer if the Acceptance Condition is reduced to a level lower than 90 per cent. should not accept the Offer until it becomes or is declared unconditional as to acceptances (which may be at a level lower than 90 per cent.) and/or be prepared to withdraw their acceptances promptly following an announcement by Amerada Hess of its reservation of the right to reduce the Acceptance Condition. Upon any announcement being made that the percentage of LASMO Shares (including LASMO Shares represented by LASMO ADSs) required to satisfy the Acceptance Condition may be reduced, the Offer shall not be capable of becoming or being declared unconditional in all respects until the expiry of at least five business days thereafter. LASMO Securityholders will be able to accept the Offer for at least five business days after a reduction of the Acceptance Condition either during the Initial Offer Period or the Subsequent Offer Period. If Amerada Hess states that the Offer will remain open until further notice, Amerada Hess will give not less than 14 calendar days' notice in writing to LASMO Securityholders who have not accepted the Offer before closing the Subsequent Offer Period.

3. ANNOUNCEMENTS

- (a) Without prejudice to paragraph 4 below, by 8.00 am (London time) in the United Kingdom and 8.00 am (New York City time) in the United States on the business day (the "RELEVANT DAY") after each day on which the Offer is due to expire or becomes unconditional in all respects or on which the Offer is revised or is extended (or such later time or date as the Panel may agree), Amerada Hess will make an appropriate announcement and inform the London Stock Exchange and the Dow Jones News Service. In the announcement Amerada Hess will state (unless otherwise permitted by the Panel) the total number of LASMO Securities and rights over LASMO Securities (as nearly as practicable):

- (i) for which acceptances of the Offer have been received, showing the extent, if any, to which such acceptances have been received from persons acting or deemed to be acting in concert with Amerada Hess for the purposes of the Offer;

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- (ii) held by or on behalf of Amerada Hess or any person acting or deemed to be acting in concert with Amerada Hess for the purposes of the Offer before the Offer Period; and

- (iii) acquired or agreed to be acquired by or on behalf of Amerada Hess or any person acting or deemed to be acting in concert with Amerada Hess for the purposes of the Offer during the Offer Period;

and the announcement will specify the percentage of the issued share capital of LASMO represented by each of these figures.

- (b) In calculating the number of LASMO Securities represented by acceptances and

purchases, Amerada Hess may only include acceptances and purchases if they could be counted towards fulfilling the Acceptance Condition under Notes 4, 5 and 6 to Rule 10 of the City Code, unless the Panel agrees otherwise. Subject to this, Amerada Hess may include or exclude, for announcement purposes, acceptances and purchases not in all respects in order or which are subject to verification.

- (c) Any decision to extend the Offer may be made at any time up to, and will be announced by, 8.00 am (London time) in the United Kingdom and 8.00 am (New York City time) in the United States on the relevant day (or such later time and/or date as the Panel may agree). If the Offer is not yet unconditional in all respects (so that the Initial Offer Period has not yet expired) the announcement will state the next Closing Date or, if the Offer has become unconditional in all respects (with the result that the Initial Offer Period has ended), the announcement will state that the Offer will remain open for a Subsequent Offer Period until further notice or until a further specified date not less than 14 calendar days after the end of the Initial Offer Period.
- (d) In this Appendix, a reference to the making of an announcement or the giving of notice by or on behalf of Amerada Hess includes the release of an announcement by Amerada Hess' public relations consultants or Goldman Sachs, in each case on behalf of Amerada Hess, to the press and the delivery by hand or telephone, e-mail, telex or facsimile or other electronic transmission of an announcement to the London Stock Exchange and the Dow Jones News Service, as the case may be. An announcement made otherwise than to the London Stock Exchange and the Dow Jones News Service will be notified simultaneously to the London Stock Exchange and the Dow Jones News Service.
- (e) Without limiting the manner in which Amerada Hess may choose to make any public announcement and, subject to Amerada Hess' obligations under applicable law (including Rules 14d-4(c) and 14d-6(c) under the Exchange Act relating to Amerada Hess' obligations to disseminate promptly public announcements concerning material changes to the Offer), Amerada Hess will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the London Stock Exchange and the Dow Jones News Service.

4. RIGHTS OF WITHDRAWAL

- (a) Except as provided by this paragraph 4, acceptances and elections are irrevocable.
- (b) LASMO Securities in respect of which valid acceptances have been received may be withdrawn pursuant to the procedures set out below at any time during the Initial Offer Period and in certain other circumstances described below. LASMO Securities in respect of which valid acceptances have been received during the Initial Offer Period and that are not validly withdrawn during the Initial Offer Period and LASMO Securities in respect of which valid acceptances have been received during the Subsequent Offer Period may not be withdrawn. Holders of LASMO Securities will not have withdrawal rights during the Subsequent Offer Period, except in certain limited circumstances described below. The Subsequent Offer Period must remain open for at least 14 calendar days but may be extended beyond that time until a further specified date or until further notice. If Amerada Hess terminates any extension of the Initial Offer Period, withdrawal rights will terminate immediately.
- (c) Amerada Hess will only announce that the Acceptance Condition has been satisfied, if all the other Conditions are also satisfied, fulfilled or, to the extent permitted, waived and the Initial Offer Period will terminate. Withdrawal rights will also terminate at that time, unless Amerada Hess then fails to comply by 3.30 pm (London time), 10.30 am (New York City time), on the relevant day (as defined in paragraph 3(a) of this Part B) (or such later time and/or date as the Panel may agree) with any of

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the other requirements specified in paragraph 3(a) of Part B of this Appendix, in which case a LASMO Securityholder who has previously accepted the Offer may withdraw his acceptance of the Offer by written notice in compliance with paragraphs 4(e) and (f) of Part B of this Appendix (if

appropriate) given by post or by hand to the UK Receiving Agent or the US Depository at the addresses set out at the back of this document. Subject to paragraph 1(c) of Part B of this Appendix, this right of withdrawal may be terminated not less than eight calendar days after the relevant day by Amerada Hess confirming that the Offer is still unconditional in all respects, and complying with the other requirements specified in paragraph 3(a) of Part B of this Appendix. If that confirmation is given, the first period of 14 days referred to in paragraph 1(b) of Part B of this Appendix will start on the date of that confirmation and compliance.

- (d) If a "no increase" and/or "no extension" statement is withdrawn in accordance with paragraph 1(e) of Part B of this Appendix, a person who accepts the Offer after the date of the statement may withdraw his acceptance in the manner set out in paragraph 4(c) of Part B of this Appendix during the period of eight calendar days after the date Amerada Hess posts the notice of the withdrawal of that statement to LASMO Securityholders.
- (e) To be effective, a written notice of withdrawal must be received, subject to paragraphs 4(c) and (d) of Part B of this Appendix, by the end of the Initial Offer Period by the party (either the UK Receiving Agent or the US Depository) to whom the Acceptance Form was originally returned by the relevant LASMO Securityholder and must specify the name of the person from whom the acceptance was received, the number of LASMO Securities to be withdrawn and (if share certificates or LASMO ADRs, as the case may be, have been provided) the name of the registered holder of the relevant LASMO Securities, if different from the name of the person from whom the acceptance was received.
- (f) In respect of LASMO ADSs, if LASMO ADRs have been delivered or otherwise identified to the US Depository, then, prior to the physical release of such LASMO ADRs, the serial numbers shown on such LASMO ADRs must be submitted and, unless the LASMO ADSs evidenced by such LASMO ADRs have been delivered by an Eligible Institution, the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If interests in LASMO ADSs evidenced by LASMO ADRs have been delivered pursuant to the procedures for book-entry transfer set out in paragraph 12(c) of Part B of this Appendix, any notice of withdrawal must specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with the withdrawn LASMO ADSs and must otherwise comply with such Book-Entry Transfer Facility's procedures.
- (g) In this paragraph 4, "WRITTEN NOTICE" (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting LASMO Securityholder(s) or his or their agent(s) duly appointed in writing (evidence of whose appointment is produced with the notice in a form satisfactory to Amerada Hess). Notification by telex or facsimile or other electronic transmission or copies will not be sufficient to constitute written notice. Any notice which is postmarked in or otherwise appears to Amerada Hess or its agents to have been sent from Canada, Australia or Japan may not be treated as valid.
- (h) Withdrawals of LASMO Securities in respect of which valid acceptances have been received may not be rescinded (without Amerada Hess' consent) and any LASMO Securities properly withdrawn and in respect of which valid acceptances have not been received thereafter will thereafter be deemed not to be the subject of a valid acceptance for the purposes of the Offer. Withdrawn LASMO Securities may be subsequently the subject of a valid acceptance, however, by following one of the procedures described in either paragraph 10, 11 or 12 of Part B of this Appendix, as the case may be, at any time whilst the Offer remains open.
- (i) All questions as to the validity (including time of receipt) of any notice of withdrawal will be determined by Amerada Hess, whose determination (except as required by the Panel) will be final and binding. None of Amerada Hess, LASMO, Goldman Sachs, the US Depository, the UK Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notification or for any determination under this paragraph (i).

5. MIX AND MATCH ELECTION

- (a) Elections for the Mix and Match Election will only be accepted in respect of whole numbers of LASMO Securities. The number of LASMO Securities in respect of which a Mix and Match Election is made represents the number of LASMO Securities in respect of which the LASMO Securityholder wishes to receive either all cash or, as the case may be, all new Amerada Hess Shares, as consideration under the Offer.
- (b) Valid elections for new Amerada Hess Shares made by LASMO Securityholders in excess of their basic entitlement to new Amerada Hess Shares will be satisfied in full where sufficient new Amerada Hess Shares are available as a result of other accepting LASMO Securityholders validly making elections for cash in excess of their basic entitlements under the Offer, thereby releasing new Amerada Hess Shares to which they would otherwise be entitled under the Offer.

If, under the Mix and Match Election, the number of new Amerada Hess Shares made available as a result of valid elections for cash in excess of the basic entitlement thereto is insufficient to satisfy in full all valid elections for new Amerada Hess Shares in excess of LASMO Securityholders' basic entitlements thereto, then such excess elections will be scaled down on a pro rata basis and the balance of the consideration will be satisfied in cash or, if an election for the Loan Note Alternative is available and is made, in Loan Notes in accordance with the basic terms of the Offer.

- (c) Valid elections for cash made by LASMO Securityholders in excess of their basic entitlement to cash will be satisfied in full where sufficient cash is available as a result of other accepting LASMO Securityholders validly making elections for new Amerada Hess Shares in excess of their basic entitlement under the Offer, thereby releasing cash to which they would otherwise be entitled under the Offer.

If, under the Mix and Match Election, the amount of cash made available as a result of valid elections for new Amerada Hess Shares in excess of the basic entitlement thereto is insufficient to satisfy in full all valid elections for cash in excess of LASMO Securityholders' basic entitlements thereto, then such elections will be scaled down on a pro rata basis and the balance of the consideration will be satisfied in accordance with the basic terms of the Offer.

- (d) To the extent that valid Mix and Match Elections can be satisfied in accordance with sub-paragraphs (b) and (c) above, LASMO Securityholders will receive new Amerada Hess Shares instead of cash and vice versa based upon the value of an Amerada Hess Share as at the close of business on the NSYE on the most recent NYSE trading day prior to the date the relevant LASMO Securityholder's entitlement under the Mix and Match Election falls to be determined. The sterling equivalent of the value of an Amerada Hess Share as at such date will be determined at the US\$ to L exchange rate at that time, as determined by Goldman Sachs.
- (e) If a LASMO Securityholder eligible to elect for the Loan Note Alternative elects for the Loan Note Alternative as well as for the Mix and Match Election then, to the extent that the consideration he receives is modified as a result of such elections, the Mix and Match Election will be deemed to take effect before his election for the Loan Note Alternative and the Loan Note Alternative will apply in accordance with paragraph 18(iv) of the Letter from Goldman Sachs.
- (f) Although the Offer will remain open for a Subsequent Offer Period of at least 14 calendar days after the date on which the Offer becomes or is declared unconditional in all respects (at the end of the Initial Offer Period) and may be extended beyond that time until a further specified date or until further notice, the Mix and Match Election will remain open until but not beyond 3.00 pm (London time), 10.00 am (New York City time), on the date falling five calendar days after the date on which the Offer becomes or is declared unconditional in all respects.
- (g) No Election for the Mix and Match Election will be valid unless both a valid acceptance of the Offer and a valid election for the Mix and Match Election, duly completed in all respects and (i) accompanied by all relevant share certificate(s), LASMO ADRs and/or other document(s) of title in respect of LASMO Securities in certificated form, or, (ii) if the LASMO Securities to which the acceptance relates are in uncertificated form, a settlement of a

transfer to escrow instruction in favour of the UK Receiving Agent as escrow agent in relation to LASMO Shares or an Agent's Message to the US Depository in relation to LASMO ADSs in accordance with the procedures set out in this document, are duly received by the time and date on which the Mix and Match Election closes.

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- (h) In the event that a LASMO Securityholder purports to elect for both additional cash and additional new Amerada Hess Shares under the Mix and Match Election, both purported elections shall be deemed to be void, and such LASMO Securityholder shall be deemed to have accepted the Offer on its basic terms in respect of all the LASMO Securities to which the relevant Acceptance Form relates or is deemed to relate.
- (i) If any Acceptance Form which includes an election for the Mix and Match Election is either received after the time and date upon which the Mix and Match Election closes or is received before such time and date but is not, and is not deemed to be, valid or complete in all respects at such time and date, such election shall, for all purposes, be void and the LASMO Securityholder purporting to make such election shall not, for any purpose, be entitled to receive any variation of consideration under the Mix and Match Election, but such acceptance, if otherwise valid, shall, subject to the provisions of paragraph (j) below, be deemed to be an acceptance of the Offer in respect of the number of LASMO Securities indicated in the relevant Acceptance Form and the relevant LASMO Securityholder will, upon the Offer becoming unconditional in all respects be entitled to receive the basic consideration due under the Offer in respect thereof.
- (j) The Mix and Match Election will lapse if the Offer lapses or expires. An election under the Mix and Match Election may only be made in respect of LASMO Securities for which the Offer is validly accepted. LASMO Securityholders who do not make a Mix and Match Election will receive the basic terms of the Offer. Mix and Match Elections must be made at the same time as the acceptances of the Offer to which they relate, on the relevant Acceptance Form.
- (k) Amerada Hess reserves the right to limit the extent to which elections by LASMO Securityholders under the Mix and Match Election (or any subsequent mix and match election) will be capable of being satisfied by cash and/or Amerada Hess Shares released by opposite elections by other LASMO Securityholders insofar as it determines this to be necessary or desirable with a view to ensuring that the aggregate number of Amerada Hess Shares and the aggregate amount of cash payable to all LASMO Securityholders do not exceed the levels which would apply in the event of full acceptance of the Offer with a single closing date for the Mix and Match Election, whether as a result of the operation of the provisions of Sections 429 to 430F of the Companies Act (which permit compulsory acquisition of outstanding shares following a takeover offer) or otherwise.
- (l) A Mix and Match Election made by a LASMO Securityholder may not be changed after the time that it is first made on the relevant Acceptance Form. However, acceptances including the associated Mix and Match Election may be withdrawn in accordance with the procedures in paragraph 4 of Part B of Appendix I. This right of withdrawal, except in the limited circumstances set out in paragraphs 4 (b), (c) and (d) of Part B of Appendix I, terminates at the time that the Offer becomes unconditional in all respects (i.e. at the end of the Initial Offer Period). Accordingly, Mix and Match Elections made in the 5 calendar day period between the end of the Initial Offer Period and the time and date at which the Mix and Match Election ceases to be open for acceptance cannot be changed or withdrawn.

6. THE LOAN NOTE ALTERNATIVE

- (a) As an alternative to all or part of the cash consideration to which they are otherwise entitled under the Offer (including under the Mix and Match Election), LASMO Shareholders (other than US persons and certain shareholders not resident in the United Kingdom) who validly accept the Offer may elect to receive Loan Notes to be issued by Amerada Hess on the basis described below.
- (b) The Loan Note Alternative is conditional upon all of the Conditions being satisfied, fulfilled or, to the extent permitted, waived and will remain

open for as long as the Offer remains open for acceptance. Under the Loan Note Alternative, Amerada Hess agrees with each LASMO Shareholder (other than US persons and certain shareholders not resident in the United Kingdom) who validly accepts the Offer and validly elects for the Loan Note Alternative in respect of a number of LASMO Shares to issue to each such LASMO Shareholder a Loan Note, credited as fully paid, of L1 nominal value, in respect of each L1 cash consideration to which such LASMO Shareholder would otherwise be entitled in respect of such number of LASMO Shares under the Offer (including any additional cash to which a LASMO Shareholder becomes entitled under the Mix and Match Election). No Loan Notes will be issued unless, at the time the Offer becomes or is declared unconditional in all respects, valid elections for the Loan Note Alternative will result in the issue of at least L2 million in aggregate nominal amount of Loan Notes or such smaller amount as Amerada Hess may, in its

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absolute discretion, decide. If insufficient elections are received, the LASMO Shareholders who have validly accepted the Offer and elected to receive Loan Notes will (unless the board of Amerada Hess otherwise determines) receive cash in accordance with the terms of the Offer (including the Mix and Match Election).

- (c) No election for the Loan Note Alternative will be valid unless both a valid acceptance of the Offer and a valid election for the Loan Note Alternative, duly completed in all respects and accompanied by, if appropriate, all relevant share certificates and/or other document(s) of title, are duly received by the time and date on which the Loan Note Alternative closes.
- (d) If any acceptance of the Offer which includes an election for the Loan Note Alternative is not, and is not deemed to be, valid or complete in all respects at such time, such election shall for all purposes be void and the holder(s) of LASMO Shares purporting to make such election shall not, for any purpose, be entitled to receive the Loan Note Alternative, but any such acceptance which is otherwise valid shall be deemed to be an acceptance of the Offer (without the Loan Note Alternative) for the number of LASMO Shares which are the subject of the acceptance and the holder(s) of LASMO Shares will, on the Offer becoming unconditional in all respects, be entitled to receive the cash consideration due under the Offer in accordance with the terms of the Offer.
- (e) The insertion of a number in Box 4 on the Form of Acceptance shall, subject to the other terms of the Offer, be treated in respect of the relevant number of LASMO Shares as an election for the Loan Note Alternative.
- (f) An election for the Loan Note Alternative will not be valid unless the Form of Acceptance is completed correctly in all respects and is received in accordance with paragraphs 10 and 11 below.
- (g) The Loan Notes will be issued, credited as fully paid, in amounts and integral multiples of L1 nominal value and fractional entitlements will be disregarded and not paid.
- (h) The Loan Notes have not been, and will not be, registered under the Securities Act or under the laws of any State of the United States nor have any steps been taken, nor will any be taken, to enable the Loan Notes to be offered in compliance with applicable securities laws of Canada or Japan and no prospectus in relation to the Loan Notes has been, or will be, lodged with the Australian Securities Commission. Accordingly, the Loan Notes may not be offered, sold, resold or delivered or distributed directly or indirectly, in or into the United States, or to or for the account or benefit of any US person, except pursuant to an exemption from, or in a transaction exempt from, or not subject to, the requirements of the Securities Act or the relevant securities laws of any State of the United States. The Loan Notes may not be offered, sold or delivered, directly or indirectly, in or into Canada, Australia or Japan.
- (i) Goldman Sachs has advised that, based on market conditions on -- December 2000 (the latest practicable date prior to the posting of this document), the value of the Loan Notes (had they been in issue on that day) would not have been less than -- pence per L1 in nominal value.
- (j) In respect of acceptances received after the date falling five calendar days after the date on which the Offer becomes unconditional in all

respects (i.e. after the end of the Initial Offer Period), the Mix and Match Election will not be available and accordingly the Loan Note Alternative will not be available in relation to any Mix and Match Election for additional cash consideration made after that date.

- (k) Further details of the Loan Note Alternative are set out in Appendix II below.

7. REVISION OF THE OFFER AND/OR THE LOAN NOTE ALTERNATIVE

- (a) Although no revision is envisaged, if the Offer (in its original or previously revised form(s)) is revised (either in terms or conditions or in the value or form of the consideration offered or otherwise) and whether or not the Mix and Match Election and/or the Loan Note Alternative (in their original or any previously revised form(s)) are revised, the benefit of the revised Offer will, subject as provided in paragraphs 7(b), 7(c), 7(e) and 9 of Part B of this Appendix, be made available to a LASMO Securityholder who has validly accepted the Offer (in its original or any revised form(s)) and not validly withdrawn such acceptance (a "PREVIOUS ACCEPTOR") if the revised Offer represents, on the date on which it is announced (on such basis as Goldman Sachs may consider appropriate), an improvement, or no diminution, in the value of the consideration offered compared with the consideration or terms previously offered. The acceptance by or on behalf of a Previous Acceptor of the

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Offer (in its original or any revised form(s)) will, subject as provided in paragraphs 7(b), 7(c), 7(e) and 9 of Part B of this Appendix, be deemed an acceptance of the revised Offer and will constitute the appointment of and direction to any director of Amerada Hess or of Goldman Sachs as his attorney and/or agent with authority, whether or not he shall have elected for the Mix and Match Election and/or the Loan Note Alternative:

- (i) to accept the revised Offer on his behalf;
- (ii) if the revised Offer includes alternative forms of consideration, to make on his behalf elections for and/or accept the alternative forms of consideration on his behalf in the proportions the attorney and/or agent in his absolute discretion thinks fit; and
- (iii) to execute on his behalf and in his name any further documents and take such further actions (if any) as may be required to give effect to those elections or acceptances.

In making any election and/or acceptance, the attorney and/or agent will take into account the nature of any previous acceptance or elections made by or on behalf of the Previous Acceptor and such other facts or matters as he may reasonably consider relevant. The attorney and/or agent shall not be liable to any LASMO Securityholder or any other person in making any such election and/or acceptance or in making any determination in respect thereof. In this paragraph, the expression the "Offer" shall, and shall be deemed to, mean and include the Offer and/or the Mix and Match Election and/or the Loan Note Alternative and/or all or any alternative forms of consideration to be given under the Offer and any combination or choice of the Offer and/or the Mix and Match Election and/or the Loan Note Alternative and/or all or any alternative forms of consideration.

- (b) The deemed acceptance and/or election referred to in paragraph 7(a) of Part B of this Appendix will not apply and the power of attorney and authorities conferred by that paragraph will not be exercised if, as a result, the Previous Acceptor would (on such basis as Goldman Sachs may consider appropriate) receive less in aggregate in consideration under the Offer than he would have received in aggregate in consideration as a result of his acceptance of the Offer in the form originally accepted by him or on his behalf (unless the Previous Acceptor has previously agreed in writing to receive less in aggregate consideration).
- (c) The deemed acceptance and/or election referred to in paragraph 7(a) of Part B of this Appendix will not apply and the power of attorney and the authorities conferred by that paragraph will be ineffective in the case of a Previous Acceptor who lodges, within 14 calendar days of the posting of the document containing the revised Offer and/or any revised or other alternative or elections, an Acceptance Form (or any other form issued on

behalf of Amerada Hess) in which he validly elects to receive consideration under the revised Offer in some other manner than that set out in his original acceptance.

- (d) Amerada Hess and Goldman Sachs reserve the right to treat an executed Acceptance Form relating to the Offer (in its original or any previously revised form(s)) which is received (or dated) after the announcement of any revised Offer as a valid acceptance of the revised Offer (and where applicable a valid election for the alternative forms of consideration). That acceptance will constitute an authority in the terms of paragraph 7(a) of Part B of this Appendix on behalf of the relevant LASMO Securityholder.
- (e) If Amerada Hess makes a material change in the terms of the Offer or if it waives a material Condition of the Offer prior to the end of the Initial Offer Period, Amerada Hess will disseminate additional tender offer materials and extend the Offer to the extent required by Rules 14d-4(d), 14d-6(c) and 14e-1 under the Exchange Act. The minimum period during which an offer must remain open following material changes in the terms of the Offer, other than a change in price or a change in the percentage of securities sought, will depend upon the facts and circumstances then existing, including the materiality of the changes. With respect to a change in price or, subject to certain limitations, a change in the percentage of securities sought, a minimum of ten business days is generally required to allow for adequate dissemination to Securityholders. Any reduction of the Acceptance Condition will be effected and announced in the manner described in paragraph 2(d) of Part B of this Appendix.

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8. GENERAL

- (a) If the Offer lapses, neither Amerada Hess nor any person acting, or deemed to be acting, in concert with Amerada Hess for the purposes of the Offer nor any of their respective affiliates may, pursuant to the City Code, make an offer (whether inside or outside the United Kingdom) for LASMO Securities for a period of one year following the date of such lapse, except with the permission of the Panel.
- (b) If the Offer lapses or is withdrawn, Acceptance Forms, LASMO share certificates, LASMO ADRs and other documents of title will be returned by post (or by such other method as the Panel may approve) within 14 calendar days of the Offer lapsing or being withdrawn, at the risk of the LASMO Securityholder in question, to the person or agent whose name and address (outside Canada, Australia or Japan) is set out in the relevant box on the Acceptance Form or, if none is set out, to the first-named holder at his registered address (outside Canada, Australia or Japan) or, in the case of LASMO ADSs delivered by book-entry transfer into the US Depositary's account at a Book-Entry Transfer Facility pursuant to the procedures set forth in paragraph 12(c) of Part B of this Appendix, such LASMO ADSs will be credited within such period to an account maintained at the appropriate Book-Entry Transfer Facility.
- (c) The UK Receiving Agent will, immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding 14 days of the Offer lapsing) instruct CRESTCo to transfer all LASMO Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Offer to the original available balances of the relevant LASMO Shareholders.
- (d) Except with the consent of the Panel:
 - (i) settlement of the consideration to which any LASMO Securityholder is entitled under the Offer will be fully implemented in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Amerada Hess or Goldman Sachs may otherwise be, or claim to be, entitled against that LASMO Securityholder; and
 - (ii) settlement of the consideration will be effected in the manner prescribed in paragraph 20 of the Letter from Goldman Sachs not later than 14 calendar days after the later of the date on which the Offer becomes unconditional in all respects and the date of receipt of a valid and complete Acceptance Form from such holder of LASMO

Securities.

- (e) The terms, provisions, instructions and authorities contained in the Acceptance Forms also constitute part of the terms of the Offer. A word or expression defined in this document has the same meaning when used in an Acceptance Form, unless the context requires otherwise. The provisions of this Appendix I shall be deemed to be incorporated in the Acceptance Forms.
- (f) Any omission or failure to despatch this document, the Acceptance Forms, any other documents relating to the Offer or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is, or should be, made will not in any way invalidate the Offer or create any implication that the Offer has not been made to any such person. Subject to the provisions of paragraph 9 of Part B of this Appendix, the Offer is made to any LASMO Securityholder to whom this document and the Acceptance Forms or any related document may not have been despatched or who may not receive such documents, and these persons may collect the relevant documents from the UK Receiving Agent, the US Depository or the Information Agent at the addresses set out at the back of this document.
- (g) Subject to the City Code, Amerada Hess and Goldman Sachs reserve the right to treat as valid in whole or in part any acceptance of the Offer received by the UK Receiving Agent or the US Depository or otherwise on behalf of Amerada Hess which is not entirely in order or in the correct form or which is not accompanied by (as applicable) the relevant transfer to escrow or the relevant share certificates, LASMO ADRs and/or other documents of title or which are received by them in a form or at a place or places other than as set out in this document or the relevant Acceptance Form. In that event, no issue of new Amerada Hess Shares or payment of cash, or, if applicable, issue of Loan Notes under the Offer will be made until after the acceptance is entirely in order and (as applicable) the relevant transfer to escrow has settled or the relevant share certificate(s), LASMO ADRs and/or other document(s) of title or indemnities satisfactory to Amerada Hess have been received by the UK Receiving Agent or the US Depository, as the case may be.

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- (h) If all of the Conditions have been either satisfied, fulfilled or, to the extent permitted, waived and Amerada Hess has acquired or contracted to acquire, pursuant to the Offer or otherwise, at least 90 per cent. in nominal value of the LASMO Shares (including LASMO Shares represented by LASMO ADSs) to which the Offer relates, before the end of the four month period provided by the Companies Act, Amerada Hess will be entitled, and intends, to acquire the remaining LASMO Securities on the same terms as the Offer pursuant to the compulsory acquisition procedure set out in sections 428 to 430E of the Companies Act (see paragraph 11 of Appendix VI and Appendix VIII to this document). When the Offer becomes or is declared unconditional in all respects, Amerada Hess intends to procure the making of an application by LASMO for the removal of LASMO Shares from the Official List of the UK Listing Authority and for the cancellation of trading in LASMO Shares on the London Stock Exchange's market for listed securities and also for the de-listing of LASMO ADSs and LASMO Shares (the LASMO Shares do not trade on the NYSE and are listed on the NYSE only in connection with the ADS program) from the NYSE. It is anticipated that cancellation of listing from the Official List and cancellation of trading on the London Stock Exchange will take effect no earlier than 20 business days after the Offer becomes or is declared unconditional in all respects. De-listing would significantly reduce the liquidity and marketability of any LASMO Securities with respect to which valid acceptances were not received in the Offer. Amerada Hess will make an announcement at least 20 business days prior to cancellation of listing from the Official List and the cancellation of trading on the London Stock Exchange specifying the exact date upon which LASMO Shares will be de-listed. While it is anticipated that cancellation of both listings will take place at the same time, cancellation of the listing of the LASMO ADSs and LASMO Shares on the NYSE could take place earlier than cancellation of the listing and trading of the LASMO Shares on the Official List of the UK Listing Authority and the London Stock Exchange, respectively.
- (i) All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Appendix or in the Acceptance Forms are given by way of security for the performance of the obligations of the

relevant LASMO Securityholder and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971, except in the circumstances where the donor of the power of attorney or authority validly withdraws his acceptance in accordance with paragraph 4 of Part B of this Appendix I.

- (j) No acknowledgement of receipt of any Acceptance Form, share certificate, LASMO ADR or other document of title will be given. All communications, notices, certificates, LASMO ADRs, documents of title and remittances to be delivered by, and sent to or from, LASMO Securityholders (or their designated agent(s)) will be delivered or sent at their own risk.
- (k) If the Offer becomes unconditional in all respects, all mandates, instructions and instruments in force immediately before the Offer becomes unconditional in all respects relating to holdings of LASMO Securities will, unless or until revoked, continue in force in relation to payments and notices in respect of new Amerada Hess Shares and under Loan Notes issued under the Offer in each case insofar as relevant. If a LASMO Securityholder has existing Amerada Hess Shares, the mandates, instructions and instruments in force for the existing Amerada Hess Shares will supersede the mandates and instructions for the LASMO Securities.
- (l) Amerada Hess and Goldman Sachs reserve the right to notify any matter, including the making of the Offer, to all or any LASMO Securityholders:
 - (i) with a registered address outside the United Kingdom and the United States; or
 - (ii) whom Amerada Hess or Goldman Sachs knows to be a custodian, trustee or nominee holding LASMO Securities for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom and the United States,

by announcement in the United Kingdom to the London Stock Exchange and in the United States to the Dow Jones News Service or in any other appropriate manner or by paid advertisement in newspapers published and circulated in the United Kingdom and the United States. Such notice will be deemed to have been sufficiently given, despite any failure by a LASMO Securityholder to receive or see that notice. A reference in this document to a notice or the provision of information in writing by or on behalf of Amerada Hess is to be construed accordingly. No such document will be sent to an address in Canada, Australia or Japan.

- (m) The Offer is made at 3.00 pm (London time), 10.00 am (New York City time) on [DAY 0] 2000 and is capable of acceptance from and after that time. Acceptance Forms and copies of this document

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may be collected from that time onwards from the UK Receiving Agent, the US Depository or the Information Agent at one of the addresses set out at the back of this document. The Offer is made in the United States by Amerada Hess on its own behalf. The terms and conditions set forth in the letter from Goldman Sachs apply equally to such offer.

- (n) This Offer has been announced by means of an advertisement in the Financial Times and The Wall Street Journal on [DAY 0] 2000.
- (o) The Offer, all acceptances of the Offer, all elections in respect of it and the contract to which it gives rise, are governed by and will be construed in accordance with English law. Execution by or on behalf of a LASMO Securityholder of an Acceptance Form constitutes his irrevocable submission to the jurisdiction of the courts of England in relation to all matters arising in connection with the Offer. However, the conduct of the Offer is also subject to US federal securities laws and the securities laws of the States and other jurisdictions in the US in which the Offer is being made if, and to the extent, applicable to the Offer.
- (p) References in paragraphs 10, 11 and 12(i) of this Part B to a LASMO Securityholder, a holder of LASMO Shares and a holder of LASMO ADSs will include references to the person or persons executing the Acceptance Form and in the event of one or more than one such person executing an Acceptance Form, such provisions shall apply to them jointly.
- (q) In relation to any acceptance of the Offer in respect of a holding of LASMO

Shares which are in uncertificated form, Amerada Hess reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the City Code or are otherwise made with the consent of the Panel.

- (r) All references in this Appendix I to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date hereof).
- (s) Fractions of new Amerada Hess Shares will not be allotted or issued to accepting LASMO Securityholders. Fractional entitlements to new Amerada Hess Shares will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to the holders of LASMO Securities entitled to them. Any LASMO Securityholder may elect (by separate written notice to the UK Receiving Agent or the US Depository accompanying his or her Acceptance Form) to receive the payment due in respect of fractional entitlements in either pounds sterling or US dollars. In the absence of any such election, such payment will be made to holders of LASMO ADSs in US dollars and to LASMO Shareholders in pounds sterling, the proceeds having been converted from US dollars at a prevailing exchange rate selected by Amerada Hess at the relevant time. Amerada Hess will not be liable to LASMO Securityholders or any other person in respect of the timing of any such sale or conversion or the price or exchange rate achieved in respect of any such sale or conversion. Individual entitlements to amounts of less than L5.00 (or its equivalent in US dollars at the relevant time) will not be paid to holders of LASMO Securities but will be retained for the benefit of the enlarged Amerada Hess Group.
- (t) The number of Amerada Hess Shares which will be issued on full acceptance of the Offer is expected not to exceed approximately 17.1 million on the basis that, as at 3 November 2000, 1,344,328,323 LASMO Shares had been issued (including LASMO Shares represented by LASMO ADSs) and it is reasonable, in LASMO's opinion, to expect that a further 3,121,406 new LASMO Shares may be issued during the relevant period as a result of the exercise of options. Amerada Hess reserves the right to adjust the Offer consideration, by reducing rateably the aggregate number of Amerada Hess Shares to be issued under the Offer, if any issue of LASMO Shares in excess of these amounts would mean that Amerada Hess would otherwise be obliged to issue more than 17.18 million new Amerada Hess Shares under the Offer or pursuant to the statutory compulsory acquisition arrangements under Section 429 of the Companies Act. In that event, LASMO Securityholders will instead be entitled to receive cash at a rate of L43.37 for each Amerada Hess Share by which the Offer consideration is so adjusted. This represents the NYSE Closing Price of an Amerada Hess Share on 3 November 2000, the last NYSE trading day prior to the Announcement, translated into sterling at the rate of US\$1.4484: L1.00.

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- (u) All LASMO Securities which are acquired by Amerada Hess under the Offer will be acquired fully paid and free from all liens, equities, charges, equitable interests, encumbrances and other interests and together with all rights now or hereafter attaching thereto, including the right to receive and retain all dividends and other distributions declared, made or payable after 6 November 2000.
- (v) The new Amerada Hess Shares will rank pari passu in all respects with existing Amerada Hess Shares, including the right to any dividends and other distributions declared, paid or made by reference to a record date after the date on which they are issued. For the avoidance of doubt, LASMO Securityholders will not be entitled to the dividend of Amerada Hess expected to be declared in December 2000 and paid on or about 3 January 2001.

9. OVERSEAS LASMO SECURITYHOLDERS

- (a) The making of the Offer (including the Loan Note Alternative) in, or to certain persons resident in, or nationals or citizens of, jurisdictions outside the United Kingdom or the United States (and the availability of Loan Notes to such persons or US persons) or to their nominees or trustees

may be prohibited or affected by the laws of the relevant jurisdiction. LASMO Securityholders who are persons, citizens, residents or nationals of jurisdictions outside the United Kingdom and the United States (or, in the case of Loan Notes, outside the United Kingdom only) should inform themselves about and observe any applicable legal requirements. It is the responsibility of such LASMO Securityholders wishing to accept the Offer or the Loan Note Alternative to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Offer. This includes the obtaining of any governmental, exchange control or other consents which may be required, compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes due in that jurisdiction by whomsoever payable and Amerada Hess and Goldman Sachs and any persons acting on their behalf will be fully indemnified and held harmless by any LASMO Securityholder for whom Amerada Hess or Goldman Sachs are required to pay any issue, transfer or other taxes. The Loan Note Alternative is not being made available to LASMO Securityholders who are US persons, or to certain other overseas persons.

(b) The Offer (including the Loan Note Alternative) is not being made, directly or indirectly, in or into Canada, Australia or Japan or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facility of a national securities exchange of Canada, Australia or Japan. This includes, but is not limited to, e-mail, facsimile transmission, telex and telephone. Accordingly, copies of this document, the Acceptance Forms, and any related offering documents are not being, and must not be mailed, forwarded or otherwise distributed or sent in, into or from Canada, Australia or Japan. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute, mail or send them in, into or from Canada, Australia or Japan or use the Canadian, Australian or Japanese (or, if electing for the Loan Note Alternative, Australian, Canadian, Japanese or US) mails or any such means, instrumentality or facility for any purpose directly or indirectly in connection with the Offer, and so doing may invalidate any related purported acceptance of the Offer. Envelopes containing Acceptance Forms in respect of the Offer must not be postmarked in Canada, Australia or Japan (or, if electing for the Loan Note Alternative, Australia, Canada, Japan or the US) or otherwise despatched from those jurisdictions and all acceptors must provide addresses outside Canada, Australia or Japan (and, if electing for the Loan Note Alternative, the US) for the receipt of the consideration to which they are entitled under the Offer or for the return of Acceptance Forms or documents of title.

(c) Subject as provided below, a LASMO Securityholder will be deemed not to have accepted the Offer if:

(i) he cannot give the representations and warranties set out in paragraphs 11(b) and 12(i)(ii)(dd) of Part B of this Appendix;

(ii) he completes the relevant Box of the Acceptance Form with an address in Canada, Australia or Japan or has a registered address in Canada, Australia or Japan and in either case he does not insert in the relevant Box of the Acceptance Form the name and address of a person or agent outside Canada, Australia or Japan to whom he wishes the consideration to which he is entitled under the Offer to be sent;

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(iii) he inserts in the relevant Box of the Acceptance Form the name and address of a person or agent in Canada, Australia or Japan to whom he wishes the consideration to which he is entitled under the Offer to be sent; or

(iv) the Acceptance Form received from him is in an envelope postmarked in, or which otherwise appears to Amerada Hess or its agents to have been sent from, Canada, Australia or Japan.

(d) If any person, despite the restrictions referred to in paragraph 9(b) of Part B of this Appendix and whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Acceptance Form or any related offering document in, into or from Canada, Australia or Japan or uses the mails or any means or instrumentality (including, without limitation, e-mail, facsimile transmission, telex and telephones) of interstate or foreign commerce of, or any facilities of a national

securities exchange of Canada, Australia or Japan in connection with that forwarding, that person should:

- (i) inform the recipient of that fact;
 - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (iii) draw the attention of the recipient to this paragraph 9.
- (e) If any written notice from a LASMO Securityholder withdrawing his acceptance in accordance with paragraph 4 of Part B of this Appendix is received in an envelope postmarked in, or which otherwise appears to Amerada Hess or its agents to have been sent from Canada, Australia or Japan, Amerada Hess reserves the right, in its absolute discretion, to treat that notice as invalid.
- (f) The provisions of this paragraph 9 and any other terms of the Offer relating to overseas holders of LASMO Securities may be waived, varied or modified as regards specific LASMO Securityholders or on a general basis by Amerada Hess in its sole discretion. Subject to this discretion, the provisions of this paragraph 9 supersede any terms of the Offer inconsistent with them. A reference in this paragraph 9 to a LASMO Securityholder includes the person or persons executing the Acceptance Form and, in the event of more than one person executing an Acceptance Form, the provisions of this paragraph 9 apply to them jointly and severally.
- (g) The Loan Notes to be issued pursuant to the Loan Note Alternative will not be listed on any stock exchange and have not been, and will not be, registered under the Securities Act or under the laws of any State of the United States nor have any steps been taken, nor will any be taken, to enable the Loan Notes to be offered in compliance with applicable securities laws of Canada or Japan and no prospectus in relation to the Loan Notes has been, or will be, lodged with the Australian Securities Commission. Accordingly, the Loan Notes may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into the United States or to or for the account or benefit of any US person, except pursuant to an exemption from, or in a transaction exempt from, or not subject to, the requirements of the Securities Act or the relevant securities laws of any State of the United States. The Loan Notes may not be offered, sold or delivered, directly or indirectly, in or into Canada, Australia or Japan.

If in respect of a Form of Acceptance from any LASMO Shareholder the holder is unable or Amerada Hess believes the holder is unable to make the representations and warranties set out in paragraph 11(b) of this Appendix, Amerada Hess reserves the right, in its absolute discretion, to ignore any election in that Form of Acceptance to receive Loan Notes and to treat it instead as an acceptance of the Offer for cash.

10. PROCEDURES FOR ACCEPTING THE OFFER IN RESPECT OF LASMO SHARES

- (a) Holders of LASMO Shares will have received with this document a Form of Acceptance. This section should be read together with the Form of Acceptance. The provisions of this section shall be deemed to be incorporated in, and to form a part of, the Form of Acceptance. The instructions printed on the Form of Acceptance shall be deemed to form part of the terms of the Offer.

If a holder of LASMO Shares holds LASMO Shares in both certificated and uncertificated (that is, in CREST) form, he should complete a separate Form of Acceptance for each holding. Similarly, such holder should complete a separate Form of Acceptance for LASMO Shares held in uncertificated

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form, but under different member account IDs, and for LASMO Shares held in certificated form, but under different designations.

- (b) To accept the Offer, any LASMO Shareholder, including any person in the US who holds LASMO Shares, wishing to accept the Offer in respect of all or any portion of such holder's LASMO Shares, should complete Box 1, check the details contained in Box 2 and, if applicable, complete Boxes 3A or 3B, 4,

5, 8, 9A or 9B and, if such holder's LASMO Shares are in CREST, Box 7 on the Form of Acceptance. In all cases, LASMO Shareholders should then sign and date Box 6 of the Form of Acceptance in accordance with the instructions printed on it. All LASMO Shareholders who are individuals should sign Box 6 of the Form of Acceptance in the presence of a witness, who should also sign Box 6 in accordance with the instructions printed on it. Unless witnessed, an acceptance will not be valid.

- (c) An accepting LASMO Shareholder should return the completed, signed and witnessed Form of Acceptance, whether or not such LASMO Shares are in CREST, to the UK Receiving Agent (if such accepting LASMO Shareholder is not resident in the United States) or to the US Depository (if such accepting LASMO Shareholder is a resident in the United States). The completed Form of Acceptance, together, if such holder's LASMO Shares are in certificated form, with his share certificate(s) and/or other document(s) of title, must be lodged with the UK Receiving Agent (if such accepting LASMO Shareholder is not resident in the United States) or the US Depository (if such accepting LASMO Shareholder is a resident in the United States), as soon as possible, but in any event so as to arrive NOT LATER THAN 3.00 PM (LONDON TIME), 10.00 AM (NEW YORK CITY TIME) ON -- 2001.

If you have any questions as to how to complete the Form of Acceptance, please contact the UK Receiving Agent on 0870 703 0056, the US Depository on +1 (212) 815 6156 or the Information Agent in the UK on 0800 169 6962 or in the US on +1 (800) 628 8536.

A person in the US who holds LASMO Shares may submit the Form of Acceptance, together with his share certificates and/or other document(s) of title, to the US Depository, who will receive such Form(s) of Acceptance and certificate(s) and/or other document(s) of title on behalf of the UK Receiving Agent. A Form of Acceptance contained in an envelope postmarked in Canada, Australia or Japan or otherwise appearing to Amerada Hess or its agents to have been sent from Canada, Australia or Japan may be rejected as invalid.

- (d) If LASMO Shares are in uncertificated form, the holder should insert in Box 7 of the Form of Acceptance the participant ID and member account ID under which such LASMO Shares are held by him in CREST and otherwise complete and return the Form of Acceptance as described above. In addition, such holders should take (or procure to be taken) the action set out below to transfer the LASMO Shares in respect of which he wishes to accept the Offer to an escrow balance, specifying the UK Receiving Agent (in its capacity as a CREST participant under the participant ID referred to below) as the escrow agent, as soon as possible but in any event so that the transfer to escrow settles NOT LATER THAN 3.00 PM (LONDON TIME), 10.00 AM (NEW YORK CITY TIME) ON -- 2001.
- (e) IF THE LASMO SHAREHOLDER IS A CREST SPONSORED MEMBER, HE SHOULD REFER TO HIS CREST SPONSOR BEFORE TAKING ANY ACTION. Such holder's sponsor will be able to confirm details of his participant ID and the member account ID under which his LASMO Shares are held. In addition, only his CREST sponsor will be able to send the TTE Instruction to CRESTCo in relation to his LASMO Shares.
- (f) If LASMO Shares are in uncertificated form, the holder of such LASMO Shares should send (or, if he is a CREST sponsored member, procure that his CREST sponsor sends) a TTE Instruction to CRESTCo which must be properly authenticated in accordance with CRESTCo's specifications and which must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following details:
- (i) the number of LASMO Shares to be transferred to an escrow balance;
 - (ii) the member account ID of such LASMO Shareholder. This must be the same member account ID as the member account ID that is inserted in Box 7 of the Form of Acceptance;
 - (iii) the participant ID of such LASMO Shareholder. This must be the same participant ID as the participant ID that is inserted in Box 7 of the Form of Acceptance;

- (iv) the participant ID of the escrow agent (the UK Receiving Agent in its capacity as a CREST receiving agent). This is 3RA43;
 - (v) the member account ID of the escrow agent. This is LASMO;
 - (vi) the Form of Acceptance Reference Number. This is the Form of Acceptance Reference Number that appears next to Box 7 on page 3 of the Form of Acceptance. This Reference Number should be inserted in the first eight characters of the shared note field on the TTE Instruction. Such insertion will enable the UK Receiving Agent to match the transfer to escrow to your Form of Acceptance. The holder of such shares should keep a separate record of this Form of Acceptance Reference Number for future reference;
 - (vii) the Intended Settlement Date. This should be as soon as possible and in any event not later than 3.00 pm (London time), 10.00 am (New York City time) on -- 2001;
 - (viii) the Corporate Action Number for the Offer. This is allocated by CRESTCo and can be found by viewing the relevant Corporate Action Details in CREST; and
 - (ix) input with Standard Delivery instruction of 80.
- (g) After settlement of the TTE Instruction, such LASMO Shareholder will not be able to access the LASMO Shares concerned in CREST for any transaction or charging purposes. If all of the Conditions are either satisfied, fulfilled or, to the extent permitted, waived, the escrow agent will transfer the LASMO Shares concerned to itself in accordance with paragraph 11(d) of Part B of this Appendix.
- (h) Such LASMO Shareholder is recommended to refer to the CREST Manual published by CRESTCo for further information on the CREST procedures outlined above. For ease of processing, such holder is requested, wherever possible, to ensure that a Form of Acceptance relates to only one transfer to escrow.
- (i) If no Form of Acceptance Reference Number, or an incorrect Form of Acceptance Reference Number, is included on the TTE Instruction, Amerada Hess may treat any amount of LASMO Shares transferred to an escrow balance in favour of the escrow agent specified above from the participant ID and member account ID identified in the TTE Instruction as relating to any Form(s) of Acceptance which relate(s) to the same member account ID and participant ID (up to the amount of LASMO Shares inserted or deemed to be inserted on the Form(s) of Acceptance concerned).
- (j) Such LASMO Shareholder should note that CRESTCo does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. Such holder should therefore ensure that all necessary action is taken by him (or by his CREST sponsor) to enable a TTE Instruction relating to his LASMO Shares to settle prior to 3.00 pm (London time), 10.00 am (New York City time) on -- 2001. In this connection such holder is referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (k) Amerada Hess will make an appropriate announcement if any of the details contained in this paragraph 10 alter for any reason.
- (l) Normal CREST procedures (including timings) apply in relation to any LASMO Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of LASMO Shares or otherwise). LASMO Shareholders who are proposing so to convert any LASMO Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the LASMO Shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificates or other documents of title or transfers to an escrow balance as described above) prior to 3.00 pm (London time), 10.00 am (New York City time) on -- 2001.
- (m) If the share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, the Form of Acceptance should

nevertheless be completed, signed and sent as stated above to the UK Receiving Agent or the US Depository so as to be received as soon as possible, but in any event no later than 3.00 pm (London time), 10.00 am (New York City time) on -- 2001, together with any share certificate(s) and/or other document(s) of title that is/are available, accom-

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panied by a letter stating that the balance will follow or that the accepting holder has lost one or more of his share certificate(s) and/or other documents of title. If the share certificate(s) and/or other document(s) of title are lost, the accepting holder should request the registrar of LASMO (Computershare Services PLC, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR) to send him a letter of indemnity for completion in accordance with the instructions given. When completed, the letter of indemnity must be lodged with the UK Receiving Agent or the US Depository, in accordance with the instructions given, in support of the Form of Acceptance.

11. FORM OF ACCEPTANCE FOR LASMO SHAREHOLDERS

Each holder of LASMO Shares who executes and lodges or has executed and lodged on his behalf a Form of Acceptance with the UK Receiving Agent or the US Depository, subject to the rights of withdrawal set out in this document, irrevocably undertakes, represents, warrants and agrees to and with Amerada Hess, Goldman Sachs, the UK Receiving Agent and the US Depository (and so as to bind himself, his heirs, successors and assigns and his personal or legal representatives) to the following effect:

(a) that the execution of the Form of Acceptance shall constitute:

(i) an acceptance of the Offer in respect of the number of LASMO Shares inserted or deemed to be inserted in Box 1 of the Form of Acceptance;

(ii) an irrevocable authority and request to Amerada Hess and/or its agents to procure the issue to such LASMO Shareholder of such new Amerada Hess Shares to which such LASMO Shareholder becomes entitled under the Offer;

(iii) if Box 3A or Box 3B of the Form of Acceptance is completed, an election under the Mix and Match Election to receive, subject to availability as a result of offsetting elections:

(aa) new Amerada Hess Shares instead of the cash consideration to which he would otherwise have been entitled to in consequence of the basic terms of the Offer in respect of the number of LASMO Shares inserted, or deemed to be inserted, in Box 3A; or

(bb) cash instead of the new Amerada Hess Shares to which he would otherwise have been entitled to in consequence of the basic terms of the Offer in respect of the number of LASMO Shares inserted, or deemed to be inserted, in Box 3B;

(iv) if applicable, an election for the Loan Note Alternative in respect of such amount of cash as would otherwise fall to be paid under the Offer in respect of the number of LASMO Shares inserted, or deemed to be inserted, in Box 4 of the Form of Acceptance (as adjusted in accordance with the terms of the Offer to reflect any additional cash receivable as a result of a valid Mix and Match Election); and

(v) an agreement to execute any further documents and give any further assurances which may be required to enable Amerada Hess to obtain the full benefit of paragraph 10 of Part B of this Appendix and this paragraph 11 and/or to perfect any of the authorities expressed to be given hereunder,

in each case on and subject to the terms and conditions set out or referred to in this document and the Form of Acceptance;

(b) unless "NO" is put in Box 8 of the Form of Acceptance, that such LASMO Shareholder;

(i) has not received or sent copies or originals of this document, the

Form of Acceptance or any related offering document in, into or from Canada, Australia or Japan;

- (ii) has not used in connection with the Offer or the execution or delivery of the Form of Acceptance, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, e-mail, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of Canada, Australia or Japan;
- (iii) has not mailed or otherwise sent the Form of Acceptance into or from Canada, Australia or Japan or signed in any of those jurisdictions and such LASMO Shareholder is accepting the Offer from outside Canada, Australia or Japan;

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- (iv) if he is electing for the Loan Note Alternative, is not a US person or a distributor and he is not accepting the Offer with a view to the offer, sale or delivery, directly or indirectly, of any Loan Notes in or into the United States, Australia, Canada or Japan and will not hold or acquire any Loan Notes for the account or benefit of any other person who he has reason to believe is purchasing for the purpose of that offer, sale or delivery; and
 - (v) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside Canada, Australia or Japan;
- (c) that the execution of the Form of Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting LASMO Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of any director of, or any person authorised by, Amerada Hess or Goldman Sachs as his agent and/or attorney with an irrevocable instruction and authorisation to:
- (i) complete and execute all or any form(s) of transfer, renunciation or other document(s) in relation to the LASMO Shares referred to in paragraph 11(a) (i) of Part B of this Appendix in favour of Amerada Hess or as Amerada Hess or its agents may direct;
 - (ii) deliver any form(s) of transfer, renunciation or other document with any certificate or other document of title for registration within six months of the Offer becoming unconditional in all respects; and
 - (iii) take any other action as the agent and/or attorney may think necessary or expedient in connection with his acceptance of the Offer and/or the Mix and Match Election and/or Loan Note Alternative and to vest in Amerada Hess (or as it may direct) the LASMO Shares referred to in paragraph 11(a) (i) of Part B of this Appendix;
- (d) that the execution of the Form of Acceptance and its delivery to the UK Receiving Agent or the US Depository constitutes an irrevocable appointment of the UK Receiving Agent and the US Depository as such LASMO Shareholder's attorney and/or agent and an irrevocable instruction and authority to such attorney and/or agent:
- (i) subject to the Offer becoming unconditional in all respects and him not having validly withdrawn his acceptance, to transfer to Amerada Hess (or to such other person or persons as Amerada Hess or its agent may direct) by means of CREST all or any of the Relevant LASMO Shares (but not exceeding the number of LASMO Shares in respect of which the Offer is accepted or deemed to be accepted); and
 - (ii) if the Offer does not become unconditional in all respects, to give instructions to CRESTCo immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding 14 calendar days of the Offer lapsing) to transfer all Relevant LASMO Shares to the original available balance of the accepting LASMO Shareholder.

In this paragraph, "RELEVANT LASMO SHARES" means LASMO Shares in uncertificated form in respect of which a transfer or transfers to escrow

has or have been effected in accordance with the procedures described in paragraph 10 of Part B of this Appendix and where the transfer or transfers to escrow was or were made in respect of LASMO Shares held under the same member account ID and participant ID as the member account ID and participant ID relating to the relevant Form of Acceptance (but irrespective of whether or not any Form of Acceptance Reference Number, or a Form of Acceptance Reference Number corresponding to that appearing on the relevant Form of Acceptance, was included in the relevant transfer to escrow instruction);

(e) that the execution of the Form of Acceptance constitutes, subject to the Offer becoming unconditional in all respects and to an accepting LASMO Shareholder not having validly withdrawn his acceptance, an irrevocable authority and request:

(i) to LASMO or its agents to procure the registration of the transfer of the LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix and, in respect of LASMO Shares that are in certificated form, the delivery of the share certificate(s) and other document(s) of title in respect of the LASMO Shares to Amerada Hess or as it may direct;

(ii) if the LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix are in certificated form, to Amerada Hess or its agents to procure the despatch by post (or by such
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other method as may be approved by the Panel) of a cheque for the cash consideration to which he is entitled under the Offer;

(iii) if the LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix are in uncertificated form, to Amerada Hess or its agents to ensure that an assured payment obligation is created in favour of the LASMO Shareholder's payment bank in accordance with the CREST assured payment arrangements in respect of any cash consideration to which that shareholder is entitled to;

(iv) to Amerada Hess or its agents to procure that the name of the accepting LASMO Shareholder is entered on the register of holders of Loan Notes in respect of any Loan Notes to which such LASMO Shareholder becomes entitled under the Offer (subject to the Loan Note Instrument) and that any documents of title for any Loan Notes in respect of his election for the Loan Note Alternative, are despatched by post (or by such other method as may be approved by the Panel) at his risk to the person or agent whose name and address is set out in Box 9B of the Form of Acceptance or, if no person or agent's name and address is set out, to the first-named holder at his registered address outside Canada, Australia or Japan; and to procure that the name of the accepting LASMO Shareholder is entered on the register of members of Amerada Hess in respect of any new Amerada Hess Shares to which such LASMO Shareholder becomes entitled in consequence of the Offer (subject to the by-laws of Amerada Hess) and that any document(s) of title with respect to such new Amerada Hess Shares are despatched by post (or by such other method as may be approved by the Panel) to the person or agent whose name and address is set out in Box 9B of the Form of Acceptance or, if no person or agent's name and address is set out, to the first-named holder at his registered address outside Canada, Australia or Japan; and

(v) to Amerada Hess, LASMO or their respective agents to record and act on any instructions with regard to payments or notices which have been entered in the records of LASMO in respect of his holding of LASMO Shares;

(f) that the execution of the Form of Acceptance constitutes his agreement that Amerada Hess may decide to despatch all or part of the consideration payable to a LASMO Shareholder whose LASMO Shares are in uncertificated form in accordance with paragraph 11(e)(ii) of Part B of this Appendix;

(g) that the execution of the Form of Acceptance gives a separate authority to any director of, or person authorised by, Amerada Hess or Goldman Sachs within the terms of paragraph 7 of Part B of this Appendix;

(h) that, subject to the Offer becoming unconditional in all respects and him not having validly withdrawn his acceptance (or if the Offer will become

unconditional in all respects or lapse on the outcome of the resolution in question or if the Panel gives its consent) and pending registration:

- (i) Amerada Hess or its agent shall be entitled to direct the exercise of any votes and any other rights and privileges (including the right to requisition the convening of a general or separate class meeting of LASMO) attaching to the LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix;
- (ii) the execution of the Form of Acceptance by the LASMO Shareholder, in respect of the LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix, constitutes an authority to LASMO or its agent to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of LASMO (including any share certificate(s) or other documents of title issued as a result of conversion of such LASMO Shares into certificated form) to Amerada Hess, care of the UK Receiving Agent;
- (iii) the execution of the Form of Acceptance by the LASMO Shareholder, in respect of the LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix, constitutes an authority to any director of, or person authorised by, Amerada Hess or Goldman Sachs to sign any document and do such things as may in the opinion of that agent and/or attorney seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the LASMO Shares held by him (including, without limitation, signing any consent to short notice of a general or separate class meeting as his agent and/or attorney and on his behalf and executing a form of proxy appointing any person nominated by Amerada Hess to attend general and separate class meetings of LASMO and attending any

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such meeting and exercising the votes attaching to the LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix on his behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding Condition of the Offer); and

- (iv) the execution of the Form of Acceptance by the LASMO Shareholder, in respect of the LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix, constitutes an agreement not to exercise any such rights without the consent of Amerada Hess and irrevocably undertakes not to appoint a proxy for or to attend such general or separate class meetings of LASMO.

This authority will cease to be valid if the acceptance is validly withdrawn in accordance with paragraph 4 of Part B of this Appendix;

- (i) that he will deliver to the UK Receiving Agent or the US Depository, or procure the delivery to the UK Receiving Agent or the US Depository of, his share certificates and/or other document(s) of title in respect of those LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix that are in certificated form, or an indemnity acceptable to Amerada Hess, as soon as possible and in any event within two months of the Offer becoming unconditional in all respects;
- (j) that he is the sole legal and beneficial owner of the LASMO Shares in respect of which the Offer is accepted or deemed to be accepted or he is the legal owner of such LASMO Shares and he has the necessary capacity and authority to execute the Form of Acceptance;
- (k) that he agrees and acknowledges that he is not a customer (as defined in the rules of The Securities and Futures Authority Limited) of Goldman Sachs in connection with the Offer;
- (l) that he will take (or procure to be taken) the necessary action to transfer all those LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix that are in uncertificated form in respect of which the Offer has been accepted and not validly withdrawn to an escrow balance as soon as possible and in any event so that the transfer to escrow settles within two months of the Offer becoming unconditional in all respects;
- (m) that if for any reason any LASMO Shares in respect of which a transfer to an

escrow balance has been effected are converted to certificated form, he will immediately deliver or ensure the immediate delivery of the share certificates or other documents of title in respect of all those LASMO Shares that are converted to the UK Receiving Agent or the US Depository at the relevant address specified at the back of this document;

- (n) that the creation of an assured payment obligation in favour of his payment bank in accordance with the CREST assured payment arrangements as referred to in paragraph 11(e)(iii) of Part B of this Appendix will, to the extent of the obligation so created, discharge fully any obligation of Amerada Hess or Goldman Sachs to pay to him the cash consideration to which he is entitled under the Offer;
- (o) that he will do everything as shall in the opinion of Amerada Hess or its agents be necessary or expedient to vest in Amerada Hess or its nominees the LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix and to enable the UK Receiving Agent or the US Depository to perform its functions as escrow agent for the purposes of the Offer;
- (p) that he agrees to ratify everything which may be done or effected by any director of, or person authorised by, Amerada Hess, Goldman Sachs, the UK Receiving Agent or the US Depository in exercise of any of the powers and/or authorities under Part B of this Appendix;
- (q) that, if any provision of Part B of this Appendix will be unenforceable or invalid or will not operate so as to afford Amerada Hess, Goldman Sachs, the UK Receiving Agent or the US Depository or any of their respective directors or persons authorised by them, the benefit of the authority expressed to be given in Part B of this Appendix, he will, with all practicable speed, do everything that may be required or desirable to enable Amerada Hess, Goldman Sachs, the UK Receiving Agent and the US Depository and any of their respective directors or persons authorised by them to secure the full benefit of Part B of this Appendix;
- (r) that he represents and warrants that he is entitled to sell and transfer the beneficial ownership of the LASMO Shares referred to in paragraph 11(a)(i) of Part B of this Appendix and that such Shares are sold fully paid and free from all liens, equities, charges, encumbrances and other interests and together with all rights attaching to them on or after 6 November 2000 including,

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without limitation, the right to receive and retain all dividends and other distributions declared, made or payable after that date;

- (s) that he agrees that the terms and Conditions of the Offer are deemed to be incorporated in, and form Part of, the Form of Acceptance which shall be read and construed accordingly;
- (t) that he agrees that, on execution, the Form of Acceptance takes effect as a deed;
- (u) that he agrees that the execution of the Form of Acceptance constitutes his submission to the jurisdiction of the courts of England in relation to all matters arising in connection with the Offer and the Form of Acceptance and that nothing shall limit the right of Amerada Hess and/or Goldman Sachs to bring any action, suit or proceeding arising out of or in connection with the Offer and the Form of Acceptance in any other manner permitted by law or in any court of competent jurisdiction; and
- (v) if he is a US holder, that he certifies to the US Depository that he is not subject to back-up withholding tax by completing a Substitute Form W-9, or, if the holder is a non-resident alien or foreign entity for US federal income tax purposes, agrees to establish an exemption from certain US federal information return reporting and backup withholding requirements by completing a Substitute Form W-8BEN or W-8ECI which is available from the US Depository or the US Internal Revenue Service.

A reference in this paragraph 11 to a holder of LASMO Shares includes a reference to the person or persons executing the Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this paragraph 11 will apply to them jointly and to each of them.

12. PROCEDURES FOR TENDERING LASMO ADSS

(a) Letter of Transmittal/Notice of Guaranteed Delivery

If you are a holder of LASMO ADSs evidenced by LASMO ADRs, you will have also received a Letter of Transmittal and a Notice of Guaranteed Delivery for use in connection with the Offer. This section should be read together with the instructions on the Letter of Transmittal. The provisions of this paragraph 12 shall be deemed to be incorporated in, and form a part of, the relevant Letter of Transmittal. The instructions printed on the relevant Letter of Transmittal shall be deemed to form part of the terms of the Offer.

(b) Valid tendering

For a holder of LASMO ADSs evidenced by LASMO ADRs to tender such LASMO ADSs validly pursuant to the Offer, either:

- (i) a properly completed and duly executed Letter of Transmittal, together with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message, and any other documents required by the Letter of Transmittal, must be received by the US Depository at one of its addresses set out at the back of this document and either the LASMO ADRs evidencing such LASMO ADSs must be received by the US Depository at one of such addresses or such LASMO ADRs evidencing such LASMO ADSs must be delivered pursuant to the procedure for book-entry transfer set forth below (and a Book-Entry Confirmation received by the US Depository in accordance with such procedures); or
- (ii) such holder must comply with the Guaranteed Delivery Procedures set out in paragraph 12(h) below.

The Offer in respect of LASMO ADSs evidenced by LASMO ADRs shall be validly accepted by (i) delivery of a Letter of Transmittal, the relevant LASMO ADRs evidencing LASMO ADSs and other required documents to the US Depository by a holder of LASMO ADSs (without any further action by the US Depository) subject to the terms and Conditions set out in this document and the Letter of Transmittal or (ii) completion of the book-entry transfer procedures described below. The acceptance of the Offer by a tendering holder of LASMO ADSs evidenced by LASMO ADRs pursuant to the procedures described above, subject to the withdrawal rights described below, will be deemed to constitute a binding agreement between such tendering holder of LASMO ADSs and Amerada Hess upon the terms and subject to the conditions of the Offer. Accordingly, references in

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this document and in the Letter of Transmittal to a tender of LASMO ADSs shall be construed to mean an acceptance of the Offer in respect of such LASMO ADSs upon the terms and subject to the Conditions of the Offer. If a LASMO ADR evidencing a LASMO ADS has been tendered by a holder of LASMO ADSs, the LASMO Shares represented by such LASMO ADSs may not be tendered independently by such holder of LASMO ADSs. A Letter of Transmittal and other required documents contained in an envelope postmarked in Canada, Australia or Japan or otherwise appearing to Amerada Hess or its agents to have been sent from Canada, Australia or Japan may be rejected as invalid.

(c) Book-entry transfer

The US Depository will establish an account at each of the Book-Entry Transfer Facilities with respect to interests in LASMO ADSs evidenced by LASMO ADRs held in book-entry form for the purposes of the Offer within two business days from the date of this document. Any financial institution that is a participant in any of the Book-Entry Transfer Facility's systems may make book-entry delivery of interests in LASMO ADSs by causing a Book-Entry Transfer Facility to transfer such interests in LASMO ADSs into the US Depository's account at such Book-Entry Transfer Facility in accordance with that Book-Entry Transfer Facility's procedures for such transfer.

Although delivery of interests in LASMO ADSs evidenced by LASMO ADRs may be effected through book-entry transfer into the US Depository's account at a

Book-Entry Transfer Facility, either:

- (i) the Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees; or
- (ii) an Agent's Message,

and, in either case, any other required documents, must in any case be transmitted to, and received by, the US Depository at one of its addresses set out at the back of this document before LASMO ADSs evidenced by LASMO ADRs will be either counted as a valid acceptance, or purchased, or such holder must comply with the Guaranteed Delivery Procedures described below. Delivery of documents to a Book-Entry Transfer Facility does not constitute delivery to the US Depository.

(d) Method of delivery

The method of delivery of LASMO ADRs, Letters of Transmittal and all other required documents is at the option and risk of the tendering holder of LASMO ADSs. LASMO ADSs will be deemed delivered only when the LASMO ADRs representing such LASMO ADSs are actually received by the US Depository (including in the case of a book-entry transfer, by Book-Entry Confirmation). If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery. No acknowledgement of receipt of documents will be given by, or on behalf of, Amerada Hess.

(e) Signature guarantees

No signature guarantee is required on the Letter of Transmittal if:

- (i) the Letter of Transmittal is signed by the registered holder of the LASMO ADSs tendered therewith and such registered holder has not completed either the Box entitled "Special Delivery Instructions" or the Box entitled "Special Payment Instructions" in the Letter of Transmittal; or
- (ii) such LASMO ADSs are tendered for the account of an Eligible Institution.

In all other cases, all signatures on Letters of Transmittal must be guaranteed by an Eligible Institution. See Instructions 1 and 5 to the Letter of Transmittal.

(f) LASMO ADSs and ADRs

If the LASMO ADSs are registered in the name of a person other than the person who signs the Letter of Transmittal, then the tendered LASMO ADRs must be endorsed or accompanied by appropriate stock powers, signed exactly as the name or names of the registered owner or owners

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appear on the LASMO ADRs, with the signatures on the LASMO ADRs or stock powers guaranteed as aforesaid. See Instruction 5 to the Letter of Transmittal.

(g) Partial acceptances (not applicable to book-entry holders of LASMO ADSs)

If fewer than all of the LASMO ADSs evidenced by any LASMO ADRs delivered to the US Depository are to be tendered, the holder thereof should so indicate in the Letter of Transmittal by filling in the number of LASMO ADSs which are tendered in the Box entitled "Number of ADSs Tendered". In such case, a new LASMO ADR for the remainder of the LASMO ADSs represented by the former LASMO ADR will be sent to the person(s) signing such Letter of Transmittal (or as such person properly indicates thereon) as promptly as practicable following the date the tendered LASMO ADSs are purchased. All LASMO ADRs delivered to the US Depository will be deemed to have been tendered unless otherwise indicated. See Instruction 4 to the Letter of Transmittal. In the case of partial tenders, LASMO ADSs not tendered will not be reissued to a person other than the registered holder.

(h) Guaranteed delivery procedures

(i) If a holder of LASMO ADSs evidenced by LASMO ADRs wishes to tender LASMO ADSs pursuant to the Offer and the LASMO ADRs evidencing such LASMO ADSs are not immediately available or the procedures for book-entry transfer cannot be completed on a timely basis, or if time will not permit all required documents to reach the US Depository whilst the Offer remains open for acceptance, such holder's tender of LASMO ADSs may be effected if all of the following conditions are satisfied (the "GUARANTEED DELIVERY PROCEDURES"):

(aa) such tender is made by or through an Eligible Institution;

(bb) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by Amerada Hess is received by the US Depository, as provided below, whilst the Offer remains open for acceptance; and

(cc) the LASMO ADRs evidencing all tendered LASMO ADSs (or, in the case of LASMO ADSs held in book-entry form, timely confirmation of the book-entry transfer of such interests in LASMO ADSs into the US Depository's account at a Book-Entry Transfer Facility as described above) together with a properly completed and duly executed Letter of Transmittal with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message and any other documents required by the Letter of Transmittal, are received by the US Depository within three New York Stock Exchange business days after the date of execution of such Notice of Guaranteed Delivery.

(ii) The Notice of Guaranteed Delivery may be delivered by hand, transmitted by facsimile transmission or mailed to the US Depository and must include a signature guarantee by an Eligible Institution in the form set out in such Notice of Guaranteed Delivery.

(iii) Receipt of a Notice of Guaranteed Delivery will not be treated as a valid acceptance for the purpose of satisfying the Acceptance Condition. To be counted towards satisfaction of this requirement, the LASMO ADRs evidencing LASMO ADSs referred to in the Notice of Guaranteed Delivery must be received prior to the relevant Closing Date by the US Depository (or, in the case of interests in LASMO ADSs evidenced by LASMO ADRs held in book-entry form, timely confirmation of a book-entry transfer of such interests in LASMO ADSs into the US Depository's account at a Book-Entry Transfer Facility pursuant to the procedures set out above) together with a duly executed Letter of Transmittal with any required signature guarantees (or, in the case of a book-entry transfer an Agent's Message) and any other required documents.

(i) Other requirements

By executing the Letter of Transmittal as set out above, the tendering holder of LASMO ADSs evidenced by LASMO ADRs will agree that, effective from and after the time and date all Conditions are either satisfied, fulfilled or, to the extent permitted, waived (unless the tendering holder shall have validly withdrawn his tender prior to that time):

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(i) Amerada Hess or its agents shall be entitled to direct the exercise of any votes attaching to any LASMO Shares represented by LASMO ADSs, in respect of which the Offer has been accepted or is deemed to have been accepted (the "ACCEPTED ADSS") and any other rights and privileges attaching to such LASMO Shares, including any right to requisition a general meeting of LASMO or any class of its shareholders;

(ii) the execution of the Letter of Transmittal (together with any signature guarantees) and its delivery to the US Depository or the completion of the book-entry transfer procedures shall constitute:

(aa) an authority to LASMO or its agents from the tendering holder of Accepted ADSS to send any notice, circular, warrant, document or other communication that may be required to be sent to him as a holder of LASMO ADSs, to Amerada Hess at the office of the UK Receiving Agent;

- (bb) an authority to Amerada Hess or its agent to sign any consent to short notice of a general meeting or separate class meeting on behalf of the tendering holder of Accepted ADSs and/or to execute a form of proxy in respect of such Accepted ADSs appointing any person nominated by Amerada Hess to attend general meetings and separate class meetings of LASMO and any adjournment thereof and to exercise the votes attaching to the LASMO Shares represented by such Accepted ADSs on his behalf;
- (cc) the agreement of such tendering holder of Accepted ADSs not to exercise any of such rights without the consent of Amerada Hess and the irrevocable undertaking of such tendering holder of Accepted ADSs not to appoint a proxy for or to attend any such general meetings or separate class meetings;
- (dd) a representation and warranty that such holder of LASMO ADSs (i) has not received or sent copies or originals of this document or any Letter of Transmittal or any related documents in, into or from, Canada, Australia or Japan; (ii) has not used in connection with the Offer or the execution or delivery of the Letter of Transmittal, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, e-mail, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of Canada, Australia or Japan; (iii) is accepting the Offer from outside Canada, Australia or Japan; and (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside Canada, Australia or Japan;
- (ee) confirmation that such holder of LASMO ADSs is entitled to sell and transfer the beneficial ownership of the Accepted ADSs and that such Accepted ADSs are sold fully paid and free from all liens, equitable interests, charges, and encumbrances and together with all rights attaching thereto including voting rights and the right to all dividends and other distributions declared, paid or made on or after 6 November 2000 including, without limitation, the right to receive and retain all dividends and other distributions declared, made or payable after that date; and
- (ff) the execution of the Letter of Transmittal (together with any signature guarantees) and its delivery to the US Depositary (or the completion of the Book-entry transfer procedures) shall constitute an authority to any director of Amerada Hess or Goldman Sachs and to Amerada Hess or Goldman Sachs and/or their respective agents in accordance with the terms of paragraph 7 of Part B of this Appendix.

References in this paragraph 12 to a holder of LASMO ADSs shall include references to the person or persons executing a Letter of Transmittal and in the event of more than one person executing a Letter of Transmittal the provisions of this Part B shall apply to them jointly and to each of them.

13. CURRENCY OF CASH CONSIDERATION

Instead of receiving cash consideration in pounds sterling, LASMO Shareholders who so wish may elect to receive US dollars on the basis that the cash amount payable in pounds sterling to which such holder

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would otherwise be entitled pursuant to the terms of the Offer will be converted, without charge, from pounds sterling to US dollars at the exchange rate obtainable by the relevant payment agent (either the UK Receiving Agent or the US Depositary) on the spot market in London at approximately noon (London time) on the date the cash consideration is made available by Amerada Hess to the relevant payment agent for delivery in respect of the relevant LASMO Shares. A LASMO Shareholder may receive such amount on the basis set out above only in respect of the whole of his holding of LASMO Shares in respect of which he accepts the Offer. LASMO Shareholders may not elect to receive both pounds

sterling and US dollars.

Holders of LASMO ADSs are entitled under the terms of the Offer to receive the cash element of the consideration in pounds sterling. The pounds sterling consideration available to holders of LASMO ADSs is the same, per LASMO Share, as that offered to LASMO Shareholders. To facilitate the settlement of the Offer, unless they elect to receive pounds sterling, holders of LASMO ADSs will receive consideration converted into US dollars as described above, as if such holders of LASMO ADSs had elected to receive US dollars.

Consideration in US dollars may be inappropriate for LASMO Securityholders other than persons in the US and holders of LASMO ADS.

The actual amount of US dollars received will depend upon the exchange rate prevailing on the business day on which funds are made available to the relevant payment agent (either the UK Receiving Agent or the US Depositary) by Amerada Hess. LASMO Securityholders should be aware that the US dollar/pounds sterling exchange rate which is prevailing at the date on which an election is made to receive dollars and on the dates of despatch and receipt of payment may be different from that prevailing on the business day on which funds are made available to the relevant payment agent by Amerada Hess. In all cases, fluctuations in the US dollar/pounds sterling exchange rate are at the risk of accepting LASMO Securityholders who elect or are treated as having elected to receive their consideration in US dollars. Neither Amerada Hess nor any of its advisers or agents shall have any responsibility with respect to the actual amount of cash consideration payable other than in pounds sterling.

14. SUBSTITUTE ACCEPTANCE FORMS

Holders of LASMO Securities have been sent with this document a Form of Acceptance and/or a Letter of Transmittal (accompanied by a Notice of Guaranteed Delivery). All holders of LASMO Shares, including persons in the US who hold LASMO Shares, have been sent a Form of Acceptance, which they must use to accept the Offer. All holders of LASMO ADSs have been sent a Letter of Transmittal and a Notice of Guaranteed Delivery which they must use to accept the Offer. Should any holder of LASMO Securities receive an incorrect form with which to accept the Offer or require any additional forms, that person should contact the UK Receiving Agent, the US Depositary or the Information Agent at the addresses set out at the back of this document, who will provide the appropriate forms.

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APPENDIX II

PARTICULARS OF THE LOAN NOTES

The Floating Rate Unsecured Loan Notes 2005 of Amerada Hess will be constituted by a loan note instrument (the "LOAN NOTE INSTRUMENT") executed as a deed by Amerada Hess. The issue of the Loan Notes is conditional on the Offer becoming or being declared unconditional in all respects. The Loan Note Instrument will contain provisions, inter alia, to the effect set out below.

FORM AND STATUS

1. The Loan Notes will be issued, credited as fully paid, by Amerada Hess in amounts and integral multiples of L1 in nominal amount and will constitute unsecured obligations of Amerada Hess. The Loan Note Instrument will not contain any restrictions on borrowing, disposals or charging of assets by Amerada Hess.

INTEREST

2. Interest on the outstanding Loan Notes will be payable (subject to any requirement to deduct tax therefrom) in arrears on 30 June and 31 December in each year or, if such a day is not a business day, on the next following business day ("INTEREST PAYMENT DATES"). The first payment of interest on the Loan Notes will be made on 2 July 2001 in respect of the period from (but excluding) the date of issue up to (but excluding) 2 July 2001. The period from (but excluding) the date of issue up to (but excluding) 2 July 2001 and the period from (and including) 2 July 2001 or any subsequent interest payment date up to (but excluding) the next following interest payment date is herein called an "INTEREST PERIOD". The last interest payment date will be 31 December 2005.

3. (a) Interest on the Loan Notes will accrue at the rate per annum which is 0.5 per cent. below LIBOR, treated for this purpose as the percentage rate per annum equal to the offered quotation for six month sterling deposits which appears on Telerate Page 3750 or Telerate Page 3740 (as appropriate) at or about 11.00 am (London time) on the first business day of the relevant interest period.
- (b) If the display rate cannot be determined under paragraph (a) above, LIBOR for this purpose shall be determined by Amerada Hess to be the arithmetic mean (rounded, if necessary, to the nearest five decimal places with the midpoint rounded upwards) of the rates at which the Royal Bank of Scotland and Barclays Bank are offering six month sterling deposits or its equivalent in the currency which, at the relevant time, is the Loan Note currency at or as soon as practicable after 11.00 am (London time) on the first day of the relevant interest period or, if such day is not a business day, on the preceding business day.
- (c) Each instalment of interest shall be calculated on the basis of a 365 day year and the number of days elapsed in the relevant interest period.

REPAYMENT AND REDEMPTION

4. A holder of Loan Notes (a "NOTEHOLDER") shall be entitled to require Amerada Hess to repay the whole (whatever the amount) or any part (being L500 in nominal amount or any integral multiple thereof) of the principal amount of his holding of Loan Notes at par, together with accrued interest thereon (subject to any requirement to deduct tax therefrom) up to but excluding the date of repayment, on any interest payment date falling on or after 31 December 2001, by giving not less than 30 days' prior notice in writing (which shall be irrevocable) to Amerada Hess' registrars accompanied by certificate(s) for all the Loan Notes to be repaid and a notice of redemption (duly completed) in the prescribed form endorsed on the Loan Notes to be repaid.

If at any time after 30 June 2001 the principal amount of all Loan Notes outstanding equals 5 per cent. or less in nominal value of the Loan Notes issued, Amerada Hess shall have the right on giving the remaining Noteholders not less than 30 days' notice in writing expiring on 31 December 2001 or any subsequent interest payment date, to redeem all (but not some only) of the outstanding Loan Notes at par together with accrued interest thereon (subject to any requirement to deduct tax therefrom) up to but excluding the date of repayment.

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5. If at any time after 30 June 2001, in the reasonable opinion of Amerada Hess, the interest payable on the Loan Notes falls to be treated as non-deductible for US federal income tax purposes, Amerada Hess will have the right, by giving the remaining Noteholders not less than 30 days' notice in writing expiring on 31 December 2001, or any subsequent interest payment date to redeem all (but not some only) of the outstanding Loan Notes at par together with accrued interest up to but excluding the date of repayment (subject in each case to any requirement to deduct tax therefrom).
6. Any Loan Notes not previously so repaid, redeemed or purchased will be repaid in full at par on 31 December 2005, together with accrued interest thereon (subject to any requirement to deduct tax therefrom) up to and excluding that date.
7. Amerada Hess shall have the right on a redemption by Amerada Hess pursuant to paragraph 6 of this Appendix II, by notice in writing to Noteholders giving not less than 28 days' notice, to pay each Noteholder (subject to certain limitations), in lieu and in satisfaction of the sterling amount otherwise payable, an amount in US dollars equal to the amount in US dollars that the sterling amount equal to the principal amount of the Loan Notes to be redeemed could have purchased, on the date being 28 days before 31 December 2005, provided that such amount shall be no less or more than (and if it would otherwise be, shall be equal to) 99.5 per cent. or 100.5 per cent. of the amount in US dollars that the sterling principal amount of the Loan Notes to be redeemed could have purchased on 31 December 2005.

8. Each Noteholder shall have the right on a redemption by Amerada Hess pursuant to paragraph 6 of this Appendix II, by notice in writing to Amerada Hess giving not less than 28 days notice, to require Amerada Hess to pay to such Noteholder (subject to certain limitations), in lieu and in satisfaction of the sterling amount otherwise payable, an amount in US dollars equal to the amount in US dollars that the sterling amount equal to the principal amount of the Loan Notes held by such Noteholder to be redeemed could have purchased, on the date being 28 days before 31 December 2005, provided that such amount shall be no less or more than (and if it would otherwise be, shall be equal to) 99.5 per cent. or 100.5 per cent. of the amount in US dollars that the sterling principal amount of the Loan Notes to be redeemed could have purchased on 31 December 2005.
9. Any Loan Notes repaid, purchased or redeemed will be cancelled and shall not be available for re-issue.
10. Each Noteholder shall be entitled to require all of the Loan Notes held by him to be repaid at par together with accrued interest (subject to any requirement to deduct any tax therefrom) immediately if:
 - (a) any principal or interest on any of the Loan Notes held by that Noteholder shall fail to be paid in full by the time at which Amerada Hess is required to make payment in respect of that amount and the relevant Noteholder has given Amerada Hess notice of that fact requiring Amerada Hess to deliver a cheque or warrant for the relevant amount to the registered address of the Noteholder and Amerada Hess has failed to make such delivery within fourteen days of receiving such notice; or
 - (b) an order is made or a resolution is passed by the stockholders of Amerada Hess for the dissolution of Amerada Hess; or
 - (c) an encumbrancer takes possession of, or a trustee, receiver, administrator or similar officer is appointed or an administration order is made in respect of, the whole or substantially the whole of the undertaking of Amerada Hess and such person has not been paid out or discharged within 30 days.
11. Amerada Hess will be entitled at any time to purchase any Loan Notes by tender (available to all Noteholders alike), private treaty or otherwise, at any price agreed by the Noteholder(s).

MODIFICATION

12. The Noteholders will have power by extraordinary resolution of the Noteholders passed in accordance with the provisions of the Loan Note Instrument or by resolution in writing signed by holders of not less than 75 per cent. of the outstanding Loan Notes, inter alia, to sanction any modification, abrogation or compromise of or arrangement in respect of their rights against Amerada Hess (but subject to the consent of Amerada Hess). Amerada Hess may, with the consent of Goldman Sachs,

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amend the provisions of the Loan Note Instrument, without such sanction or consent, if such amendment is of a formal, minor or technical nature or to correct a manifest error.

SUBSTITUTION OR EXCHANGE

13. The Loan Notes will contain provisions entitling Amerada Hess, subject to certain conditions, to substitute any other member of the Amerada Hess Group as the principal debtor under the Loan Note Instrument and the Loan Notes or to require all or any of the Noteholders to exchange their Loan Notes for loan notes issued on the same terms mutatis mutandis by such other members of the Amerada Hess Group. References to Amerada Hess in this summary shall be construed accordingly. The obligations of any substituted issuer or new issuer will be fully guaranteed by Amerada Hess.

REGISTRATION, TRANSFER AND MARKETABILITY

14. The Loan Notes will be evidenced by certificates and will be registered and transferable in minimum amounts of L500 or multiples thereof or such lower amount as Amerada Hess may approve (or the entire holding), provided that

transfers will not be registered during the 21 days immediately preceding an interest payment date or a date by which a payment in respect of interest or principal is required to be made.

15. No application has been made or is intended to be made to any stock exchange for the Loan Notes to be listed or otherwise traded.
16. The Loan Notes have not been and will not be registered under the Securities Act or under the laws of any State of the United States nor have any steps been taken, nor will any be taken, to enable the Loan Notes to be offered in compliance with applicable securities laws of Canada or Japan and no prospectus in relation to the Loan Notes has been, or will be, lodged with the Australian Securities Commission. Accordingly, the Loan Notes may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into the United States or to or for the account of or benefit of any US person (except pursuant to an exemption from, or in a transaction exempt from, or not subject to, the requirements of the Securities Act or the relevant securities laws of any State of the United States), Australia, Canada or Japan.

GOVERNING LAW

17. The Loan Notes and the Loan Note Instrument will be governed by and construed in accordance with English Law.

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APPENDIX III

FURTHER INFORMATION ON AMERADA HESS
BUSINESS DESCRIPTION AND FINANCIAL RESULTS

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1. BUSINESS DESCRIPTION

We explore for, produce, purchase, transport and sell crude oil and natural gas in the United States, United Kingdom, Norway, Denmark, Gabon, Indonesia, Thailand, Azerbaijan, Algeria, Brazil and in certain other countries. We also manufacture, purchase, transport and market refined petroleum and other energy products. We own 50 per cent. of a refinery joint venture in the United States Virgin Islands, and another refining facility, terminals and retail outlets located on the East Coast of the United States.

EXPLORATION AND PRODUCTION

At 31 December 1999, we had 698 million barrels of proved crude oil and natural gas liquids reserves compared with 695 million barrels at the end of 1998. Proved natural gas reserves were 1,904 million Mcf at 31 December 1999 compared with 2,055 million Mcf at 31 December 1998. Of our proved reserves (on a barrel of oil equivalent basis) at 31 December 1999, 26 per cent. were located in the United States, 60 per cent. were located in the United Kingdom, Norwegian and Danish sectors of the North Sea and the remainder were located in Azerbaijan, Gabon, Indonesia and Thailand.

Worldwide crude oil and natural gas liquids production amounted to 232,407 barrels per day in 1999 compared with 205,989 barrels per day in 1998. For the nine month period ended 30 September 2000, crude oil and natural gas liquids production amounted to 256,088 barrels per day compared with 219,694 barrels per day for the comparable period of 1999. Worldwide natural gas production was 642,544 Mcf per day in 1999 compared with 576,477 Mcf per day in 1998. For the

nine month period ended 30 September 2000, natural gas production amounted to 676,700 Mcf per day compared with 616,700 Mcf per day for the comparable period of 1999. We have a number of oil and gas developments in progress and an inventory of drillable prospects in various countries.

United States

We operate offshore in the Gulf of Mexico and onshore in Texas, Louisiana and North Dakota. During 1999, 28 per cent. of crude oil and natural gas liquids production and 53 per cent. of our natural gas production were from United States operations.

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

| | NINE MONTHS ENDED | | |
|---|-------------------|---------|---------|
| | 30 SEPTEMBER | | |
| | 2000 | 1999 | 1998 |
| | ----- | ----- | ----- |
| CRUDE OIL, INCLUDING CONDENSATE AND NATURAL GAS | | | |
| LIQUIDS (BARRELS PER DAY) | | | |
| Gulf of Mexico..... | 35,431 | 31,926 | 11,041 |
| Texas..... | 14,177 | 14,577 | 15,803 |
| North Dakota..... | 13,335 | 13,170 | 12,958 |
| Louisiana..... | 1,823 | 1,848 | 1,588 |
| Other..... | 2,688 | 3,084 | 3,530 |
| | ----- | ----- | ----- |
| TOTAL..... | 67,454 | 64,605 | 44,920 |
| | ===== | ===== | ===== |
| NATURAL GAS (MCF PER DAY) | | | |
| Gulf of Mexico..... | 163,500 | 191,002 | 116,392 |
| North Dakota..... | 53,100 | 59,237 | 58,476 |
| Louisiana..... | 41,600 | 52,280 | 56,627 |
| Texas..... | 19,300 | 21,839 | 26,023 |
| New Mexico..... | 12,900 | 11,533 | 12,442 |
| California*..... | -- | 1,463 | 18,320 |
| Mississippi..... | 1,000 | 690 | 5,569 |
| | ----- | ----- | ----- |
| TOTAL..... | 291,400 | 338,044 | 293,849 |
| | ===== | ===== | ===== |
| BARRELS OF OIL EQUIVALENT (PER DAY)..... | 116,021 | 120,946 | 93,895 |
| | ===== | ===== | ===== |

* Properties sold in January 1999

We are proceeding with two developments in the Conger and Northwestern Fields in the Gulf of Mexico and we expect production to commence from these fields in the first quarter 2001. We expect developments to add 55,000 Mcf of natural gas per day and 8,000 barrels of oil per day.

At 31 December 1999, we had an interest in 150 exploration blocks in the Gulf of Mexico of which we operate 100. We also had 439,092 net undeveloped acres in the Gulf of Mexico.

United Kingdom

We conduct our activities in the United Kingdom through our wholly-owned subsidiary, Amerada Hess Limited. During 1999, 51 per cent. of our crude oil and natural gas liquids production and 40 per cent. of our natural gas production were from United Kingdom operations.

In late 1999, first gas was exported from the Neptune and Mercury Fields in the southern North Sea, the first phase of the Easington Catchment Area (ECA) project.

During April 2000, the Bittern Field was brought on stream in the United Kingdom, produced through the Amerada Hess-operated Triton facility.

The table below sets forth our average daily net production in the United

Kingdom by field and our interest in each at 30 September 2000:

| PRODUCING FIELD ----- | INTEREST (%) ----- | NINE MONTHS ENDED 30 SEPTEMBER | | |
|--|-----------------------|-----------------------------------|---------------|---------------|
| | | 2000 ----- | 1999 ----- | 1998 ----- |
| CRUDE OIL, INCLUDING | | | | |
| CONDENSATE AND NATURAL GAS | | | | |
| LIQUIDS (BARRELS PER DAY) | | | | |
| Scott/Telford..... | 34.95/31.42 | 28,124 | 36,200 | 43,894 |
| Beryl/Ness/Nevis/Buckland... 22.22/22.22/37.35/14.07 | | 26,203 | 25,431 | 23,472 |
| Fife/Fergus/Flora..... | 85.00/65.00/85.00 | 19,639 | 17,507 | 20,761 |
| Schiehallion..... | 15.67 | 14,536 | 12,315 | 3,149 |
| Arbroath/Montrose/Arkwright.. | 28.21 | 7,711 | 8,946 | 8,945 |
| Hudson..... | 28.00 | 7,057 | 6,697 | 2,262 |
| Ivanhoe/Rob Roy/Hamish.... | 76.56 | 5,946 | 4,102 | 5,041 |
| Bittern..... | 28.29 | 5,010 | -- | -- |
| Renee/Rubie..... | 14.00/19.20 | 1,969 | 2,742 | -- |
| Other..... | Various | 5,592 | 3,859 | 7,929 |
| TOTAL..... | | 121,787 | 117,799 | 115,453 |
| ===== | | | | |
| NATURAL GAS (MCF PER DAY) | | | | |
| Beryl/Ness/Nevis/Buckland... 22.22/22.22/37.35/14.07 | | 73,000 | 81,900 | 51,700 |
| Everest/Lomond..... | 18.67/16.67 | 59,700 | 56,900 | 60,500 |
| Davy/Bessemer..... | 27.78/23.08 | 48,600 | 42,300 | 29,000 |
| ECA -- Phase 1..... | 23.84 | 35,500 | -- | -- |
| Leman..... | 21.74 | 26,400 | 17,200 | 31,600 |
| Indefatigable..... | 23.08 | 21,000 | 26,000 | 36,600 |
| Scott/Telford..... | 34.95/31.42 | 19,100 | 25,500 | 31,100 |
| Other..... | Various | 11,100 | 8,000 | 10,500 |
| TOTAL..... | | 294,400 | 257,800 | 251,000 |
| ===== | | | | |
| BARRELS OF OIL EQUIVALENT | | | | |
| (PER DAY)..... | | 170,854 | 160,766 | 157,286 |
| ===== | | | | |

We are developing several oil and gas fields in the United Kingdom North Sea and we are evaluating other discoveries.

Amerada Hess Limited owns 25 per cent. of the shares of Premier Oil plc, a United Kingdom company with worldwide exploration and production interests.

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Norway

We conduct our activities in Norway through our wholly-owned Norwegian subsidiary, Amerada Hess Norge A/S. Norwegian operations accounted for crude oil and natural gas liquids production of 25,856 net barrels per day for the nine months ended 30 September 2000 and 27,009 net barrels per day in 1999 and 28,322 net barrels per day in 1998. Substantially all of our Norwegian production is from our 28.09 per cent. interest in the Valhall Field. An enhanced-recovery waterflood project for the Valhall Field was approved in 2000 with anticipated completion by the end of 2003.

Denmark

Amerada Hess A/S, our Danish subsidiary, brought the South Arne Field on-stream in the third quarter of 1999. We operate this field with a 57.48 per cent. interest. Net production from the South Arne Field for the nine months ended 30 September 2000 was 25,386 net barrels of crude oil per day and 34,900 Mcf of natural gas per day.

Gabon

Amerada Hess Production Gabon ("AHPG"), our majority-owned Gabonese subsidiary, has a 10 per cent. interest in the Rabi Kounga Field in Gabon. Our share of production averaged 7,404 net barrels of crude oil per day for the nine months ended 30 September 2000 and 10,226 net barrels of crude oil per day in 1999 and

14,345 net barrels per day in 1998. The decrease in our share of production in 1999 and 2000 was largely due to a reduced equity interest in AHPG. AHPG has a 40 per cent. interest in the developing onshore Atora Field. We expect production from this field to begin in 2001 and to reach a net level of 4,300 barrels of crude oil per day.

Indonesia

We have a 30 per cent. interest in the Jabung production sharing contract, which contains the North Geragai and Makmur Fields. Net production from these fields averaged 3,700 barrels of crude oil per day for the nine months ended 30 September 2000. The Jabung production sharing contract area contains additional discoveries for which development plans are either underway or being considered. In addition, we have interests in other production sharing contracts in Indonesia on which discoveries have been made.

Thailand

We have a 15 per cent. interest in the Pailin Field offshore Thailand. The field came onstream in August 1999. Net production from our interest averaged 22,500 Mcf of natural gas per day for the nine months ended 30 September 2000.

Azerbaijan

We have a 1.68 per cent. equity interest in the AIOC Consortium in the Caspian Sea. Net production from our interest is currently averaging approximately 1,500 barrels of oil per day. On 17 July 2000, we announced that we had reached agreement, subject to governmental and co-venturer consent, to acquire a further 2.08 per cent. interest in the AIOC Consortium. We also have interests in two onshore fields with initial net production of approximately 1,000 barrels per day of crude oil.

Algeria

In April 2000, we acquired the Gassi El Agreb redevelopment project from Sonatrach, the Algerian State oil company. The redevelopment project is designed to increase production from the fields from the current gross level of 27,000 barrels per day of crude oil to 45,000 barrels per day late in 2003. Sonatrach will retain 51 per cent. of gross production volumes, with the remaining 49 per cent. being available for cost recovery by both Sonatrach and Amerada Hess. After cost recovery, the remaining production will be divided between Sonatrach and Amerada Hess based on the cumulative rate of return on capital invested.

Brazil

We have 32 per cent. net equity interests and operatorship of Blocks BC-8 in the Southern Campos Basin and BS-2 in the Northern Santos Basin offshore Brazil. We commenced exploration drilling on

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these blocks in 2000. We also acquired a 45 per cent. interest in an exploration licence on Block BM S-3 in the Santos Basin and a 16 per cent. interest in an exploration licence on Block BCe-2 in the Potiguar Basin. In June 2000, in the second Brazilian licensing round, we were awarded two licences for exploration blocks in the Sergipe-Alagoas Basin, BM-Seal-5 (Amerada Hess 85 per cent.) and BM-Seal-4 (Amerada Hess 40 per cent.).

REFINING AND MARKETING

Refining and marketing has become a smaller, more profitable portion of our portfolio than it was in the past.

Refining

We own a 50 per cent. interest in the HOVENSA refining joint venture in the United States Virgin Islands. We also own and operate a refining facility in Port Reading, New Jersey.

HOVENSA

In 1999, total refinery crude runs averaged 418,000 barrels per day compared with 421,000 barrels per day in 1998. The refinery joint venture with a subsidiary of Petroleos de Venezuela S.A. was formed on 30 October 1998.

Petroleos de Venezuela supplies 155,000 barrels per day of Venezuelan Mesa crude oil to HOVENSA under a long-term crude oil supply contract. The remaining crude oil is purchased mainly under contracts of one year or less from third parties and through spot purchases on the open market. After sales of refined products by HOVENSA to third parties, we must purchase 50 per cent. of HOVENSA's remaining production at market prices.

In February 2000, HOVENSA reached agreement on a \$600 million bank financing for the construction of a 58,000 barrel per day delayed coking unit and related facilities at its refinery. HOVENSA has begun building the coker, which is anticipated to be completed in 2002. HOVENSA has a long-term supply contract with Petroleos de Venezuela to purchase 115,000 barrels per day of Venezuelan heavy Merey crude oil beginning when the coker is completed.

Port Reading Facility

We own and operate a fluid catalytic cracking facility in Port Reading, New Jersey. This facility processes vacuum gas oil and residual fuel oil. It currently operates at a rate of approximately 60,000 barrels per day and produces substantially all gasoline and heating oil.

Marketing

We market refined petroleum products on the East Coast of the United States through 27 terminals and approximately 915 HESS brand retail outlets. We market fuel oil, natural gas and electricity to industrial and commercial customers on the East Coast of the United States. We also market natural gas to approximately 350,000 customers in the UK.

We emphasize retail marketing in our downstream business. Our vision is to be the leading independent retail marketer on the East Coast of the United States. We expect to have nearly 1,100 retail outlets by April 2001. We are focused on expanding HESS EXPRESS convenience stores at our retail outlets which include fast food outlets.

Refined product sales averaged 356,000 barrels per day in the first nine months of 2000 and 344,000 barrels per day in 1999 and 482,000 barrels per day in 1998. Of total refined products sold in 1999, approximately 70 per cent. was obtained from HOVENSA and Port Reading. We purchased the balance from others under short-term supply contracts and by spot purchases from various sources.

COMPETITION AND MARKET CONDITIONS

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

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

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

OTHER ITEMS

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

We do not expect compliance with various environmental and pollution control regulations imposed by federal, state and local governments to have a materially adverse effect on our earnings and competitive position within the industry. Capital expenditures for facilities, primarily to comply with federal, state and local environmental standards, were \$2 million in 1999 and we anticipate comparable capital expenditures in 2000. In addition, we expended \$8 million in 1999 for environmental remediation, with a comparable amount anticipated for 2000.

We employed approximately 8,485 persons in 1999 and 9,777 in 1998.

WHERE YOU CAN FIND ADDITIONAL INFORMATION ABOUT AMERADA HESS

We are required to comply with the reporting requirements of the Exchange Act and, in accordance with those requirements, we file reports, proxy statements and other information with the SEC. You can inspect and copy these reports, proxy statements and other information at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a Website (<http://www.sec.gov>) that contains the reports, proxy statements and other information that we have filed. Material that we have filed can also be inspected at the library of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

We have filed a Registration Statement on Form S-4 to register with the SEC the new Amerada Hess shares to be delivered to LASMO securityholders in exchange for their LASMO shares and ADSs. This document will be a part of that Registration Statement and will constitute a prospectus of Amerada Hess. As allowed by SEC rules, this document does not contain all the information LASMO securityholders will be able to find in the Registration Statement or the exhibits to the Registration Statement.

The SEC allows us to "incorporate by reference" information in this document, which means that we can disclose important information to LASMO securityholders by referring them to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this document, except for any information superseded by information in this document. This document incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about Amerada Hess and our finances.

- Annual Report on Form 10-K for the fiscal year ended 31 December 1999

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- Quarterly Reports on Form 10-Q for the quarters ended 31 March 2000, 30 June 2000 and 30 September 2000
- Current Reports on Form 8-K filed on 25 October 2000 and 6 November 2000
- Definitive Proxy Statement with respect to the 2000 Annual Meeting of Shareholders filed on 27 March 2000

We are also incorporating by reference all documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this document and the date the offer becomes or is declared unconditional in all respects (or the date that the offer expires).

You can obtain any of these documents through Amerada Hess or the SEC. Documents incorporated by reference are available from us without charge, excluding all

exhibits unless we have specifically incorporated by reference an exhibit in this document. You also may obtain documents incorporated by reference in this document by either inspecting them during normal business hours on any weekday (public holidays excepted) while the offer remains open for acceptance or requesting them in writing or orally from us, at the following address and telephone number:

Amerada Hess Corporation
 1185 Avenue for the Americas
 40th Floor
 New York, NY 10036
 USA

Attention: The Corporate Secretary
 Telephone: +1 212 536 8593

You may rely only on the information concerning Amerada Hess contained or incorporated by reference in this document in determining whether to accept the offer. We have not authorised anyone to provide you with information that is different from what is contained in this document. This document is dated -- 2000. You should not assume that the information contained in this document is accurate as of any date other than such date, and neither the mailing of this document to LASMO securityholders nor the delivery of new Amerada Hess shares in exchange for LASMO securities will create any implication to the contrary.

2. FINANCIAL INFORMATION FOR AMERADA HESS

The financial information for Amerada Hess set out below has been extracted without material adjustment from the 1999 Annual Report of Amerada Hess filed on Form 10-K with the SEC. The consolidated financial statements contained within the 1999 Annual Report have been prepared in accordance with US GAAP and audited in accordance with Generally Accepted Auditing Standards in the United States of America. Ernst & Young LLP are auditors of Amerada Hess and reported without qualification on the consolidated financial statements. The financial information for Amerada Hess does not constitute statutory accounts within the meaning of Section 240 of the Companies Act.

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AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
 STATEMENT OF CONSOLIDATED INCOME
 Thousands of US dollars, except per share data

| | FOR THE YEARS ENDED DECEMBER 31 | | |
|---|---------------------------------|--------------|--------------|
| | 1999 | 1998 | 1997 |
| REVENUES | | | |
| Sales (excluding excise taxes) and other operating revenues..... | \$ 7,039,138 | \$ 6,579,892 | \$ 8,223,582 |
| Non-operating income | | | |
| Gain (loss) on asset sales..... | 273,441 | (25,679) | 16,463 |
| Equity in income (loss) of HOVENSA L.L.C.... | 6,988 | (15,848) | -- |
| Other..... | 141,787 | 82,740 | 120,435 |
| Total revenues..... | 7,461,354 | 6,621,105 | 8,360,480 |
| COSTS AND EXPENSES | | | |
| Cost of products sold..... | 4,240,910 | 4,373,616 | 5,577,924 |
| Production expenses..... | 487,219 | 517,828 | 557,025 |
| Marketing expenses..... | 387,298 | 378,506 | 328,975 |
| Other operating expenses..... | 216,651 | 224,433 | 231,791 |
| Exploration expenses, including dry holes and lease impairment..... | 261,038 | 348,951 | 421,863 |
| General and administrative expenses..... | 231,546 | 270,668 | 236,269 |
| Interest expense..... | 158,222 | 152,934 | 136,149 |
| Depreciation, depletion and amortization..... | 648,663 | 661,802 | 663,297 |
| Impairment of assets and operating leases..... | 127,998 | 206,478 | 80,602 |
| Total costs and expenses..... | 6,759,545 | 7,135,216 | 8,233,895 |

| | | | |
|---|------------|--------------|----------|
| Income (loss) before income taxes..... | 701,809 | (514,111) | 126,585 |
| Provision (benefit) for income taxes..... | 264,193 | (55,218) | 119,085 |
| NET INCOME (LOSS)..... | \$ 437,616 | \$ (458,893) | \$ 7,500 |
| NET INCOME (LOSS) PER SHARE | | | |
| Basic..... | \$ 4.88 | \$ (5.12) | \$.08 |
| Diluted..... | \$ 4.85 | \$ (5.12) | \$.08 |

STATEMENT OF CONSOLIDATED RETAINED EARNINGS
Thousands of US dollars, except per share data

| | FOR THE YEARS ENDED DECEMBER 31 | | |
|---|---------------------------------|--------------|--------------|
| | 1999 | 1998 | 1997 |
| BALANCE AT BEGINNING OF YEAR..... | \$ 1,904,066 | \$ 2,463,005 | \$ 2,613,920 |
| Net income (loss)..... | 437,616 | (458,893) | 7,500 |
| Dividends declared - common stock (\$.60 per share in 1999, 1998 and 1997)..... | (54,311) | (54,520) | (55,090) |
| Common stock acquired and retired..... | - | (45,526) | (103,325) |
| BALANCE AT END OF YEAR..... | \$ 2,287,371 | \$ 1,904,066 | \$ 2,463,005 |

See accompanying notes to consolidated financial information.

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AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
Thousands of US dollars

| | AT DECEMBER 31 | |
|--|----------------|------------|
| | 1999 | 1998 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents..... | \$ 40,926 | \$ 73,791 |
| Accounts receivable | | |
| Trade..... | 1,112,114 | 954,353 |
| Other..... | 62,930 | 58,831 |
| Inventories..... | 372,713 | 482,182 |
| Current portion of deferred income taxes..... | 67,418 | 114,194 |
| Other current assets..... | 171,469 | 203,355 |
| Total current assets..... | 1,827,570 | 1,886,706 |
| INVESTMENTS AND ADVANCES | | |
| HOVENSA L.L.C..... | 709,569 | 702,581 |
| Other..... | 282,599 | 232,826 |
| Total investments and advances..... | 992,168 | 935,407 |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Exploration and production..... | 9,974,117 | 9,718,424 |
| Refining and marketing..... | 980,806 | 1,193,353 |
| Shipping..... | 109,962 | 115,462 |
| Total -- at cost..... | 11,064,885 | 11,027,239 |
| Less reserves for depreciation, depletion, amortization and lease impairment..... | 7,013,233 | 6,835,301 |
| Property, plant and equipment -- net..... | 4,051,652 | 4,191,938 |

| | | |
|---|--------------|--------------|
| NOTE RECEIVABLE..... | 538,500 | 538,500 |
| DEFERRED INCOME TAXES AND OTHER ASSETS..... | 317,822 | 330,432 |
| TOTAL ASSETS..... | \$ 7,727,712 | \$ 7,882,983 |

The consolidated financial information reflects the successful efforts method of accounting for oil and gas exploration and producing activities.

See accompanying notes to consolidated financial information.

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AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (Continued)
Thousands of US dollars

| | AT DECEMBER 31 | |
|---|----------------|--------------|
| | 1999 | 1998 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable -- trade..... | \$ 771,797 | \$ 713,831 |
| Accrued liabilities..... | 621,334 | 554,632 |
| Deferred revenue..... | 3,846 | 251,328 |
| Taxes payable..... | 158,852 | 100,686 |
| Notes payable..... | 17,912 | 3,500 |
| Current maturities of long-term debt..... | 5,109 | 172,820 |
| Total current liabilities..... | 1,578,850 | 1,796,797 |
| LONG-TERM DEBT..... | 2,286,660 | 2,476,145 |
| DEFERRED LIABILITIES AND CREDITS | | |
| Deferred income taxes..... | 442,172 | 483,843 |
| Other..... | 381,838 | 482,786 |
| Total deferred liabilities and credits..... | 824,010 | 966,629 |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, par value \$1.00 | | |
| Authorized -- 20,000,000 shares for issuance in series..... | -- | -- |
| Common stock, par value \$1.00 | | |
| Authorized -- 200,000,000 shares | | |
| Issued -- 90,676,405 shares in 1999; 90,356,705 shares in 1998..... | 90,676 | 90,357 |
| Capital in excess of par value..... | 782,271 | 764,412 |
| Retained earnings..... | 2,287,371 | 1,904,066 |
| Accumulated other comprehensive income..... | (122,126) | (115,423) |
| Total stockholders' equity..... | 3,038,192 | 2,643,412 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY..... | \$ 7,727,712 | \$ 7,882,983 |

See accompanying notes to consolidated financial information.

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AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS
Thousands of US dollars

FOR THE YEARS ENDED DECEMBER 31

| | 1999 | 1998 | 1997 |
|--|-------------|--------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income (loss)..... | \$ 437,616 | \$ (458,893) | \$ 7,500 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation, depletion and amortization..... | 648,663 | 661,802 | 663,297 |
| Impairment of assets and operating leases.... | 127,998 | 206,478 | 80,602 |
| Exploratory dry hole costs..... | 69,346 | 159,435 | 191,351 |
| Lease impairment..... | 36,790 | 31,191 | 37,185 |
| (Gain) loss on asset sales..... | (273,441) | 25,679 | (16,463) |
| Provision (benefit) for deferred income taxes..... | 62,419 | (137,922) | (80,208) |
| Undistributed earnings of affiliates..... | 7,102 | 33,430 | (29,439) |
| | 1,116,493 | 521,200 | 853,825 |
| Changes in other operating assets and liabilities (Increase) decrease in: | | | |
| accounts receivable..... | (155,525) | 6,335 | (148,488) |
| Decrease in inventories..... | 79,648 | 122,204 | 333,477 |
| Increase (decrease) in accounts payable, accrued liabilities and deferred revenue..... | (175,227) | 185,403 | 198,596 |
| Increase (decrease) in taxes payable..... | 53,256 | (87,118) | (46,626) |
| Changes in prepaid expenses and other..... | (148,640) | (229,236) | 59,223 |
| Net cash provided by operating activities..... | 770,005 | 518,788 | 1,250,007 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditures: | | | |
| Exploration and production..... | (727,086) | (1,306,438) | (1,157,938) |
| Refining, marketing and shipping..... | (69,571) | (132,240) | (187,652) |
| Total capital expenditures..... | (796,657) | (1,438,678) | (1,345,590) |
| Investment in affiliate..... | (59,171) | -- | -- |
| Proceeds from asset sales and other..... | 431,818 | 502,854 | 63,017 |
| Net cash used in investing activities... | (424,010) | (935,824) | (1,282,573) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Issuance (repayment) of notes..... | 14,412 | (14,342) | 1,982 |
| Long-term borrowings..... | 990,125 | 848,320 | 398,391 |
| Repayment of long-term debt..... | (1,347,745) | (317,144) | (209,000) |
| Cash dividends paid..... | (54,262) | (54,647) | (55,373) |
| Common stock acquired..... | -- | (59,167) | (122,283) |
| Stock options exercised..... | 18,283 | -- | -- |
| Net cash provided by (used in) financing activities..... | (379,187) | 403,020 | 13,717 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH..... | 327 | (3,347) | (2,519) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS..... | (32,865) | (17,363) | (21,368) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... | 73,791 | 91,154 | 112,522 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR..... | \$ 40,926 | \$ 73,791 | \$ 91,154 |

See accompanying notes to consolidated financial information.

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AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED CHANGES IN COMMON STOCK
AND CAPITAL IN EXCESS OF PAR VALUE
Thousands of US dollars

COMMON STOCK

CAPITAL IN

| | NUMBER OF SHARES | AMOUNT | EXCESS OF PAR VALUE |
|--|---------------------|-----------|------------------------|
| | ----- | ----- | ----- |
| BALANCE AT JANUARY 1, 1997..... | 93,073,305 | \$ 93,073 | \$ 754,559 |
| Awards of nonvested common stock to employees (net)..... | 719,000 | 719 | 38,145 |
| Common stock acquired and retired..... | (2,368,100) | (2,368) | (19,419) |
| Employee stock options exercised..... | 27,000 | 27 | 1,346 |
| | ----- | ----- | ----- |
| BALANCE AT DECEMBER 31, 1997..... | 91,451,205 | 91,451 | 774,631 |
| Cancellations of nonvested common stock awards (net)..... | (26,000) | (26) | (1,292) |
| Common stock acquired and retired..... | (1,071,500) | (1,071) | (9,073) |
| Employee stock options exercised..... | 3,000 | 3 | 146 |
| | ----- | ----- | ----- |
| BALANCE AT DECEMBER 31, 1998..... | 90,356,705 | 90,357 | 764,412 |
| Cancellations of nonvested common stock awards (net)..... | (2,500) | (3) | (102) |
| Employee stock options exercised..... | 322,200 | 322 | 17,961 |
| | ----- | ----- | ----- |
| BALANCE AT DECEMBER 31, 1999..... | 90,676,405 | \$ 90,676 | \$ 782,271 |
| | ===== | ===== | ===== |

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
Thousands of US dollars

| | FOR THE YEARS ENDED DECEMBER 31 | | |
|---|---------------------------------|--------------|-------------|
| | 1999 | 1998 | 1997 |
| | ----- | ----- | ----- |
| COMPONENTS OF COMPREHENSIVE INCOME (LOSS) | | | |
| Net income (loss)..... | \$ 437,616 | \$ (458,893) | \$ 7,500 |
| Change in foreign currency translation adjustment..... | (6,703) | (2,035) | (35,467) |
| | ----- | ----- | ----- |
| COMPREHENSIVE INCOME (LOSS)..... | \$ 430,913 | \$ (460,928) | \$ (27,967) |
| | ===== | ===== | ===== |

See accompanying notes to consolidated financial information.

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AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL INFORMATION

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: Amerada Hess Corporation and subsidiaries (the "Corporation") engage in the exploration for and the production, purchase, transportation and sale of crude oil and natural gas. These activities are conducted primarily in the United States, United Kingdom, Norway, Denmark and Gabon. The Corporation also has oil and gas activities in Azerbaijan, Brazil, Indonesia, Thailand and other countries. In addition, the Corporation manufactures, purchases, transports and markets refined petroleum and other energy products. The Corporation owns 50% of a refinery joint venture in the United States Virgin Islands. An additional refining facility, terminals and retail gasoline stations are located on the East Coast of the United States.

In preparing financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenues and expenses in the income statement. Actual results could differ from those estimates. Among the estimates made by management are: oil and gas reserves, asset valuations and depreciable lives, pension liabilities, environmental obligations, dismantlement costs and income taxes.

Principles of Consolidation: The consolidated financial information includes the accounts of Amerada Hess Corporation and subsidiaries. The Corporation's interests in oil and gas exploration and production ventures are proportionately consolidated.

Investments in affiliated companies, 20% to 50% owned, including HOVENSA L.L.C., the Corporation's refining joint venture, are stated at cost of acquisition plus the Corporation's equity in undistributed net income since acquisition, except as stated below. The change in the equity in net income of these companies is included in non-operating income in the income statement. The Corporation consolidates a trading partnership in which it owns a 50% voting interest and over which it exercises control.

Intercompany transactions and accounts are eliminated in consolidation.

Certain amounts in prior years' financial statements have been reclassified to conform with current year presentation.

Revenue Recognition: The Corporation recognizes revenues from the sale of crude oil, natural gas, petroleum products and other merchandise when title passes to the customer.

The Corporation recognizes revenues from the production of natural gas properties in which it has an interest based on sales to customers. Differences between natural gas volumes sold and the Corporation's share of natural gas production are not material.

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

Inventories: Crude oil and refined product inventories are valued at the lower of cost or market, except for inventories held for trading purposes which are marked to market. For inventories valued at cost, the Corporation uses principally the last-in, first-out inventory method.

Inventories of materials and supplies are valued at or below cost.

Exploration and Development Costs: Oil and gas exploration and production activities are accounted for using the successful efforts method. Costs of acquiring undeveloped oil and gas leasehold acreage, including lease bonuses, brokers' fees and other related costs, are capitalized.

Annual lease rentals and exploration expenses, including geological and geophysical expenses and exploratory dry hole costs, are charged against income as incurred.

Costs of drilling and equipping productive wells, including development dry holes, and related production facilities are capitalized.

The Corporation does not carry the capitalized costs of exploratory wells as an asset for more than one year, unless oil and gas reserves are found and classified as proved, or additional exploration is underway or planned. If exploratory wells do not meet these conditions, the costs are charged to expense.

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Depreciation, Depletion and Amortization: Depreciation, depletion and amortization of oil and gas production equipment, properties and wells are determined on the unit-of-production method based on estimated recoverable oil and gas reserves. Depreciation of all other plant and equipment is determined on the straight-line method based on estimated useful lives.

The estimated costs of dismantlement, restoration and abandonment, less estimated salvage values, of offshore oil and gas production platforms and certain other facilities are taken into account in determining depreciation.

Retirement of Property, Plant and Equipment: Costs of property, plant and equipment retired or otherwise disposed of, less accumulated reserves, are reflected in net income.

Impairment of Long-Lived Assets: The Corporation reviews long-lived assets, including oil and gas properties, for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recovered. If the carrying amounts are not expected to be recovered by undiscounted future cash flows, the assets are impaired and an impairment loss is recorded. The amount of

impairment is based on the estimated fair value of the assets determined by discounting anticipated future net cash flows. The net present value of future cash flows is based on the Corporation's estimates, including future oil and gas prices applied to projected production profiles, discounted at a rate commensurate with the risks involved. Oil and gas prices used for determining asset impairments may differ from those used at year-end in the standardized measure of discounted future net cash flows.

Provisions for impairment of undeveloped oil and gas leases are based on periodic evaluations and other factors.

Maintenance and Repairs: The estimated costs of major maintenance, including turnarounds at the Port Reading refining facility, are accrued. Other expenditures for maintenance and repairs are charged against income as incurred. Renewals and improvements are treated as additions to property, plant and equipment, and items replaced are treated as retirements.

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

Employee Stock Options and Nonvested Common Stock Awards: The Corporation uses the intrinsic value method to account for employee stock options. Because the exercise prices of employee stock options equal or exceed the market price of the stock on the date of grant, the Corporation does not recognize compensation expense. The Corporation records compensation expense for nonvested common stock awards ratably over the vesting period.

Foreign Currency Translation: The U.S. dollar is the functional currency (primary currency in which business is conducted) for most foreign operations. For these operations, adjustments resulting from translating foreign currency assets and liabilities into U.S. dollars are recorded in income. For operations that use the local currency as the functional currency, adjustments resulting from translating foreign functional currency assets and liabilities into U.S. dollars are recorded in a separate component of stockholders' equity entitled "Accumulated other comprehensive income." Gains or losses resulting from transactions in other than the functional currency are reflected in net income.

Hedging: The Corporation uses futures, forwards, options and swaps to hedge the effects of fluctuations in the prices of crude oil, natural gas and refined products and changes in interest rates and foreign currency values. These transactions meet the requirements for hedge accounting, including designation and correlation. The resulting gains or losses, measured by quoted market prices, termination values or other methods, are accounted for as part of the transactions being hedged, except that losses not expected to be recovered upon the completion of hedged transactions are expensed. On the balance sheet, deferred gains and losses are included in current assets and liabilities.

Trading: Commodity trading activities are marked to market, with gains and losses recorded in operating revenue.

NOTE 2 -- SPECIAL ITEMS

1999: The Corporation recorded a gain of \$274,100,000 (\$176,000,000 after income taxes) from the sale of its Gulf Coast and Southeast pipeline terminals, natural gas properties in California and certain

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retail sites. Exploration and production results include special income tax benefits of \$54,600,000, reflecting actions taken in 1999 to realize the United States tax impact of certain prior year exploration activities and capital losses.

Exploration and production earnings also include an impairment of \$58,700,000 (\$38,200,000 after income taxes) for the Corporation's interest in the Trans Alaska Pipeline System. The Corporation currently has no crude oil production in Alaska and there has been a significant reduction in crude oil volumes shipped through the Corporation's share of the pipeline. Refining and marketing results include an asset impairment of \$34,000,000 (with no income tax benefit) for the Corporation's crude oil storage terminal in St. Lucia, due to the nonrenewal of

a major third party storage contract. The terminal had been partially impaired in 1998 as a result of the reduced crude oil storage requirements of the HOVENSA joint venture. The Corporation also accrued \$35,300,000 (\$27,300,000 after income taxes) for a further decline in the value of a drilling service fixed-price contract due to lower market rates. At December 31, 1999, the Corporation's reserve for drilling service contracts was \$54,600,000, including amounts provided in 1998. During the year, \$70,700,000 of contract payments were charged against the reserve.

Gains on asset sales are included on a separate line in non-operating income in the income statement. The impairment of carrying values of the Alaska pipeline and the crude oil storage terminal and the loss on the drilling service contract are reflected in a separate impairment line in the income statement.

1998: The Corporation recorded a loss of \$106,000,000 in connection with the sale of the 50% interest in the fixed assets of its Virgin Islands refinery. The Corporation also recorded an additional charge of \$44,000,000 for the reduction in carrying value of its crude oil storage terminal in St. Lucia that is being used less as a result of the joint venture. No income tax benefit was recorded on either charge. Exploration and production results included a charge of \$90,000,000 (\$77,000,000 after income taxes) for the reduction in market value of drilling service fixed-price contracts due to the decline in worldwide crude oil prices. A charge of \$54,000,000 (\$35,000,000 after income taxes) was also recorded for the impairment of capitalized costs related to a North Sea oil discovery that was uneconomic. The Corporation expensed \$29,000,000 for its share of asset impairment of an equity affiliate and \$13,000,000 for the reduction in carrying value of developed and undeveloped properties in the United States and United Kingdom. In addition, the Corporation recorded gains of \$80,300,000 (\$56,200,000 after income taxes) on the sale of oil and gas assets in the United States and Norway.

In 1998, the Corporation recorded pre-tax charges of \$23,000,000 (\$15,000,000 after income taxes) for severance costs. The severance costs covered approximately 400 exploration and production employees (of which approximately 200 had been terminated at December 31, 1998). Approximately \$2,000,000 of severance was paid in 1998 and the remainder was paid in 1999. The Corporation also recorded \$8,000,000 of exit costs (accrued office lease costs). Approximately \$3,400,000 of this reserve was used in 1999 and the remainder was reversed to income as a result of current plans for use of the office space.

1997: The Corporation recorded a charge of \$80,600,000 (\$55,000,000 after income taxes) for impairment of long-lived assets and a long-term operating lease, as a result of reserve revisions on two oil fields in the United Kingdom North Sea. The Corporation also recorded income of \$38,200,000 from a refund of United Kingdom Petroleum Revenue Taxes. In 1997, the Corporation sold its interest in a United States natural gas field resulting in an after-tax gain of \$10,700,000.

NOTE 3 -- ACCOUNTING CHANGES

Effective January 1, 1999, the Corporation adopted the last-in, first-out (LIFO) inventory method for valuing its refining and marketing inventories. The Corporation believes that the LIFO method more closely matches current costs and revenues and will improve comparability with other oil companies. The change to LIFO decreased net income by \$97,051,000 for the year ended December 31, 1999 (\$1.08 per share basic and diluted). There is no cumulative effect adjustment as of the beginning of the year for this type of accounting change.

On January 1, 1998, the Corporation began capitalizing the cost of internal use software in accordance with AICPA Statement of Position 98-1. This accounting change increased net income for 1998 by \$13,867,000 (\$.15 per share).

In June 1998, the Financial Accounting Standards Board issued FAS No. 133, Accounting for Derivative Instruments and Hedging Activities. The Corporation must adopt FAS No. 133 by January 1, 2001. This

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statement requires that the Corporation recognize all derivatives on the balance sheet at fair value. For derivatives that are not hedges, the change in fair value must be recognized in income. For derivatives that hedge changes in the fair value of assets, liabilities or firm commitments, the gains or losses are recognized in earnings together with the offsetting losses or gains on the hedged items. For derivatives that hedge cash flows of forecasted transactions, the gains or losses are recognized in other comprehensive income until the

hedged items are recognized in income.

The Corporation has not yet determined what the effect of FAS No. 133 will be on its income and financial position.

NOTE 4 -- INVENTORIES

Inventories at December 31 are as follows:
Thousands of US dollars

| | 1999 | 1998 |
|--|------------|------------|
| | ----- | ----- |
| Crude oil and other charge stocks..... | \$ 67,539 | \$ 35,818 |
| Refined and other finished products..... | 393,064 | 386,917 |
| Less: LIFO adjustment..... | (149,309) | -- |
| | ----- | ----- |
| Materials and supplies..... | 311,294 | 422,735 |
| | 61,419 | 59,447 |
| | ----- | ----- |
| Total..... | \$ 372,713 | \$ 482,182 |
| | ===== | ===== |

NOTE 5 -- REFINING JOINT VENTURE

In 1998, the Corporation formed HOVENSA L.L.C. (HOVENSA), a joint venture with Petroleos de Venezuela, S.A. (PDVSA). The Corporation's Virgin Islands subsidiary and PDVSA, V.I., Inc. (PDVSA V.I.), a wholly-owned subsidiary of PDVSA, contributed their 50% interests in the fixed assets of the Virgin Islands refinery, previously wholly-owned by the Corporation, to HOVENSA. HOVENSA is 50% owned by a subsidiary of the Corporation and 50% owned by PDVSA V.I. and operates the refinery. The Corporation purchased refined products from HOVENSA at a cost of approximately \$1,196,000,000 during 1999 and \$151,000,000 during the two months ended December 31, 1998. The Corporation sold crude oil to HOVENSA at a cost of approximately \$81,000,000 during 1999 and \$7,000,000 during the two months ended December 31, 1998.

The Corporation's investment in the joint venture is accounted for using the equity method. Summarized financial information for HOVENSA as of December 31, 1999 and for the year then ended and as of December 31, 1998 and for the two months since inception follows:

Thousands of US dollars

| | 1999 | 1998 |
|--|--------------|-------------|
| | ----- | ----- |
| Summarized balance sheet information at December 31 | | |
| Current assets..... | \$ 432,877 | \$ 352,171 |
| Net fixed assets..... | 1,328,407 | 1,343,712 |
| Other assets..... | 27,094 | 27,711 |
| Current liabilities..... | (282,312) | (133,454) |
| Long-term debt..... | (150,000) | (250,000) |
| Deferred liabilities and credits..... | (25,750) | (27,718) |
| | ----- | ----- |
| Partners' equity..... | \$ 1,330,316 | \$1,312,422 |
| | ===== | ===== |
| Summarized income statement information for the periods ended December 31 | | |
| Total revenues..... | \$ 3,081,969 | \$ 344,896 |
| Costs and expenses..... | (3,064,075) | (375,903)** |
| | ----- | ----- |
| Net income (loss)*..... | \$ 17,894 | \$ (31,007) |
| | ===== | ===== |

* The Corporation's share of HOVENSA's income in 1999 was \$6,988 and its share of the 1998 loss was \$15,848.

** 1998 results include an inventory writedown of \$31,999, which reduced costs of products sold in 1999.

As part of the formation of the joint venture, PDVSA, V.I. purchased a 50% interest in the fixed assets of the Corporation's Virgin Islands refinery for \$62,500,000 in cash and a 10-year note from PDVSA V.I. for \$562,500,000 bearing interest at 8.46% per annum and requiring principal payments over its term. At December 31, 1999, the principal balance of the note was \$538,500,000. In addition, there was a \$125,000,000, 10-year, contingent note, also bearing interest at 8.46% per annum. The contingent note was not valued for accounting purposes. PDVSA V.I.'s payment obligations under both notes are guaranteed by PDVSA and secured by a pledge of PDVSA V.I.'s interest in the joint venture.

In February 2000, HOVENSA reached agreement on a \$600,000,000 bank financing for the construction of a 58,000 barrel per day delayed coking unit and related facilities at its refinery and for general working capital requirements. In connection with the financing, the Corporation and PDVSA V.I. agreed to amend the note received by the Corporation at the formation of the joint venture. PDVSA V.I. will defer principal payments on the note until after completion of coker construction but not later than February 14, 2003. Principal payments are due ratably until maturity on February 14, 2011. The interest rate on the note has been increased to 9.46%. PDVSA V.I. has the option to reduce the interest rate to the original rate of 8.46% by repaying principal in accordance with the original amortization schedule.

NOTE 6 -- SHORT-TERM NOTES AND RELATED LINES OF CREDIT

Short-term notes payable to banks amounted to \$17,912,000 at December 31, 1999 and \$3,500,000 at December 31, 1998. The weighted average interest rates on these borrowings were 6.3% and 8.8% at December 31, 1999 and 1998, respectively. At December 31, 1999, the Corporation has uncommitted arrangements with banks for unused lines of credit aggregating \$376,000,000.

NOTE 7 -- LONG-TERM DEBT

Long-term debt at December 31 consists of the following:
Thousands of US dollars

| | 1999 | 1998 |
|--|-------------|-------------|
| | ----- | ----- |
| 7 3/8% and 7 7/8% Debentures, due in 2009 and 2029..... | \$ 990,026 | \$ -- |
| 6.1% Marine Terminal Revenue Bonds -- Series 1994 -- City of Valdez, Alaska, due 2024..... | 20,000 | 20,000 |
| Pollution Control Revenue Bonds, weighted average rate 6.6%, due through 2022..... | 52,623 | 52,607 |
| Fixed rate notes, payable principally to insurance companies, weighted average rate 8.0%*, due through 2014..... | 915,000 | 1,154,285 |
| Global Revolving Credit Facility with banks, weighted average rate 6.5%, due 2002..... | 120,000 | 1,195,000 |
| Project lease financing, weighted average rate 5.1%, due through 2014..... | 182,588 | 185,513 |
| Capitalized lease obligations, weighted average rate 5.3%, due through 2009..... | 8,332 | 35,960 |
| Other loans, weighted average rate 8.0%, due through 2007... | 3,200 | 5,600 |
| | ----- | ----- |
| | 2,291,769 | 2,648,965 |
| Less amount included in current maturities..... | 5,109 | 172,820 |
| | ----- | ----- |
| Total..... | \$2,286,660 | \$2,476,145 |
| | ===== | ===== |

* Includes effect of interest rate conversion agreements.

The aggregate long-term debt maturing during the next five years is as follows (in thousands of US dollars): 2000 -- \$5,109 (included in current liabilities); 2001 -- \$25,411; 2002 -- \$320,695; 2003 -- \$80,990 and 2004 -- \$159,794.

The Corporation's long-term debt agreements contain various restrictions and conditions, including working capital requirements and limitations on total

borrowings and cash dividends. At December 31, 1999, the Corporation meets the required working capital ratio of 1 to 1. Under the agreements, the Corporation is permitted to borrow an additional \$2,225,000,000 for the construction or acquisition of assets. In addition, at December 31, 1999 it has \$638,000,000 of retained earnings free of dividend restrictions.

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In 1999, the Corporation issued \$1,000,000,000 of public debentures, of which \$300,000,000 bears interest at 7 3/8% and is due in 2009 and the remainder bears interest at 7 7/8% and is due in 2029. After discount and the effect of interest rate conversion agreements, the effective borrowing rates are 6.48% and 7.97%, respectively.

The Corporation has a \$2,000,000,000 Global Revolving Credit Facility (the "Facility"), of which \$120,000,000 is outstanding at December 31, 1999. Borrowings bear interest at a margin above the London Interbank Offered Rate ("LIBOR") based on the Corporation's capitalisation ratio. The borrowing rate at December 31, 1999 is .20% above LIBOR. Facility fees of .125% per annum are payable on the amount of the credit line.

In 1998, the Corporation entered into the sale and leaseback of its interests in the production platforms and related facilities of two Gulf of Mexico producing properties. These transactions were accounted for as financings. At December 31, 1999, the outstanding obligations amount to \$182,588,000, maturing through 2014.

The Corporation sold a portion of its subsequent year crude oil production in 1998 and used the proceeds to repay revolving credit debt. Accordingly, at December 31, 1998, \$249,325,000 is included in deferred revenue on the balance sheet. There was no comparable transaction in 1999.

At December 31, 1999, the Corporation has interest rate conversion agreements, accounted for by the accrual method, that effectively convert fixed rate debt to floating rate debt, increasing the percentage of its floating rate debt to 24%.

In 1999, 1998 and 1997, the Corporation capitalized interest of \$15,754,000, \$23,559,000 and \$10,284,000 on major development projects. The total amount of interest paid (net of amounts capitalized), principally on short-term and long-term debt, in 1999, 1998 and 1997 was \$145,366,000, \$154,419,000 and \$146,795,000, respectively.

NOTE 8 -- STOCK BASED COMPENSATION PLANS

The Corporation has outstanding stock options and nonvested common stock under its 1995 Long-Term Incentive Plan (as amended, subject to stockholder approval) and its Executive Long-Term Incentive Compensation and Stock Ownership Plan (which expired in 1997). Generally, stock options vest one year from the date of grant and the exercise price equals or exceeds the market price on the date of grant. Nonvested common stock vests three or five years from the date of grant, depending on the terms of the award.

The Corporation's stock option activity in 1999, 1998 and 1997 consisted of the following:

| | OPTIONS (THOUSANDS) | WEIGHTED-AVERAGE EXERCISE PRICE PER SHARE |
|---------------------------------------|------------------------|---|
| | ----- | ----- |
| Outstanding at January 1, 1997..... | 1,421 | \$58.99 |
| Granted..... | 873 | 54.75 |
| Exercised..... | (27) | 50.86 |
| Forfeited..... | (19) | 59.52 |
| | ----- | ----- |
| Outstanding at December 31, 1997..... | 2,248 | 57.43 |
| Granted..... | 873 | 53.05 |
| Exercised..... | (3) | 49.75 |
| Forfeited..... | (23) | 56.22 |
| | ----- | ----- |
| Outstanding at December 31, 1998..... | 3,095 | 56.21 |
| Granted*..... | 1,804 | 55.66 |
| Exercised..... | (322) | 53.22 |

| | | |
|---------------------------------------|-------|---------|
| Forfeited..... | (70) | 58.08 |
| | ----- | ----- |
| Outstanding at December 31, 1999..... | 4,507 | \$56.18 |
| | ===== | ===== |
| Exercisable at December 31, 1997..... | 1,376 | \$59.14 |
| Exercisable at December 31, 1998..... | 2,230 | 57.44 |
| Exercisable at December 31, 1999..... | 2,702 | 56.52 |

* 1,118 stock options with an exercise price of \$58.13 per share were granted in December 1999 subject to approval of stockholders in 2000.

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Exercise prices for employee stock options at December 31, 1999 ranged from \$49.00 to \$65.94 per share. The weighted-average remaining contractual life of employee stock options is 8.2 years.

The Corporation uses the Black-Scholes model to estimate the fair value of employee stock options for pro forma disclosure of the effects on net income and earnings per share. The Corporation used the following weighted-average assumptions in the Black-Scholes model for 1999, 1998 and 1997, respectively: risk-free interest rates of 5.9%, 5.6% and 5.9%; expected stock price volatility of .207, .218 and .220; a dividend yield of 1.1%; and an expected life of seven years. The Corporation's net income would have been reduced by approximately \$6,000,000 in 1999, \$19,100,000 in 1998 and \$7,600,000 in 1997 (\$.07 per share in 1999, \$.21 per share in 1998 and \$.08 per share in 1997, diluted) if option expense were recorded using the fair value method.

The weighted-average fair values of options granted for which the exercise price equalled the market price on the date of grant were \$18.45 in 1999, \$17.50 in 1998 and \$18.69 in 1997.

Total compensation expense for nonvested common stock was \$9,831,000 in 1999, \$15,975,000 in 1998 and \$11,553,000 in 1997. Awards of nonvested common stock were as follows:

| | SHARES OF NONVESTED COMMON STOCK AWARDED (THOUSANDS) | WEIGHTED-AVERAGE PRICE ON DATE OF GRANT |
|----------------------|--|---|
| | ----- | ----- |
| Granted in 1997..... | 746 | \$53.94 |
| Granted in 1998..... | 18 | 53.08 |
| Granted in 1999..... | 24 | 56.07 |

At December 31, 1999, the number of common shares reserved for issuance is as follows (in thousands):

1995 Long-term incentive plan

| | |
|--------------------------------|--------|
| Future awards..... | 3,882* |
| Stock options outstanding..... | 4,507* |
| Stock appreciation rights..... | 52 |
| Warrants**..... | 1,055 |
| | ----- |
| Total..... | 9,496 |
| | ===== |

* Includes 3,882 shares reserved for future awards and 1,118 stock options outstanding which are subject to approval of stockholders in 2000.

** Issued in connection with an insurance company financing, exercisable through June 27, 2001 at \$64.46 per share.

NOTE 9 -- FOREIGN CURRENCY TRANSLATION

Worldwide currency translation gains amounted to \$17,577,000 (including \$7,688,000 of income tax benefits) in 1999. Foreign currency gains totaled \$2,511,000 in 1998 and \$5,073,000 in 1997 after income tax effects. Effective January 1, 1999, the Corporation changed the functional currency of its United Kingdom operations from the British pound sterling to the U.S. dollar.

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NOTE 10 -- PENSION PLANS

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

Thousands of US dollars

| | 1999 | 1998 |
|--|-------------|-------------|
| | ----- | ----- |
| Reconciliation of pension benefit obligation | | |
| Benefit obligation at January 1..... | \$ 542,704 | \$ 464,728 |
| Service cost..... | 21,639 | 19,280 |
| Interest cost..... | 34,333 | 32,841 |
| Actuarial (gain) loss..... | (71,262) | 48,855 |
| Benefit payments..... | (26,306) | (23,000) |
| | ----- | ----- |
| Pension benefit obligation at December 31..... | 501,108 | 542,704 |
| | ----- | ----- |
| Reconciliation of fair value of plan assets | | |
| Fair value of plan assets at January 1..... | 476,849 | 427,912 |
| Actual return on plan assets..... | 63,375 | 54,311 |
| Employer contributions..... | 19,678 | 16,833 |
| Employee contributions..... | -- | 793 |
| Benefit payments..... | (26,306) | (23,000) |
| | ----- | ----- |
| Fair value of plan assets at December 31..... | 533,596 | 476,849 |
| | ----- | ----- |
| Funded status at December 31 | | |
| Funded status..... | 32,488 | (65,855) |
| Unrecognized prior service cost..... | 7,761 | 9,041 |
| Unrecognized (gain) loss..... | (91,629) | 2,861 |
| | ----- | ----- |
| Accrued pension liability..... | \$ (51,380) | \$ (53,953) |
| | ===== | ===== |

Pension expense consisted of the following:

Thousands of US dollars

| | 1999 | 1998 | 1997 |
|--|-----------|-----------|-----------|
| | ----- | ----- | ----- |
| Service cost..... | \$ 21,639 | \$ 19,280 | \$ 19,109 |
| Interest cost..... | 34,333 | 32,841 | 33,162 |
| Expected return on plan assets..... | (41,072) | (36,221) | (32,390) |
| Amortization of transition asset (obligation)... | 255 | (72) | (3,052) |
| Amortization of prior service cost..... | 1,280 | 1,280 | 1,280 |
| Amortization of net gain..... | -- | (22) | (1,692) |
| | ----- | ----- | ----- |
| Pension expense..... | \$ 16,435 | \$ 17,086 | \$ 16,417 |
| | ===== | ===== | ===== |

Prior service costs and gains and losses in excess of 10% of the greater of the benefit obligation and the market value of assets are amortized over the average remaining service period of active employees.

The weighted-average actuarial assumptions used by the Corporation's pension

plans at December 31 were as follows:

| | 1999 | 1998 |
|---|------|------|
| | ---- | ---- |
| Discount rate..... | 7.3% | 6.4% |
| Expected long-term rate of return on plan assets..... | 8.7% | 8.3% |
| Rate of compensation increases..... | 4.5% | 4.9% |

The Corporation also has a nonqualified supplemental pension plan covering certain employees. The supplemental pension plan provides for incremental pension payments from the Corporation's funds so that total pension payments equal amounts that would have been payable from the Corporation's principal pension plan were it not for limitations imposed by income tax regulations. The benefit obligation related to this unfunded plan totalled \$38,358,000 at December 31, 1999 and \$41,802,000 at December 31, 1998. Pension expense for the plan was \$6,743,000 in 1999, \$6,271,000 in 1998 and

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\$5,098,000 in 1997. The Corporation has accrued \$29,310,000 for this plan at December 31, 1999 and \$25,205,000 at December 31, 1998. The trust established to fund the supplemental plan held assets valued at \$13,586,000 at December 31, 1999 and \$6,209,000 at December 31, 1998.

NOTE 11 -- PROVISION FOR INCOME TAXES

The provision (benefit) for income taxes consisted of:
Thousands of US dollars

| | 1999 | 1998 | 1997 |
|---|----------------|-------------|-------------|
| | ----- | ----- | ----- |
| United States Federal | | | |
| Current..... | \$ 6,093 | \$ 9,510 | \$ 16,210 |
| Deferred..... | 81,657 | (68,203) | (27,254) |
| State..... | 6,483 | 1,702 | 1,418 |
| | ----- | ----- | ----- |
| | 94,233 | (56,991) | (9,626) |
| | ----- | ----- | ----- |
| Foreign | | | |
| Current..... | 189,198 | 71,492 | 181,665 (b) |
| Deferred..... | (15,058) | (66,310) | (41,599) |
| | ----- | ----- | ----- |
| | 174,140 | 5,182 | 140,066 |
| | ----- | ----- | ----- |
| Adjustment of deferred tax liability for foreign income tax rate change.... | (4,180) | (3,409) | (11,355) |
| | ----- | ----- | ----- |
| Total..... | \$ 264,193 (a) | \$ (55,218) | \$ 119,085 |
| | ===== | ===== | ===== |

(a) Includes a benefit of \$54,600 representing actions taken in 1999 to realize the United States tax impact of certain prior year exploration activities and capital losses.

(b) Includes income tax refund of \$38,180.

Income (loss) before income taxes consisted of the following:

Thousands of US dollars

| | 1999 | 1998 | 1997 |
|--|-------|-------|-------|
| | ----- | ----- | ----- |

| | | | |
|--------------------|------------|--------------|------------|
| United States..... | \$ 397,237 | \$ (205,522) | \$ 3,533 |
| Foreign*..... | 304,572 | (308,589) | 123,052 |
| | ----- | ----- | ----- |
| Total..... | \$ 701,809 | \$ (514,111) | \$ 126,585 |
| | ===== | ===== | ===== |

* Foreign income includes the Corporation's Virgin Islands, shipping and other operations located outside of the United States.

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Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. A summary of the components of deferred tax liabilities and assets at December 31 follows:

Thousands of US dollars

| | 1999 | 1998 |
|---|------------|------------|
| | ----- | ----- |
| Deferred tax liabilities | | |
| Fixed assets and investments..... | \$ 320,324 | \$ 272,461 |
| Foreign petroleum taxes..... | 224,359 | 238,568 |
| Other..... | 55,917 | 58,251 |
| | ----- | ----- |
| Total deferred tax liabilities..... | 600,600 | 569,280 |
| | ----- | ----- |
| Deferred tax assets | | |
| Accrued liabilities..... | 98,510 | 194,109 |
| Net operating and capital loss carryforwards..... | 299,962 | 224,765 |
| Tax credit carryforwards..... | 137,598 | 126,590 |
| Other..... | 78,691 | 41,592 |
| | ----- | ----- |
| Total deferred tax assets..... | 614,761 | 587,056 |
| Valuation allowance..... | (182,253) | (141,113) |
| | ----- | ----- |
| Net deferred tax assets..... | 432,508 | 445,943 |
| | ----- | ----- |
| Net deferred tax liabilities..... | \$ 168,092 | \$ 123,337 |
| | ===== | ===== |

The difference between the Corporation's effective income tax rate and the United States statutory rate is reconciled below:

| | 1999 | 1998 | 1997 |
|--|-------|---------|-------|
| | ----- | ----- | ----- |
| United States statutory rate..... | 35.0% | (35.0)% | 35.0% |
| Effect of foreign operations, including foreign tax credits..... | 3.0 | 24.2 | 72.3 |
| Effect of capital and other loss carryforwards..... | -- | (.2) | (8.3) |
| State income taxes, net of Federal income tax benefit..... | .6 | .2 | .7 |
| Prior year adjustments..... | (.8) | (.3) | (3.5) |
| Tax credits..... | -- | -- | (.8) |
| Other..... | (.2) | .4 | (1.3) |
| | ----- | ----- | ----- |
| Total..... | 37.6% | (10.7)% | 94.1% |
| | ===== | ===== | ===== |

The Corporation has not recorded deferred income taxes applicable to undistributed earnings of foreign subsidiaries that are indefinitely reinvested in foreign operations. Undistributed earnings amounted to approximately \$950 million at December 31, 1999, excluding amounts which, if remitted, generally would not result in any additional U.S. income taxes because of available foreign tax credits. If the earnings of such foreign subsidiaries were not indefinitely reinvested, a deferred tax liability of approximately \$120 million would have been required.

For income tax reporting at December 31, 1999, the Corporation has general business credit carryforwards of approximately \$30 million, principally expiring in 2000 and 2001. In addition, the Corporation has alternative minimum tax credit carryforwards of approximately \$110 million, which can be carried forward indefinitely. At December 31, 1999, a net operating loss carryforward of approximately \$1 billion is also available to offset income of the HOVENSA joint venture partners. Net operating loss carryforwards relating to several foreign exploration and production areas amount to approximately \$190 million at December 31, 1999.

Income taxes paid (net of refunds) in 1999, 1998 and 1997 amounted to \$141,465,000, \$140,470,000 and \$259,767,000, respectively.

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NOTE 12 -- NET INCOME PER SHARE

The weighted average number of common shares used in the basic and diluted earnings per share computations are summarized below:

Thousands of shares

| | 1999 ----- | 1998 ----- | 1997 ----- |
|-------------------------------|---------------|---------------|---------------|
| Common shares -- basic..... | 89,692 | 89,585 | 91,254 |
| Effect of dilutive securities | | | |
| Nonvested common stock..... | 436 | -- | 428 |
| Stock options..... | 152 | -- | 51 |
| | ----- | ----- | ----- |
| Common shares -- diluted..... | 90,280 | 89,585 | 91,733 |
| | ===== | ===== | ===== |

Diluted common shares include shares that would be outstanding assuming the fulfillment of restrictions on nonvested shares and the exercise of stock options. In 1998, the above table excludes the antidilutive effect of 666,000 nonvested common shares and 78,000 stock options. The table also excludes the effect of out-of-the-money options on 1,609,000 shares, 1,626,000 shares and 867,000 shares in 1999, 1998 and 1997, respectively.

NOTE 13 -- LEASED ASSETS

The Corporation and certain of its subsidiaries lease floating production systems, drilling rigs, tankers, gasoline stations, office space and of the assets for varying periods. At December 31, 1999, future minimum rental payments applicable to capital and noncancelable operating leases with remaining terms of one year or more (other than oil and gas leases) are as follows:

Thousands of US dollars

| | OPERATING LEASES ----- | CAPITAL LEASES ----- |
|-----------------------------------|------------------------------|----------------------------|
| 2000..... | \$ 274,551 | \$ 1,156 |
| 2001..... | 172,149 | 1,156 |
| 2002..... | 106,186 | 1,156 |
| 2003..... | 90,570 | 1,156 |
| 2004..... | 86,727 | 1,156 |
| Remaining years..... | 403,651 | 5,781 |
| | ----- | ----- |
| Total minimum lease payments..... | 1,133,834 | 11,561 |
| Less: Imputed interest..... | -- | 3,229 |
| Income from subleases..... | 17,263 | -- |
| | ----- | ----- |
| Net minimum lease payments..... | \$1,116,571* | \$ 8,332 |
| | ===== | ===== |

Capitalized lease obligations --

| | | |
|----------------|----|-------|
| Current..... | \$ | 531 |
| Long-term..... | | 7,801 |
| | | ----- |
| Total..... | \$ | 8,332 |
| | | ===== |

* Of the total future minimum payments under operating leases, \$79,590 has been accrued at December 31, 1999.

Rental expense for all operating leases, other than rentals applicable to oil and gas leases, was as follows:

Thousands of US dollars

| | 1999 | 1998 | 1997 |
|---------------------------------|------------|------------|------------|
| | ----- | ----- | ----- |
| Total rental expense..... | \$ 156,362 | \$ 178,560 | \$ 195,246 |
| Less income from subleases..... | 51,418 | 29,979 | 11,792 |
| | ----- | ----- | ----- |
| Net rental expense..... | \$ 104,944 | \$ 148,581 | \$ 183,454 |
| | ===== | ===== | ===== |

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NOTE 14 -- FINANCIAL INSTRUMENTS, HEDGING AND TRADING ACTIVITIES

The Corporation uses futures, forwards, options and swaps, individually or in combination, to reduce the effects of fluctuations in crude oil, natural gas and refined product prices and in fixed-price sales contracts. In addition, the Corporation uses interest-rate conversion agreements to adjust the interest rates on a portion of its long-term, fixed-rate debt. Foreign currency contracts are used to protect the Corporation from fluctuations in exchange rates.

Commodity Hedging: At December 31, 1999, the Corporation's hedging activities included commodity and financial contracts, maturing mainly in 2000, covering 29,700,000 barrels of crude oil and 1,400,000 barrels of refined products (3,000,000 net barrels of crude oil and refined products in 1998). The Corporation also hedged 4,500,000 net Mcf of natural gas in 1998.

The Corporation produced 85,000,000 barrels of crude oil and natural gas liquids and 235,000,000 Mcf of natural gas in 1999, and had approximately 14,000,000 barrels of crude oil and refined products in its refining and marketing inventories at December 31, 1999. Since the contracts described above are designated as hedges and correlate to price movements of crude oil, natural gas and refined products, any gains or losses resulting from market changes will be offset by losses or gains on the Corporation's hedged inventory or production. Net deferred losses from the Corporation's hedging activities were \$61,200,000 at December 31, 1999, including \$47,600,000 of unrealized losses (\$5,000,000 of gains at December 31, 1998, including \$2,000,000 of unrealized gains).

Financial Instruments: At December 31, 1999, the Corporation has \$400,000,000 in interest-rate conversion agreements outstanding (\$400,000,000 at December 31, 1998). The Corporation also has \$865,000,000 of notional value foreign currency forward and purchased option contracts maturing generally in 2000 (\$97,000,000 at December 31, 1998) and \$145,300,000 in letters of credit outstanding (\$137,900,000 at December 31, 1998). Notional amounts do not quantify risk or represent assets or liabilities of the Corporation, but are used in the calculation of cash settlements under the contracts.

Fair Value Disclosure: The carrying amounts of cash and cash equivalents, short-term debt and long-term, variable-rate debt approximate fair value. The Corporation estimates the fair value of its long-term, fixed-rate note receivable and debt generally using discounted cash flow analysis based on current interest rates for instruments with similar maturities. Interest-rate conversion agreements and foreign currency exchange contracts are valued based on current termination values or quoted market prices of comparable contracts. The Corporation's valuation of commodity contracts considers quoted market prices, time value, volatility of the underlying commodities and other factors.

The carrying amounts of the Corporation's financial instruments and commodity contracts, including those used in the Corporation's hedging and trading activities, generally approximate their fair values at December 31, 1999, except as follows:

Millions of US dollars, asset (liability)

| | 1999 | | 1998 | |
|--|----------------------|------------|----------------------|------------|
| | BALANCE SHEET AMOUNT | FAIR VALUE | BALANCE SHEET AMOUNT | FAIR VALUE |
| Long-term, fixed-rate note receivable..... | \$ 539 | \$ 493 | \$ 563 | \$ 563 |
| Long-term, fixed-rate debt..... | (2,163) | (2,141) | (1,418) | (1,477) |
| Interest-rate conversion agreements..... | -- | (11) | -- | (24) |

Market and Credit Risks: The Corporation's financial instruments expose it to market and credit risks and may at times be concentrated with certain counterparties or groups of counterparties. The credit worthiness of counterparties is subject to continuing review and full performance is anticipated.

Commodity Trading: The Corporation, principally through a consolidated partnership, trades energy commodities, including futures, forwards, options and swaps, based on expectations of future market conditions. The Corporation's results from trading activities, including its share of the earnings of the trading partnership which has been profitable in 1999, 1998 and 1997, amounted to net income of \$19,000,000 in 1999, a net loss of \$26,000,000 in 1998 and net income of \$4,000,000 in 1997.

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The following table presents the year-end fair values of energy commodities and derivative instruments used in trading activities and the average aggregate fair values during the year:

Millions of US dollars, asset (liability)

| | FAIR VALUE | | | |
|----------------------|----------------------|------------------|----------------------|------------------|
| | AT DECEMBER 31, 1999 | AVERAGE FOR 1999 | AT DECEMBER 31, 1998 | AVERAGE FOR 1998 |
| Commodities..... | \$ 69 | \$ 85 | \$ 98 | \$ 75 |
| Futures and forwards | | | | |
| Assets..... | 225 | 143 | 29 | 43 |
| Liabilities..... | (233) | (148) | (29) | (39) |
| Options | | | | |
| Held..... | 178 | 67 | (7) | (3) |
| Written..... | (192) | (76) | 8 | 5 |
| Swaps | | | | |
| Assets..... | 546 | 356 | 110 | 59 |
| Liabilities..... | (549) | (342) | (117) | (60) |

Notional amounts of commodities and derivatives relating to trading activities follow:

Millions of barrels of oil equivalent

AT DECEMBER 31

1999 1998

| | | |
|----------------------|-------|------|
| | ---- | ---- |
| Commodities..... | 3 | 7 |
| Futures and forwards | | |
| Long..... | 177 | 39 |
| Short..... | (168) | (51) |
| Options | | |
| Held..... | 343 | 20 |
| Written..... | (318) | (21) |
| Swaps* | | |
| Held..... | 304 | 83 |
| Written..... | (329) | (81) |

* Includes 41 million barrels long and 53 million barrels short related to basis swaps at December 31, 1999 (18 million barrels long and 20 million barrels short in 1998).

NOTE 15 -- SEGMENT INFORMATION

The information which follows is required by FAS No. 131, Disclosures about Segments of an Enterprise and Related Information, and includes financial information by geographic area and operating segment. Financial information by major geographic area for each of the three years ended December 31, 1999 follows:

Millions of US dollars

| | UNITED STATES* | EUROPE | OTHER | CONSOLIDATED |
|--|----------------|----------|--------|--------------|
| | ----- | ----- | ----- | ----- |
| 1999 | | | | |
| Operating revenues..... | \$ 4,948 | \$ 1,944 | \$ 147 | \$ 7,039 |
| Property, plant and equipment (net)..... | 1,289 | 2,396 | 367 | 4,052 |
| 1998 | | | | |
| Operating revenues..... | \$ 5,046 | \$ 1,474 | \$ 60 | \$ 6,580 |
| Property, plant and equipment (net)..... | 1,457 | 2,351 | 384 | 4,192 |
| 1997 | | | | |
| Operating revenues..... | \$ 6,552 | \$ 1,614 | \$ 58 | \$ 8,224 |
| Property, plant and equipment (net)..... | 2,872 | 2,106 | 213 | 5,191 |

* Includes U.S. Virgin Islands and shipping operations.

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The Corporation operates principally in the petroleum industry and its operating segments are (1) exploration and production and (2) refining, marketing and shipping. Exploration and production operations include the exploration for and the production, purchase, transportation and sale of crude oil and natural gas. Refining, marketing and shipping operations include the manufacture, purchase, transportation, marketing and trading of petroleum and other energy products.

The following table presents financial data by major operating segment for each of the three years ended December 31, 1999:

Millions of US dollars

| | EXPLORATION AND PRODUCTION | REFINING, MARKETING AND SHIPPING | CORPORATE | CONSOLIDATED* |
|--|----------------------------------|---|-----------|---------------|
| | ----- | ----- | ----- | ----- |
| 1999 | | | | |
| Operating revenues | | | | |
| Total operating revenues..... | \$ 2,719 | \$ 4,541 | \$ 1 | |
| Less: Transfers between affiliates.... | 222 | -- | -- | |
| Operating revenues from unaffiliated customers..... | \$ 2,497 | \$ 4,541 | \$ 1 | \$ 7,039 |

| | | | | |
|---|----------|----------|----------|----------|
| Operating earnings (loss)..... | \$ 324 | \$ 133 | \$ (150) | \$ 307 |
| Special items..... | 19 | 112 | -- | 131 |
| Net income (loss)..... | \$ 343 | \$ 245 | \$ (150) | \$ 438 |
| Earnings of equity affiliates..... | \$ (9) | \$ 11 | \$ 7 | \$ 9 |
| Interest income..... | 12 | 50 | 1 | 63 |
| Interest expense..... | -- | -- | 158 | 158 |
| Depreciation, depletion, amortization and lease impairment..... | 641 | 42 | 2 | 685 |
| Provision (benefit) for income taxes.... | 184 | 118 | (38) | 264 |
| Investments in equity affiliates..... | 148 | 778 | 61 | 987 |
| Identifiable assets..... | 4,396 | 2,993 | 339 | 7,728 |
| Capital employed..... | 3,137 | 2,211 | -- | 5,348 |
| Capital expenditures..... | 727 | 68 | 2 | 797 |
| 1998 | | | | |
| Operating revenues | | | | |
| Total operating revenues..... | \$ 1,980 | \$ 4,717 | \$ 1 | |
| Less: Transfers between affiliates.... | 118 | -- | -- | |
| Operating revenues from unaffiliated customers..... | \$ 1,862 | \$ 4,717 | \$ 1 | \$ 6,580 |
| Operating earnings (loss)..... | \$ (18) | \$ (18) | \$ (160) | \$ (196) |
| Special items..... | (113) | (150) | -- | (263) |
| Net income (loss)..... | \$ (131) | \$ (168) | \$ (160) | \$ (459) |
| Earnings of equity affiliates..... | \$ (22) | \$ (13) | \$ 5 | \$ (30) |
| Interest income..... | 11 | 11 | 1 | 23 |
| Interest expense..... | -- | -- | 153 | 153 |
| Depreciation, depletion, amortization and lease impairment..... | 566 | 125 | 2 | 693 |
| Provision (benefit) for income taxes.... | 7 | (38) | (24) | (55) |
| Investments in equity affiliates..... | 96 | 781 | 56 | 933 |
| Identifiable assets..... | 4,286 | 3,126 | 471 | 7,883 |
| Capital employed..... | 3,231 | 2,065 | -- | 5,296 |
| Capital expenditures..... | 1,307 | 129 | 3 | 1,439 |

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| | EXPLORATION AND PRODUCTION | REFINING, MARKETING AND SHIPPING | CORPORATE | CONSOLIDATED* |
|---|----------------------------------|---|-----------|---------------|
| | ----- | ----- | ----- | ----- |
| 1997 | | | | |
| Operating revenues | | | | |
| Total operating revenues..... | \$ 3,086 | \$ 5,280 | \$ 1 | |
| Less: Transfers between affiliates.... | 142 | 1 | -- | |
| Operating revenues from unaffiliated customers..... | \$ 2,944 | \$ 5,279 | \$ 1 | \$ 8,224 |
| Operating earnings (loss)..... | \$ 258 | \$ (110) | \$ (134) | \$ 14 |
| Special items..... | (6) | -- | -- | (6) |
| Net income (loss)..... | \$ 252 | \$ (110) | \$ (134) | \$ 8 |
| Earnings of equity affiliates..... | \$ 21 | \$ 6 | \$ 5 | \$ 32 |
| Interest income..... | 14 | 3 | 1 | 18 |
| Interest expense..... | -- | -- | 136 | 136 |
| Depreciation, depletion, amortization and lease impairment..... | 580 | 118 | 2 | 700 |
| Provision (benefit) for income taxes.... | 164 | -- | (45) | 119 |
| Investments in equity affiliates..... | 114 | 77 | 53 | 244 |
| Identifiable assets..... | 3,727 | 3,713 | 495 | 7,935 |
| Capital employed..... | 2,468 | 2,875 | -- | 5,343 |
| Capital expenditures..... | 1,158 | 183 | 5 | 1,346 |

* After elimination of transactions between affiliates, which are valued at approximate market prices.

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3. RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2000

The following unaudited financial information has been extracted from the Form 10-Q for September 30, 2000 of Amerada Hess filed with the SEC.

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED INCOME
Millions of US dollars, except per share data

| | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
|---|------------------------------------|----------|-----------------------------------|----------|
| | 2000 | 1999 | 2000 | 1999 |
| REVENUES | | | | |
| Sales (excluding excise taxes) and other operating revenues..... | \$ 2,833 | \$ 1,802 | \$ 8,308 | \$ 4,770 |
| Non-operating income | | | | |
| Gains on asset sales..... | -- | 165 | -- | 273 |
| Equity in income of HOVENSA L.L.C..... | 24 | 7 | 76 | 24 |
| Other..... | 30 | 3 | 87 | 95 |
| Total revenues..... | 2,887 | 1,977 | 8,471 | 5,162 |
| COSTS AND EXPENSES | | | | |
| Cost of products sold..... | 1,768 | 1,073 | 5,361 | 2,935 |
| Production expenses..... | 139 | 111 | 401 | 327 |
| Marketing expenses..... | 157 | 108 | 385 | 288 |
| Other operating expenses..... | 60 | 52 | 168 | 168 |
| Exploration expenses, including dry holes and lease impairment..... | 65 | 45 | 217 | 186 |
| General and administrative expenses..... | 50 | 70 | 152 | 184 |
| Interest expense..... | 42 | 39 | 119 | 116 |
| Depreciation, depletion and amortization..... | 176 | 159 | 516 | 434 |
| Total costs and expenses..... | 2,457 | 1,657 | 7,319 | 4,638 |
| Income before income taxes..... | 430 | 320 | 1,152 | 524 |
| Provision for income taxes..... | 173 | 162 | 469 | 217 |
| NET INCOME..... | \$ 257 | \$ 158 | \$ 683 | \$ 307 |
| NET INCOME PER SHARE | | | | |
| Basic..... | \$ 2.89 | \$ 1.77 | \$ 7.63 | \$ 3.42 |
| Diluted..... | \$ 2.86 | \$ 1.75 | \$ 7.57 | \$ 3.40 |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | | | | |
| (in millions)..... | 89.8 | 90.5 | 90.2 | 90.2 |
| COMMON STOCK DIVIDENDS PER SHARE..... | \$.15 | \$.15 | \$.45 | \$.45 |

See accompanying notes to consolidated financial information.

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AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
Millions of US dollars

SEPTEMBER 30, DECEMBER 31,
2000 1999

| | ----- | ----- |
|--|----------|----------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents..... | \$ 259 | \$ 41 |
| Accounts receivable..... | 1,848 | 1,175 |
| Inventories..... | 367 | 373 |
| Other current assets..... | 585 | 239 |
| | ----- | ----- |
| Total current assets..... | 3,059 | 1,828 |
| | ----- | ----- |
| INVESTMENTS AND ADVANCES | | |
| HOVENSA L.L.C..... | 785 | 710 |
| Other..... | 236 | 282 |
| | ----- | ----- |
| Total investments and advances..... | 1,021 | 992 |
| | ----- | ----- |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Total -- at cost..... | 11,621 | 11,065 |
| Less reserves for depreciation, depletion, amortization and lease impairment..... | 7,423 | 7,013 |
| | ----- | ----- |
| Property, plant and equipment -- net..... | 4,198 | 4,052 |
| | ----- | ----- |
| NOTE RECEIVABLE..... | 539 | 539 |
| | ----- | ----- |
| DEFERRED INCOME TAXES AND OTHER ASSETS..... | 252 | 317 |
| | ----- | ----- |
| TOTAL ASSETS..... | \$ 9,069 | \$ 7,728 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable -- trade..... | \$ 1,389 | \$ 772 |
| Accrued liabilities..... | 923 | 625 |
| Taxes payable..... | 329 | 159 |
| Notes payable..... | 2 | 18 |
| Current maturities of long-term debt..... | 57 | 5 |
| | ----- | ----- |
| Total current liabilities..... | 2,700 | 1,579 |
| | ----- | ----- |
| LONG-TERM DEBT..... | 1,940 | 2,287 |
| | ----- | ----- |
| DEFERRED LIABILITIES AND CREDITS | | |
| Deferred income taxes..... | 516 | 442 |
| Other..... | 370 | 382 |
| | ----- | ----- |
| Total deferred liabilities and credits..... | 886 | 824 |
| | ----- | ----- |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, par value \$1.00 | | |
| Authorized -- 20,000,000 shares for issuance in series | | |
| 3% cumulative convertible series | | |
| Authorized -- 330,000 shares | | |
| Issued -- 326,805 shares in 2000 (liquidation | | |
| preference of \$16)..... | -- | -- |
| Common stock, par value \$1.00 | | |
| Authorized -- 200,000,000 shares | | |
| Issued -- 88,574,505 shares at September 30, 2000; | | |
| 90,676,405 shares at December 31, 1999..... | 89 | 91 |
| Capital in excess of par value..... | 825 | 782 |
| Retained earnings..... | 2,769 | 2,287 |
| Accumulated other comprehensive income..... | (140) | (122) |
| | ----- | ----- |
| Total stockholders' equity..... | 3,543 | 3,038 |
| | ----- | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY..... | \$ 9,069 | \$ 7,728 |
| | ===== | ===== |

See accompanying notes to consolidated financial information.

| | 2000 | 1999 |
|---|--------|--------|
| | ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income..... | \$ 683 | \$ 307 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation, depletion and amortization..... | 516 | 434 |
| Exploratory dry hole costs..... | 91 | 34 |
| Lease impairment..... | 20 | 23 |
| Gains on asset sales..... | -- | (273) |
| Provision for deferred income taxes..... | 181 | 45 |
| Undistributed earnings of affiliates..... | (69) | (6) |
| | ----- | ----- |
| | 1,422 | 564 |
| Changes in operating assets and liabilities and other..... | 9 | (120) |
| | ----- | ----- |
| Net cash provided by operating activities..... | 1,431 | 444 |
| | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures..... | (610) | (617) |
| Proceeds from asset sales and other..... | (2) | 413 |
| | ----- | ----- |
| Net cash used in investing activities..... | (612) | (204) |
| | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in notes payable..... | (16) | 30 |
| Long-term borrowings..... | -- | 621 |
| Repayment of long-term debt..... | (394) | (902) |
| Cash dividends paid..... | (54) | (54) |
| Common stock acquired..... | (188) | -- |
| Stock options exercised..... | 51 | 17 |
| | ----- | ----- |
| Net cash used in financing activities..... | (601) | (288) |
| | ----- | ----- |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH..... | -- | -- |
| | ----- | ----- |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS..... | 218 | (48) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... | 41 | 74 |
| | ----- | ----- |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD..... | \$ 259 | \$ 26 |
| | ===== | ===== |

See accompanying notes to consolidated financial information.

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AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL INFORMATION
Millions of US dollars, except per share amounts

NOTE 1 -- The financial information included in this report reflects all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the Corporation's consolidated financial position at September 30, 2000 and December 31, 1999, and the consolidated results of operations for the three- and nine-month periods ended September 30, 2000 and 1999 and the consolidated cash flows for the nine-month periods ended September 30, 2000 and 1999. The unaudited results of operations for the interim periods reported are not necessarily indicative of results to be expected for the full year.

Certain notes and other information have been condensed or omitted from this interim financial information. Such statements, therefore, should be read in conjunction with the consolidated financial statements and related notes included in the 1999 Annual Report to Stockholders, which have been incorporated by reference in the Corporation's Form 10-K for the year ended December 31, 1999.

NOTE 2 -- Inventories consist of the following:

| | SEPTEMBER 30, 2000 | DECEMBER 31, 1999 |
|--|-----------------------|----------------------|
| | ----- | ----- |
| Crude oil and other charge stocks..... | \$ 119 | \$ 67 |
| Refined and other finished products..... | 469 | 393 |
| Less: LIFO adjustment..... | (310) | (149) |
| | ----- | ----- |
| | 278 | 311 |
| Materials and supplies..... | 89 | 62 |
| | ----- | ----- |
| Total inventories..... | \$ 367 | \$ 373 |
| | ===== | ===== |

NOTE 3 -- The Corporation accounts for its investment in HOVENSA L.L.C. using the equity method. Summarized income statement information for HOVENSA follows:

| | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
|--------------------------------------|------------------------------------|--------|-----------------------------------|----------|
| | 2000 | 1999 | 2000 | 1999 |
| | ----- | ----- | ----- | ----- |
| Total revenues..... | \$ 1,353 | \$ 873 | \$ 3,825 | \$ 2,142 |
| Costs and expenses..... | 1,304 | 858 | 3,671 | 2,091 |
| | ----- | ----- | ----- | ----- |
| Net income..... | \$ 49 | \$ 15 | \$ 154 | \$ 51 |
| | ===== | ===== | ===== | ===== |
| Amerada Hess Corporation's share.... | \$ 24 | \$ 7 | \$ 76 | \$ 24 |
| | ===== | ===== | ===== | ===== |

In February 2000, HOVENSA reached agreement on a \$600 bank financing for the construction of a 58 thousand barrel per day delayed coking unit and related facilities at its refinery and for general working capital requirements. In connection with this financing, the Corporation and PDVSA V.I. agreed to amend the note received by the Corporation at the formation of the joint venture. PDVSA V.I. deferred principal payments on the note until after completion of coker construction but not later than February 14, 2003. The interest rate on the note increased to 9.46%. In October 2000, PDVSA V.I. exercised its option to repay principal in accordance with the original amortization schedule and reduced the interest rate to the original rate of 8.46%.

NOTE 4 -- The provision for income taxes consisted of the following:

| | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
|---------------|------------------------------------|--------|-----------------------------------|--------|
| | 2000 | 1999 | 2000 | 1999 |
| | ----- | ----- | ----- | ----- |
| Current..... | \$ 81 | \$ 84 | \$ 288 | \$ 172 |
| Deferred..... | 92 | 78 | 181 | 45 |
| | ----- | ----- | ----- | ----- |
| Total..... | \$ 173 | \$ 162 | \$ 469 | \$ 217 |
| | ===== | ===== | ===== | ===== |

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NOTE 5 -- Foreign currency gains (losses), after income tax effects, amounted to the following:

| | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
|--|------------------------------------|-------|-----------------------------------|-------|
| | 2000 | 1999 | 2000 | 1999 |
| | ----- | ----- | ----- | ----- |

| | ----- | ----- | ----- | ----- |
|--------------------------------------|-------|---------|-------|-------|
| Foreign currency gains (losses)..... | \$ -- | \$ (24) | \$ 3 | \$ 12 |
| | ===== | ===== | ===== | ===== |

NOTE 6 -- The weighted average number of common shares used in the basic and diluted earnings per share computations are as follows (in millions):

| | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
|--|------------------------------------|-------|-----------------------------------|-------|
| | 2000 | 1999 | 2000 | 1999 |
| Common shares -- basic..... | 88.8 | 89.8 | 89.5 | 89.6 |
| Effect of dilutive securities (equivalent shares) | | | | |
| Nonvested common stock..... | .3 | .4 | .3 | .5 |
| Stock options..... | .5 | .3 | .3 | .1 |
| Convertible preferred stock..... | .2 | -- | .1 | -- |
| Common shares -- diluted..... | 89.8 | 90.5 | 90.2 | 90.2 |
| | ===== | ===== | ===== | ===== |

NOTE 7 -- The Corporation uses futures, forwards, options and swaps, individually or in combination, to reduce the effects of fluctuations in crude oil, natural gas and refined product prices. These contracts correlate to movements in the value of inventory and the prices of crude oil and natural gas, and as hedges, any resulting gains or losses are recorded as part of the hedged transaction. After-tax earnings from exploration and production activities were reduced by approximately \$50 and \$100 for the third quarter and nine months of 2000, due to hedging activities. At September 30, 2000, after-tax deferred losses on the Corporation's petroleum hedging contracts expiring through 2001 were approximately \$190, including \$145 of unrealized losses.

NOTE 8 -- Interest costs related to certain long-term construction projects have been capitalized in accordance with FAS No. 34 as follows:

| | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
|---------------------------|------------------------------------|-------|-----------------------------------|-------|
| | 2000 | 1999 | 2000 | 1999 |
| Interest capitalized..... | \$ -- | \$ 3 | \$ 3 | \$ 14 |
| | ===== | ===== | ===== | ===== |

NOTE 9 -- Comprehensive income, which includes net income and the effects of foreign currency translation recorded directly in stockholders' equity, is as follows:

| | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
|---------------------------|------------------------------------|--------|-----------------------------------|--------|
| | 2000 | 1999 | 2000 | 1999 |
| Comprehensive income..... | \$ 247 | \$ 165 | \$ 665 | \$ 306 |
| | ===== | ===== | ===== | ===== |

NOTE 10 -- On May 15, 2000, the Corporation acquired the 51% of The Meadville Corporation's outstanding stock that it did not already own for approximately \$168 in cash, deferred payments and preferred stock. The deferred payments are non-interest bearing and have been discounted to \$97 using a market interest rate. The Corporation accounted for this acquisition using the purchase method. The Meadville Corporation owned and operated 178 Merit retail gasoline stations

located in the northeastern United States. This acquisition does not materially affect the Corporation's financial position or results of operations.

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NOTE 11 -- The Corporation's results by operating segment were as follows:

| | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
|---|------------------------------------|----------|-----------------------------------|----------|
| | 2000 | 1999 | 2000 | 1999 |
| Operating revenues | | | | |
| Exploration and production (1).... | \$ 973 | \$ 766 | \$ 2,893 | \$ 1,984 |
| Refining, marketing and shipping..... | 2,080 | 1,166 | 5,969 | 3,089 |
| Total..... | \$ 3,053 | \$ 1,932 | \$ 8,862 | \$ 5,073 |
| Net income (loss) | | | | |
| Exploration and production (2).... | \$ 238 | \$ 71 | \$ 634 | \$ 179 |
| Refining, marketing and shipping (3)..... | 62 | 128 | 174 | 240 |
| Corporate, including interest..... | (43) | (41) | (125) | (112) |
| Total..... | \$ 257 | \$ 158 | \$ 683 | \$ 307 |

(1) Includes transfers to affiliates of \$220 and \$554 during the three- and nine-month periods ended September 30, 2000, respectively, compared to \$130 and \$303 for the corresponding periods of 1999.

(2) Includes after-tax gains on asset sales of \$30 during the nine-months ended September 30, 1999.

(3) Includes after-tax gains on asset sales of \$106 and \$146 in the three-and nine-month periods ended September 30, 1999, respectively.

NOTE 12 -- The Corporation will adopt FAS No. 133, Accounting for Derivative Instruments and Hedging Activity, on January 1, 2001. The Corporation has not yet determined what the effects of FAS No. 133 will be on its income and financial position.

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APPENDIX IV
FURTHER INFORMATION ON LASMO
BUSINESS DESCRIPTION AND FINANCIAL RESULTS

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| 1. Business Description..... | IV-2 |
| 2. Financial Information for LASMO..... | IV-4 |
| 3. Financial Information for the six months ended 30 June 2000..... | IV-30 |

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1. BUSINESS DESCRIPTION

LASMO, headquartered in London, is a substantial oil and gas exploration production company whose activities and producing assets are presently

concentrated primarily in North West Europe and Indonesia, and these, together with Venezuela, North Africa and Pakistan, are the current material contributors to reserves. At the end of 1999, LASMO was active in 14 countries around the world, in nine of which it acted as operator. Production during 1999 was mainly derived from six of these countries: the United Kingdom, The Netherlands, Indonesia, Venezuela, Algeria and Pakistan.

As at 31 December 1999, LASMO estimated its net proved oil and gas reserves at 830 million barrels of oil equivalent. Approximately 62 per cent. relate to oil and 38 per cent. relate to gas, with 24 per cent. of LASMO's net proved reserves located in North West Europe, 27 per cent. in Indonesia, 29 per cent. in Venezuela, 14 per cent. in North Africa and 6 per cent. in Pakistan. For the year ended 31 December 1999, LASMO's average daily production was 178,000 barrels of oil equivalent with approximately 56 per cent. derived from North West Europe and approximately 27 per cent. derived from Indonesia. In the same period, production of crude oil and natural gas each accounted for approximately 62 per cent. and 38 per cent. respectively of LASMO's daily average production.

For the six months ended 30 June 2000, LASMO reported sales of L463 million (1999: L216 million) and profit before exceptional items and taxation of L187 million (1999: L35 million). Net assets as at 30 June 2000 were L1,467 million. For the full year ended 31 December 1999, LASMO had sales of L594 million (1998: L484 million) and profit before exceptional items and taxation of L170 million (1998: L1 million).

During the six months to 30 June 2000, LASMO's exploration programme resulted in three discoveries in Indonesia and two in Venezuela. Production in both Liverpool Bay and Venezuela increased significantly. LASMO received approvals and won contracts in North Africa and reached milestones in bringing gas to market in Pakistan.

WHERE YOU CAN FIND ADDITIONAL INFORMATION ABOUT LASMO

LASMO is subject to the reporting requirements of the Exchange Act and, in accordance with those requirements, files reports and other information with the SEC. You can inspect and copy these reports and other information filed by LASMO with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC on 1-800-SEC-0330.

The SEC allows LASMO to "incorporate by reference" information in this document, which means that LASMO can disclose important information by referring to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this document, except for any information superseded by information in this document. This document incorporates by reference the documents set forth below that LASMO has previously filed with the SEC. These documents contain important information about LASMO and its finances.

- Annual Report on Form 20-F for the fiscal year ended 31 December 1999.
- Form 6-K filed with the SEC on 21 November 2000.

LASMO is also incorporating by reference all documents that it files with the SEC pursuant to Sections 13(1), 13(c) and 15(d) of the Exchange Act between the date of this document and the date the offer becomes or is declared unconditional in all respects (or the date that the offer expires).

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You may obtain any of these documents through LASMO or the SEC. Documents incorporated by reference are available from LASMO without charge, excluding all exhibits unless LASMO has specifically incorporated by reference an exhibit in this document. You also may obtain documents incorporated by reference in this document by either inspecting them during normal business hours on any weekday (public holidays excepted) while the offer remains open for acceptance or by requesting them in writing or orally from LASMO, at the following address and telephone number:

LASMO plc
101 Bishopsgate
London EC2M 3XH
England

Attention: Company Secretary
Telephone: +44 20 7892 9000

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2. FINANCIAL INFORMATION FOR LASMO

The financial information relating to LASMO set out below has been extracted without material adjustment from the UK audited accounts of LASMO for the three years ended 31 December 1999 except for the restatement of the 1997 and 1998 financial statements to comply with Financial Reporting Standard No.12 "Provisions, Contingent Liabilities and Contingent Assets" ("FRS 12").

FRS 12 requires the full discounted cost of decommissioning to be recognised as an asset and liability when the obligation to rectify environmental damage arises. Previously the provision for decommissioning costs was built up over the life of field. The unwinding of the discount is included in the profit and loss account as a financial item and is added to the net interest charge.

The implementation of FRS 12 has had the effect of increasing the net book value of tangible fixed assets by L16 million, reducing the decommissioning provision by L8 million and increasing reserves by L24 million as at 31 December 1998. There has been no material effect on reported earnings.

The financial information for LASMO does not constitute statutory accounts within the meaning of Section 240 of the Companies Act. Ernst & Young, Registered Auditors, of Becket House, 1 Lambeth Palace Road, London SE1 7EU, England, are auditors of LASMO and have made audit reports under Section 235 of the Companies Act on the consolidated statutory accounts for the three years ended 31 December 1999, which have been delivered to the Registrar of Companies in accordance with Section 242 of the Companies Act.

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

Principal accounting policies are set out below. These policies are consistent with those adopted in previous years, amended for the effects of adopting FRS 12.

The financial information has been prepared under the historical cost convention, using the "successful efforts" method of accounting, and in accordance with applicable accounting standards as defined by the Companies Act.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

BASIS OF CONSOLIDATION

The consolidated financial information includes the financial statements of LASMO plc and all its subsidiary undertakings for the year ended 31 December 1999. All these undertakings are companies, and hereafter are identified as such, except for a 50 per cent. interest in a general partnership (Unimar Company) which has been accounted for using the gross equity method. No profit and loss account is presented for the company as permitted by Section 230 of the Companies Act.

The Group conducts a substantial proportion of its oil and gas exploration and development activity through unincorporated joint ventures. The share of these joint ventures' results and net assets attributable to LASMO are reflected in the Group's consolidated financial information except where LASMO acts as operator on behalf of a consortium of partners, in which case, amounts due to/from third parties are reported gross as are amounts due to/from the non-operating partners.

Subsidiaries acquired or sold during the year are included from the effective date of acquisition or to the effective date of disposal.

TURNOVER

Turnover comprises amounts receivable for invoiced sales, exclusive of value added taxation and similar levies. The Group's entitlement to proceeds from Indonesian LNG sales is included in turnover after adjustment to add back the Group's share of transportation and liquefaction costs and debt service which is deducted on an incurred basis on loans raised by the owner to finance the construction and expansion costs of the Bontang LNG plant which is operated on a break even basis. Cost of sales is also adjusted to reflect these deductions, except that only equal annual charges for debt service are deducted so as to spread the financing costs over the remaining lives of the respective sales contracts

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rather than the uneven repayment schedules established for the loans. The resultant deferred debt service charges are included in debtors.

Turnover includes a service fee based on production from the Dacion Area in Venezuela and calculated in accordance with the terms of the operating agreement. A set fee of \$2.50 per barrel is receivable for baseline production and a fee determined by reference to a basket of crude oil products is receivable for incremental production. Baseline production for 1999 was 10,700 boepd, and declines by 8 per cent. per annum.

PETROLEUM REVENUE TAX (PRT)

PRT is treated as a production cost and has been charged or credited before arriving at operating profit. Provision is made for current PRT on revenue from petroleum sales less all allowable deductions for the period.

DEFERRED TAXATION

Deferred taxation is provided in respect of liabilities relating to timing differences between profits as computed for taxation purposes and profits as stated in the financial information, except to the extent that the liability is not expected to crystallise in the foreseeable future. The provision arises principally from the different accounting and tax treatments for amortising oil and gas expenditure.

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at exchange rates ruling at the date of each transaction or a contract rate where applicable.

Assets and liabilities of overseas subsidiary and associated companies and of UK companies with non-sterling functional currencies are translated into sterling at rates current at the balance sheet date. Trading results and cash flows of such companies are translated into sterling at average rates. Unrealised gains or losses on revaluation of net assets of overseas subsidiary and associated companies and on revaluation of Group borrowings arranged to finance or hedge those net assets are taken directly to retained earnings. All other gains and losses on translation are dealt with in the profit and loss account.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group may, from time to time, use derivative financial instruments (derivatives) to limit its exposure to fluctuations in foreign currency exchange rates and interest rates, and to manage some of its exposure to changes in oil prices.

Gains or losses arising on oil price derivatives are recognised in revenues from oil production when hedged volumes are sold.

As part of exchange risk management, foreign currency swap agreements and forward contracts are used to hedge movements in underlying currencies of certain borrowings. Gains and losses on these derivatives are deferred and recognised on maturity of the underlying debt together with the matching exchange loss or gain on the debt.

Foreign currency forward contracts and options are used to hedge significant non-sterling firm commitments or receivables. Gains or losses on these derivatives are deferred and recognised in the profit and loss account or as adjustments to carrying amounts, as appropriate when the underlying transaction

is completed.

The Group also enters into interest rate swap transactions in its management of interest rate exposure. Interest rate swap agreements generally involve the exchange of fixed and floating interest rate payment obligations without exchange of the underlying principal amounts. The results of these transactions are recognised in interest expense in the period hedged by the agreements.

PENSION COSTS

The Group operates a number of pension schemes worldwide, the principal scheme being that in the United Kingdom, which is of the defined benefits type. Contributions to this scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the Group. The regular cost is attributed to individual years using the projected unit method. Variations in

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pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees. Differences between amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

FIXED ASSETS

Exploration and appraisal expenditure

Exploration expenditure comprises all costs, including premium payments, associated with the acquisition of new acreage, the drilling of exploratory wells and other costs incurred in evaluating the commercial viability of geological entities.

Appraisal expenditure comprises costs incurred in the survey, exploration and appraisal of license areas not yet under development or in production.

Exploration and appraisal expenditure is classified as an intangible fixed asset until a decision is reached concerning the commercial viability of the field to which it relates. Expenditure is then either written off or transferred to tangible fixed assets. General seismic and other expenditure not connected with a specific exploration license is written off to the profit and loss account immediately.

Development expenditure

Development expenditure comprises all costs including financing costs, exploration and appraisal expenditure incurred in bringing a field to commercial production and is classified as a tangible asset. No depletion is charged in respect of development expenditure. Once a field achieves commercial production, development expenditure is transferred to production assets.

Production assets

Expenditure on production assets represents the Group's share of total expenditure on the exploration, appraisal and development of oil and gas fields which are currently in commercial production. This expenditure includes costs of capital assets, financing costs and general technical and supervisory services plus, for depletion calculation purposes only, any anticipated further development expenditure and is stated at cost. Production assets are depleted by field on a unit of production method, in the proportion of actual production for the period to the total estimated remaining commercial reserves of the field on an entitlement basis. The remaining commercial reserves figure is that estimated at the end of the period plus the production during the period. For depletion purposes, the separate reservoirs in the Dacion Area in Venezuela are treated as one field.

Impairment of value

Each year management compares the net book amounts carried in respect of each field with the estimated recoverable amount. Any impairment of tangible assets identified is provided for. The estimated recoverable amount is the higher of the net realisable value and the value in use. The value in use is determined by

reference to estimated future discounted cash flows.

Oil and gas reserves

Proven and probable oil and gas reserves are estimated quantities of commercially producible hydrocarbons which existing geological, geophysical and engineering data show to be recoverable in future years from known reservoirs.

Other tangible assets

Office equipment and vehicles are stated at cost less accumulated depreciation, which is provided so as to write off those assets over their estimated useful lives, ranging from three to fifteen years.

LEASES

Assets held under leases which result in the Group receiving substantially all risks and rewards of ownership (capital leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments. The corresponding capital lease obligation is included with borrowings. Rentals under operating leases are charged against income as incurred.

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DECOMMISSIONING PROVISIONS

Provision is made for the cost of decommissioning of Group-owned assets at the time the obligation to rectify environmental damage arises. Such provision represents the Group's share of the estimated discounted liability for costs which may be incurred in removing production platforms and facilities at the end of the producing life of each field.

EFFECT OF CHANGES IN ESTIMATES

The effect of revisions of previous estimates of proven and probable oil and gas reserves and of costs is taken up prospectively in unit of production calculations.

CONSUMABLE STORES

Consumable stores are stated at the lower of cost and net realisable value.

INVESTMENTS

Investments included in current assets are stated at the lower of cost and net realisable value.

GOODWILL

In accordance with accounting policies extant at the time, goodwill has been written off to reserves in the year of acquisition. This goodwill would be charged in the profit and loss account on subsequent disposal of the business to which it relates. Any goodwill arising from future acquisitions will be capitalised and amortised over an appropriate period.

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LASMO plc AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

| NOTES | YEARS ENDED 31 DECEMBER | | |
|-------|--|------|------------|
| | 1999 | 1998 | 1997 |
| | | | (RESTATED) |
| | (L MILLION, EXCEPT PER ORDINARY SHARE AMOUNTS) | | |

| | | | | |
|---|------|---------|---------|-------|
| Group and share of joint venture..... | | 647 | 536 | 722 |
| Less share of joint venture's turnover..... | | (53) | (52) | (83) |
| Continuing operations..... | | 542 | 484 | 639 |
| Acquisition..... | | 52 | -- | -- |
| | | ----- | ----- | ----- |
| Cost of sales..... | 3 | 594 | 484 | 639 |
| Provision for oil and gas assets..... | | (369) | (392) | (401) |
| Exceptional provision for oil and gas assets..... | 4 | (3) | -- | -- |
| | | ----- | ----- | ----- |
| Exceptional provision for oil and gas assets..... | 4 | -- | (307) | -- |
| | | ----- | ----- | ----- |
| GROSS PROFIT/(LOSS)..... | | 222 | (215) | 238 |
| Exploration costs written off..... | 4 | (34) | (52) | (54) |
| Exceptional write-off of intangible assets..... | 4 | -- | (19) | -- |
| Administrative expenses..... | 5 | (27) | (37) | (31) |
| | | ----- | ----- | ----- |
| OPERATING PROFIT/(LOSS)..... | 5 | 161 | (323) | 153 |
| Share of joint venture's operating profit/(loss).... | 4,12 | 27 | (18) | 39 |
| Profit on disposal of fixed assets..... | 4 | 41 | 40 | -- |
| Restructuring costs..... | 4 | -- | (34) | -- |
| Interest receivable and similar income..... | 7 | 52 | 52 | 41 |
| Interest payable and similar charges..... | 8 | (70) | (76) | (75) |
| | | ----- | ----- | ----- |
| PROFIT/(LOSS) BEFORE TAXATION..... | 2 | 211 | (359) | 158 |
| Taxation on profit/(loss) on ordinary activities.... | 9 | (57) | (45) | (106) |
| | | ----- | ----- | ----- |
| PROFIT/(LOSS) FOR THE YEAR..... | | 154 | (404) | 52 |
| Non equity minority interest..... | | (6) | -- | -- |
| Profit/(loss) for the year after minority interests..... | | 148 | (404) | 52 |
| Preference dividends..... | 10 | (12) | (12) | (12) |
| | | ----- | ----- | ----- |
| PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO ORDINARY SHAREHOLDERS..... | | 136 | (416) | 40 |
| Ordinary dividends..... | 10 | (34) | (22) | (22) |
| Retained profit/(loss) for the financial year before preference share redemption costs..... | | 102 | (438) | 18 |
| Preference share redemption costs..... | 10 | 12 | -- | -- |
| | | ----- | ----- | ----- |
| RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR..... | | 90 | (438) | 18 |
| | | ===== | ===== | ===== |
| Basic earnings/(loss) per ordinary share..... | 11 | 10.8p | (43.7)p | 4.2p |
| | | ===== | ===== | ===== |
| Diluted earnings/(loss) per ordinary share..... | 11 | 10.7p | (43.7)p | 4.2p |
| | | ===== | ===== | ===== |
| Dividend per ordinary share..... | | 2.5p | 2.3p | 2.3p |
| | | ===== | ===== | ===== |
| Average number of ordinary shares outstanding during the year (in millions)..... | | 1,156.7 | 966.0 | 966.0 |
| | | ===== | ===== | ===== |

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LASMO plc AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

| | | 31 DECEMBER | |
|---------------------------------|-------|-------------|-------|
| | | ----- | |
| | | 1998 | |
| NOTES | 1999 | (RESTATED) | |
| ----- | ----- | ----- | |
| (L MILLION) | | | |
| FIXED ASSETS..... | 12 | | |
| Intangible assets..... | | 144 | 62 |
| Tangible assets..... | | 1,949 | 1,474 |
| Investment in joint venture: | | | |
| Share of gross assets..... | | 144 | 127 |
| Share of gross liabilities..... | | (12) | (9) |
| | | ----- | ----- |
| | | 132 | 118 |
| Other investments..... | | 209 | 213 |
| | | ----- | ----- |
| | | 2,434 | 1,867 |

| | | | |
|---|----|-------|-------|
| CURRENT ASSETS | | ----- | ----- |
| Consumable stores..... | | 23 | 14 |
| Debtors..... | 13 | 291 | 432 |
| Unlisted investments..... | | 6 | 9 |
| Cash at bank in hand..... | | 378 | 450 |
| | | ----- | ----- |
| | | 698 | 905 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR..... | 14 | | |
| Bank loans, overdrafts and loan capital..... | | 58 | 79 |
| Other creditors..... | | 317 | 294 |
| | | ----- | ----- |
| Net current assets..... | | 323 | 532 |
| | | ----- | ----- |
| TOTAL ASSETS LESS CURRENT LIABILITIES..... | | 2,757 | 2,399 |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | | |
| Bank loans..... | 15 | -- | 203 |
| Loan capital (includes convertible bonds)..... | | 1,002 | 1,036 |
| Other creditors..... | | 187 | 136 |
| PROVISIONS FOR LIABILITIES AND CHARGES..... | 17 | 100 | 111 |
| | | ----- | ----- |
| TOTAL NET ASSETS..... | 2 | 1,468 | 913 |
| | | ===== | ===== |
| CAPITAL AND RESERVES | | | |
| Called up share capital..... | 18 | 492 | 392 |
| Share premium..... | 19 | 928 | 556 |
| Other reserves..... | 19 | 90 | 90 |
| Profit and loss account..... | 19 | (103) | (184) |
| | | ----- | ----- |
| TOTAL SHAREHOLDERS' FUNDS (INCLUDING NON-EQUITY INTERESTS)..... | | 1,407 | 854 |
| Non-equity minority interests..... | 20 | 61 | 59 |
| | | ----- | ----- |
| Capital employed..... | | 1,468 | 913 |
| | | ===== | ===== |

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LASMO plc AND SUBSIDIARY COMPANIES

CASH FLOW STATEMENT

| | NOTES | YEARS ENDED | | |
|--|-------|-------------|-------|-------|
| | | 31 DECEMBER | | |
| | | 1999 | 1998 | 1997 |
| | | ----- | ----- | ----- |
| | | (L MILLION) | | |
| NET CASH INFLOW FROM OPERATING ACTIVITIES..... | 23 | 482 | 271 | 407 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE: | | | | |
| Interest paid..... | | (110) | (100) | (83) |
| Dividends paid -- preference shares..... | | (12) | (12) | (12) |
| -- minority interests..... | | (5) | -- | -- |
| Loan capital issue costs..... | | -- | -- | (10) |
| Interest received..... | | 34 | 33 | 41 |
| | | ----- | ----- | ----- |
| | | (93) | (79) | (64) |
| | | ----- | ----- | ----- |
| TAXATION: | | | | |
| UK corporation tax paid..... | | (26) | (17) | (2) |
| Overseas tax paid..... | | (55) | (28) | (62) |
| | | ----- | ----- | ----- |
| | | (81) | (45) | (64) |
| | | ----- | ----- | ----- |
| NET CASH INFLOW FROM OPERATIONS AFTER INTEREST AND TAXATION..... | | 308 | 147 | 279 |
| | | ----- | ----- | ----- |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT: | | | | |
| Capital expenditure: exploration and appraisal..... | | (63) | (72) | (95) |
| production and development..... | | (192) | (239) | (147) |
| other fixed assets..... | | (5) | (12) | (18) |
| Net receipt from joint venture..... | | 22 | 6 | 17 |
| Acquisition of oil and gas assets..... | | -- | -- | (272) |

| | | | |
|---|-------|-------|-------|
| Disposal of oil and gas interests and other fixed assets... | 189 | 76 | -- |
| | ---- | ---- | ---- |
| NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT..... | (49) | (241) | (515) |
| | ---- | ---- | ---- |
| ACQUISITIONS AND DISPOSALS: | | | |
| Acquisition of subsidiary..... | (13) | -- | -- |
| Disposal of subsidiary..... | 3 | -- | -- |
| | ---- | ---- | ---- |
| NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS..... | (10) | | -- |
| | ---- | ---- | ---- |
| DIVIDENDS PAID -- ORDINARY SHARES..... | (22) | (22) | (19) |
| | ---- | ---- | ---- |
| Cash inflow/(outflow) before use of liquid resources and Financing..... | 227 | (116) | (255) |
| | ---- | ---- | ---- |
| MANAGEMENT OF LIQUID RESOURCES..... | (213) | 65 | 30 |
| FINANCING..... | 24 | 454 | (195) |
| (DECREASE)/INCREASE IN CASH..... | (14) | 14 | 2 |
| | ---- | ---- | ---- |
| | 227 | (116) | (255) |
| | ===== | ===== | ===== |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | YEARS ENDED 31 DECEMBER | | |
|---|----------------------------|-------|------|
| | 1999 | 1998 | 1997 |
| | ---- | ---- | ---- |
| | (L MILLION) | | |
| Profit/(loss) for the year..... | 148 | (404) | 48 |
| Currency translation (losses)/gains on foreign currency net investments..... | (4) | (4) | 2 |
| | --- | ---- | -- |
| Total recognized gains and losses relating to the year..... | 144 | (408) | 50 |
| | | ===== | == |
| Prior year adjustment..... | 24 | | |
| | --- | | |
| Total gains and losses recognised since last annual report..... | 168 | | |
| | ==== | | |

LASMO plc AND SUBSIDIARY COMPANIES

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NOTES TO FINANCIAL INFORMATION

NOTE 1 -- ACQUISITION OF MONUMENT

The Company's recommended offer for Monument Oil and Gas plc ("Monument") was declared unconditional in all respects on 14 June 1999 and the acquisition method of accounting has been adopted. For accounting purposes the effective date of acquisition was 30 June 1999. The consideration for the acquisition was 378.4 million new LASMO ordinary shares of 25p each. The fair value of the consideration using the closing mid-market price on 10 June 1999 of L1.2175 per share was L461 million. Costs of the acquisition amounted to L13 million. A provisional fair value exercise has been carried out to allocate the consideration between intangible and tangible fixed assets consistent with industry practice. No goodwill arose on the acquisition.

The assets acquired are set out below:

| BOOK | ACCOUNTING | OTHER | PROVISIONAL |
|-------|------------|-------------|--------------|
| VALUE | ALIGNMENT | ADJUSTMENTS | FAIR VALUE |
| ---- | ----- | ----- | ----- |
| | | | TO THE GROUP |

(L MILLION)

| | | | | |
|---|-------|-----------|---------|-------|
| Intangible assets..... | -- | 48 (a) | 46 (d) | 94 |
| Tangible assets..... | 414 | (98) (a) | 113 (d) | 429 |
| Consumable stores..... | 6 | -- | -- | 6 |
| Debtors and prepayments..... | 138 | (113) (b) | (4) (e) | 21 |
| Cash at bank and in hand..... | 42 | 113 (b) | -- | 155 |
| Creditors falling due within one year..... | (47) | -- | -- | (47) |
| Creditors falling due after more than one year..... | (278) | -- | 107 (f) | (171) |
| Provisions for liabilities and charges..... | (18) | 5 (c) | -- | (13) |
| | ---- | ---- | ---- | ---- |
| Net assets..... | 257 | (45) | 262 | 474 |
| | ==== | ==== | ==== | ==== |

- (a) Restatement for oil and gas assets from 'full cost' method to 'successful efforts' method of accounting.
- (b) Reclassification of short-term interest bearing loan to third party as cash at bank and in hand.
- (c) Adjustment of provision for decommissioning.
- (d) Attribution of provisional fair values to oil and gas assets acquired.
- (e) Elimination of deferred tax asset.
- (f) Elimination of deferred income.

Results prior to acquisition

Summarised profit and loss accounts and statements of total recognised gains and losses of Monument are as follows:

| | YEAR ENDED 31 DECEMBER 1998 | PERIOD ENDED 14 JUNE 1999 |
|---|-----------------------------------|---------------------------------|
| | ----- | ----- |
| | (L MILLION) | |
| Turnover..... | 81 | 41 |
| Operating profit..... | 18 | 1 |
| Profit before taxation..... | 8 | -- |
| Taxation..... | -- | (4) |
| Profit after taxation..... | 8 | (4) |
| | -- | -- |
| Profit for the period..... | 8 | (4) |
| Foreign exchange reserve movements..... | (2) | 3 |
| | -- | -- |
| Total recognised gains and losses for the period..... | 6 | (1) |
| | == | == |

NOTE 2 -- SEGMENT INFORMATION

For the purposes of the Companies Act, the operations of the Group constitute one class of business, the exploration for and production of hydrocarbon liquids and gas.

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The major areas of operation of the Group are the UK and Indonesia regions and, in net asset terms, Venezuela. The UK region, for the purposes of providing segment information, includes The Netherlands. All other operations are included under Other International.

Analysis of turnover, profit and net assets by region

| | | |
|--------------------|----------------------------------|--------------------------|
| | PROFIT/(LOSS) BEFORE TAXATION | NET ASSETS/(LIABILITIES) |
| TURNOVER BY SOURCE | | |

| | YEAR ENDED 31 DECEMBER | | | | | | 31 DECEMBER | | |
|---|------------------------|------|------|------------|-------|------|-------------|-------|-------|
| | 1999 | 1998 | 1997 | 1999 | 1998 | 1997 | 1999 | 1998 | 1999 |
| | (RESTATED) | | | (RESTATED) | | | (RESTATED) | | |
| | (L MILLION) | | | | | | | | |
| UK..... | 395 | 332 | 405 | 112 | 12 | 101 | 623 | 640 | 851 |
| Indonesia..... | 117 | 118 | 189 | 51 | 41 | 94 | 305 | 284 | 397 |
| Venezuela..... | 46 | 4 | -- | 7 | (1) | -- | 349 | 255 | 283 |
| Other International..... | 36 | 30 | 45 | -- | (33) | (28) | 503 | 248 | 185 |
| | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Share of joint venture -- Indonesia.... | 594 | 484 | 639 | 170 | 19 | 167 | 1,780 | 1,427 | 1,716 |
| Unallocated administrative expenses and net assets..... | 53 | 52 | 83 | 27 | 16 | 39 | 132 | 118 | 155 |
| Exceptional items..... | -- | -- | -- | (9) | (10) | (14) | 45 | 40 | 40 |
| Net interest expense and net debt..... | -- | -- | -- | 41 | (360) | -- | -- | -- | -- |
| | -- | -- | -- | (18) | (24) | (30) | (489) | (672) | (614) |
| | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | 647 | 536 | 722 | 211 | (359) | 162 | 1,468 | 913 | 1,297 |
| | === | === | === | === | === | === | ===== | ===== | ===== |

In the UK region, turnover sourced in the United Kingdom was L386 million (1998 L320 million; 1997 L392 million) with the balance of L9 million (1998 L12 million; 1997 L13 million) sourced in The Netherlands. Profit before taxation generated in The Netherlands was L2 million (1998 L5 million; 1997 L5 million).

Turnover by destination is not materially different from those reported above, except for turnover sourced in Indonesia which is substantially all sold within the Far East.

Analysis of turnover by category

| | YEARS ENDED 31 DECEMBER | | |
|--------------------|-------------------------|------|------|
| | 1999 | 1998 | 1997 |
| | (L MILLION) | | |
| Production:..... | 392 | 276 | 370 |
| Oil and LPG..... | 241 | 242 | 335 |
| Natural gas..... | 14 | 18 | 17 |
| | --- | --- | --- |
| Tariff income..... | 647 | 536 | 722 |
| | === | === | === |

NOTE 3 -- COST OF SALES

| | YEARS ENDED 31 DECEMBER | | |
|------------------------------------|-------------------------|------|------|
| | 1999 | 1998 | 1997 |
| | (RESTATED) | | |
| | (L MILLION) | | |
| Operating costs..... | 173 | 172 | 160 |
| Depletion..... | 169 | 210 | 212 |
| Provision for decommissioning..... | 4 | 3 | 4 |
| Royalties..... | 12 | 7 | 20 |
| PRT charge..... | 11 | -- | 5 |
| | --- | --- | --- |
| | 369 | 392 | 401 |
| | === | === | === |

The total figures in 1999 include the following amounts relating to Monument: operating costs L18 million, depletion L27 million, decommissioning L1 million.

NOTE 4 -- EXCEPTIONAL ITEMS

| | YEARS ENDED 31 DECEMBER | | |
|--|-------------------------|-------|------|
| | 1999 | 1998 | 1997 |
| | (L MILLION) | | |
| Operating items: | | | |
| Write-down of tangible oil and gas assets(a)..... | -- | (307) | -- |
| Write-off of intangible exploration and appraisal assets(a)..... | -- | (19) | -- |
| Write-down of tangible non-oil and gas assets(b)..... | -- | (6) | -- |
| | -- | ---- | -- |
| | -- | (332) | -- |
| Non-operating items: | | | |
| Share of joint venture's exceptional item(a)..... | -- | (34) | -- |
| Profit on disposal of oil and gas assets(c)..... | 41 | 40 | -- |
| Restructuring costs(d)..... | -- | (34) | -- |
| | 41 | (28) | -- |
| | -- | ---- | -- |
| | 41 | (360) | -- |
| | == | ==== | == |

(a) Write-off of tangible oil and gas assets in 1998 included L146 million for fields in production and under development in the North Sea, L111 million for fields in production in Indonesia (of which L34 million was dealt with through the Group's interest in the Unimar joint venture) and L84 million for fields under development in Venezuela. Write-off of intangible exploration and appraisal assets of L19 million in 1998 related to the Mariner project in the North Sea.

(b) In 1998 the carrying value of certain non-oil and gas assets located in the United States of America was reduced by L6 million.

(c) In 1999 the Group disposed of its interest in certain Southern North Sea gas fields to a subsidiary of Gaz de France for proceeds of L95 million giving rise to a profit on disposal of L21 million, and the Glenelg discovery in the Central North Sea was sold to Gaz de France for a cash consideration of L6 million, generating a profit on disposal of L3 million. 1998 disposals related to the Group's interests in Colombia and Italy.

(d) Restructuring costs in 1998 related to the restructuring of the Group's head office in London and the closure of the Group's office in Rome.

NOTE 5 -- OPERATING PROFIT

i Administrative expenses:

| | YEARS ENDED 31 DECEMBER | | |
|-------------------------------|-------------------------|------|------|
| | 1999 | 1998 | 1997 |
| | (RESTATED) | | |
| | (L MILLION) | | |
| Administration costs..... | 27 | 23 | 23 |
| New business expenditure..... | -- | 8 | 8 |
| | ---- | ---- | ---- |
| | 27 | 31 | 31 |
| | ==== | ==== | ==== |

The total figure in 1999 includes L3 million relating to Monument. The Group is set to achieve the anticipated L6 million per annum cost savings arising from the Monument acquisition in 2000.

ii Operating profit for the year has been arrived at after charging:

YEARS ENDED 31 DECEMBER

| 1999 | 1998 | 1997 |
|-------------|------|------|
| (RESTATED) | | |
| (L MILLION) | | |

| | | | |
|--|-----|-----|-----|
| Depletion, depreciation and decommissioning..... | 177 | 218 | 216 |
| Staff costs: | | | |
| Wages and salaries..... | 29 | 40 | 35 |
| Social security costs..... | 2 | 2 | 3 |
| Other pension costs..... | 2 | 4 | 4 |
| Operating lease rentals: | | | |
| Land and buildings..... | 6 | 5 | 4 |
| Other..... | 11 | 22 | 7 |

iii Fees paid to auditors and other accounting firms:

YEARS ENDED 31 DECEMBER

| 1999 | | 1998 | | 1997 | |
|------|----------|------------|----------|------------|----------|
| UK | OVERSEAS | UK | OVERSEAS | UK | OVERSEAS |
| | | (RESTATED) | | (RESTATED) | |
| | | (L'000) | | | |

| | | | | | |
|-----------------------------|-----|-----|-----|----|-----|
| Audit of Group: | | | | | |
| Ernst & Young..... | 374 | 132 | 319 | 21 | 331 |
| Other accounting firms..... | -- | 10 | -- | 5 | -- |
| Non audit fees: | | | | | |
| Ernst & Young..... | 500 | 136 | 255 | 25 | 256 |
| Other accounting firms..... | 811 | 423 | -- | 27 | -- |

Non-audit fees payable to Ernst & Young in the United Kingdom related primarily to accounting due diligence work in support of the discussions with Enterprise Oil plc and the acquisition of Monument and other compliance work. Non-audit fees to other accounting firms in the UK relates to the provision of outsourcing services and overseas mainly to project management activities. The audit fee in respect of the audit of the parent company amounted to L10,000 (1998 L10,000; 1997 L10,000).

The average monthly number of employees (including directors) during the year was as follows:

YEARS ENDED 31 DECEMBER

| 1999 | 1998 | 1997 |
|-----------------------|------|------|
| (NUMBER OF EMPLOYEES) | | |

| | | | |
|------------------|-----|-----|-----|
| UK..... | 234 | 337 | 310 |
| Overseas..... | 511 | 514 | 464 |
| Total Group..... | 745 | 851 | 774 |

At 31 December 1999 the total number of employees was 759 (1998 803; 1997 832).

NOTE 6 -- DIRECTORS' EMOLUMENTS AND INTERESTS

Certain details of executive directors' emoluments and interests are described in Appendix VI.

NOTE 7 -- INTEREST RECEIVABLE AND SIMILAR INCOME

YEARS ENDED 31 DECEMBER

| | 1999 | 1998 | 1997 |
|-------------------------------------|-------------|------|------|
| | ---- | ---- | ---- |
| | (L MILLION) | | |
| Bank interest receivable..... | 28 | 30 | 25 |
| Income from listed investments..... | 11 | 14 | 13 |
| Petroleum revenue tax interest..... | 2 | 2 | 3 |
| Other income..... | 11 | 6 | -- |
| | ---- | ---- | ---- |
| | 52 | 52 | 41 |
| | ==== | ==== | ==== |

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Interest receivable in 1999 includes L9 million in respect of the release of an accrual for interest payable on corporation tax for prior years following the settlement of the tax position in 1999.

NOTE 8 -- INTEREST PAYABLE AND SIMILAR CHARGES

YEARS ENDED 31 DECEMBER

| | 1999 | 1998 | 1997 |
|-----------------------------------|-------------|------|------|
| | ---- | ---- | ---- |
| | (L MILLION) | | |
| Bank loans and overdrafts..... | 11 | 9 | 16 |
| Loan capital..... | 91 | 90 | 67 |
| Other finance charges..... | 2 | 7 | 3 |
| FRS 12 unwinding of discount..... | 5 | 4 | 4 |
| | ---- | ---- | ---- |
| | 109 | 110 | 90 |
| Less: capitalised interest..... | (39) | (34) | (15) |
| | ---- | ---- | ---- |
| | 70 | 76 | 75 |
| | ==== | ==== | ==== |

Loan capital includes amounts paid and payable to holders of Oil Production Stock (OPS) units of L0.2 million (1998 L0.2 million; 1997 L0.3 million). These payments are calculated on 8.75 per cent. of the sales value of production from 8.62608 per cent. of the Ninian field after deducting Government royalties and operating costs incurred in extracting the oil and conveying and treating it at Sullom Voe. The Group sold its interest in the Ninian field with effect from 1 January 1994. As part of the consideration, LASMO received unlisted securities with identical terms to the OPS units. The income from these securities is equal to the OPS payments and is included within interest receivable and similar income.

NOTE 9 -- TAXATION

YEARS ENDED 31 DECEMBER

| | 1999 | 1998 | 1997 |
|------------------------------|-------------|------|------|
| | ---- | ---- | ---- |
| | (RESTATED) | | |
| | (L MILLION) | | |
| UK corporation tax:..... | | | |
| Current year charge..... | 63 | 50 | 58 |
| Less: double tax relief..... | (27) | (25) | (45) |
| Deferred taxation..... | 2 | 2 | 1 |
| Prior year items..... | (1) | -- | (1) |
| | ---- | ---- | ---- |
| | 37 | 27 | 13 |
| Overseas taxation: | | | |
| Current year charge..... | 32 | 29 | 67 |

| | | | |
|---|------|------|-----|
| Share of joint venture's tax charge..... | 17 | 14 | 32 |
| | --- | --- | --- |
| | 49 | 43 | 99 |
| | --- | --- | --- |
| | 86 | 70 | 112 |
| Advance corporation tax written back..... | (29) | (25) | (6) |
| | --- | --- | --- |
| | 57 | 45 | 106 |
| | === | === | === |

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NOTE 10 -- DIVIDENDS

| | YEARS ENDED 31 DECEMBER | | |
|---|-------------------------|-------|-------|
| | 1999 | 1998 | 1997 |
| | ----- | ----- | ----- |
| | (L MILLION) | | |
| DIVIDENDS | | | |
| Minority interest | | | |
| Preference shares: | | | |
| US\$100 million series A 8.15 per cent Cumulative | | | |
| Preference shares..... | 6 | -- | -- |
| Non-equity shares | | | |
| Preference shares: | | | |
| US\$250 million Cumulative Dollar Preference Shares, Series | | | |
| A..... | 12 | 12 | 12 |
| | --- | --- | --- |
| | 18 | 12 | 12 |
| Equity shares | | | |
| Ordinary shares: | | | |
| Final 2.5 pence per share (1998 interim 2.3p; 1997 final | | | |
| 2.3p)..... | 34 | 22 | 22 |
| | --- | --- | --- |
| | 52 | 34 | 34 |
| | --- | --- | --- |
| OTHER APPROPRIATIONS | | | |
| Exceptional charge for preference share redemption..... | 12 | -- | -- |
| | === | === | === |

On 17 December 1999 LASMO announced its intention to redeem all of the US \$250 million Cumulative Dollar Preference Shares, Series A. The exceptional charge reflects the premium payable on early redemption or approximately L6 million and costs of L6 million.

NOTE 11 -- EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on the profit for the year after minority interests, preference dividends and other appropriations, of L124 million (1998 loss of L416 million; 1997 profit of L40 million). Earnings per ordinary share before exceptional items is based on a profit of L95 million (1998 loss of L56 million; 1997 profit of L40 million). The weighted average number of ordinary shares in issue for earnings per share was 1,156,702,255 shares (1998 965,966,362; 1997 965,895,800), adjusted by the weighted average number of own shares held of 13,657,450 shares (1998 15,355,572; 1997 17,289,154), to give 1,143,044,805 (1998 950,610,790; 1997 948,606,646) shares used in the calculation of earnings per ordinary share. There were 3,859,850 dilutive potential ordinary shares at the end of 1999 (1998 nil; 1997 2,659,880), which were added to the above number in calculating dilutive earnings per share.

NOTE 12 -- FIXED ASSETS

- i Intangible assets: exploration and appraisal expenditure

| | OTHER | | | | |
|--|-------|-----------|-----------|---------------|-------|
| | UK | INDONESIA | VENEZUELA | INTERNATIONAL | TOTAL |

| | (L MILLION) | | | | |
|---|-------------|------|-----|------|------|
| COST: | | | | | |
| At 31 December 1997 (restated)..... | 28 | 1 | -- | 28 | 57 |
| Additions..... | 23 | 7 | 4 | 51 | 85 |
| Amounts written off..... | (19) | (4) | -- | (29) | (52) |
| Exceptional amounts written off..... | (19) | -- | -- | -- | (19) |
| Transfers..... | -- | -- | -- | (9) | (9) |
| | --- | --- | --- | --- | --- |
| At 31 December 1998 (restated)..... | 13 | 4 | 4 | 41 | 62 |
| Additions..... | 15 | 14 | -- | 34 | 63 |
| Acquisition of subsidiary undertaking..... | 18 | -- | -- | 76 | 94 |
| Amounts written off..... | (5) | (11) | -- | (18) | (34) |
| Disposals..... | (14) | -- | -- | (4) | (18) |
| Transfers..... | -- | -- | -- | (23) | (23) |
| | --- | --- | --- | --- | --- |
| At 31 December 1999..... | 27 | 7 | 4 | 106 | 144 |
| | === | === | == | === | === |

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ii Tangible assets

| | OIL AND GAS EXPENDITURE | | | | | |
|---|-------------------------|---------------------------|------------|----------------------|-------------------------|-------|
| | FREEHOLD | OFFICE | FIELDS IN | FIELDS | FIELDS | TOTAL |
| | LAND | EQUIPMENT AND VEHICLES | PRODUCTION | UNDER DEVELOPMENT | AWAITING DEVELOPMENT | |
| | (L MILLION) | | | | | |
| COST: | | | | | | |
| At 1 January 1997 (restated)..... | 39 | 34 | 2,430 | 65 | 38 | 2,606 |
| Exchange adjustments..... | 1 | -- | 25 | -- | (1) | 25 |
| Acquisitions..... | -- | -- | 15 | 275 | 1 | 291 |
| Additions..... | 3 | 19 | 63 | 108 | 9 | 202 |
| Disposals..... | -- | (6) | (60) | -- | -- | (66) |
| Transfers..... | -- | -- | 66 | (59) | 12 | 19 |
| | --- | --- | --- | --- | --- | --- |
| At 31 December 1997 (restated)... | 43 | 47 | 2,539 | 389 | 59 | 3,077 |
| Exchange adjustments..... | -- | -- | (4) | (2) | 1 | (5) |
| Additions..... | 2 | 7 | 64 | 158 | 27 | 258 |
| Disposals..... | -- | (5) | (105) | -- | (30) | (140) |
| Transfers..... | -- | -- | 74 | (80) | 15 | 9 |
| | --- | --- | --- | --- | --- | --- |
| At 31 December 1998 (restated)... | 45 | 49 | 2,568 | 465 | 72 | 3,199 |
| Exchange adjustments..... | 1 | -- | 26 | 16 | -- | 43 |
| Acquisition of subsidiary..... | -- | -- | 331 | 38 | 60 | 429 |
| Additions..... | 3 | 5 | 62 | 163 | 18 | 251 |
| Disposals..... | -- | (1) | (167) | -- | (7) | (175) |
| Transfers..... | -- | -- | 21 | (21) | 23 | 23 |
| | --- | --- | --- | --- | --- | --- |
| At 31 December 1999..... | 49 | 53 | 2,841 | 661 | 166 | 3,770 |
| | == | == | ===== | === | === | ===== |
| DEPLETION AND DEPRECIATION: | | | | | | |
| At 1 January 1997 (restated)..... | 5 | 28 | 1,053 | -- | 2 | 1,088 |
| Exchange adjustments..... | -- | -- | 10 | -- | -- | 10 |
| Charge for the year..... | -- | 4 | 211 | -- | -- | 215 |
| Disposals..... | -- | (6) | (56) | -- | -- | (62) |
| Transfers..... | -- | -- | -- | 2 | (2) | -- |
| | --- | --- | --- | --- | --- | --- |
| At 31 December 1997 (restated)... | 5 | 26 | 1,218 | 2 | -- | 1,251 |
| Exchange adjustments..... | -- | -- | (1) | 2 | -- | 1 |
| Charge for the year..... | -- | 6 | 212 | -- | -- | 218 |
| Exceptional charge for the year..... | 6 | 6 | 164 | 143 | -- | 319 |
| Disposals..... | -- | (5) | (59) | -- | -- | (64) |
| | --- | --- | --- | --- | --- | --- |
| At 31 December 1998 (restated)... | 11 | 33 | 1,534 | 147 | -- | 1,725 |
| Exchange adjustments..... | -- | -- | 11 | 2 | -- | 13 |
| Charge for the year..... | -- | 4 | 169 | -- | -- | 173 |
| Disposals..... | -- | -- | (90) | -- | -- | (90) |

| | | | | | | |
|---|----|----|-------|-----|-----|-------|
| At 31 December 1999..... | 11 | 37 | 1,624 | 149 | -- | 1,821 |
| | == | == | ===== | === | === | ===== |
| NET BOOK AMOUNTS: | | | | | | |
| At 31 December 1999..... | 38 | 16 | 1,217 | 512 | 166 | 1,949 |
| | == | == | ===== | === | === | ===== |
| At 31 December 1998 (restated)... | 34 | 16 | 1,034 | 318 | 72 | 1,474 |
| | == | == | ===== | === | === | ===== |
| At 31 December 1997 (restated)... | 38 | 21 | 1,321 | 387 | 59 | 1,826 |
| | == | == | ===== | === | === | ===== |
| Cost at 31 December 1999 includes capitalised interest of:..... | -- | -- | 152 | 77 | -- | 229 |
| | == | == | ===== | === | === | ===== |

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iii Oil and gas expenditure: regional analysis

| | UK | INDONESIA | VENEZUELA | OTHER INTERNATIONAL | TOTAL |
|-------------------------------------|-------------|-----------|-----------|------------------------|-------|
| | ----- | ----- | ----- | ----- | ----- |
| | (L MILLION) | | | | |
| COST: | | | | | |
| Fields in production..... | 2,049 | 683 | -- | 109 | 2,841 |
| Fields under development..... | 62 | -- | 462 | 137 | 661 |
| Fields awaiting development..... | 3 | -- | -- | 163 | 166 |
| | ----- | --- | --- | --- | ----- |
| At 31 December 1999..... | 2,114 | 683 | 462 | 409 | 3,668 |
| | ===== | === | === | === | ===== |
| DEPLETION: | | | | | |
| At 31 December 1999..... | 1,227 | 412 | 100 | 34 | 1,773 |
| | ===== | === | === | === | ===== |
| NET BOOK AMOUNTS: | | | | | |
| At 31 December 1999..... | 887 | 271 | 362 | 375 | 1,895 |
| | ===== | === | === | === | ===== |
| At 31 December 1998 (restated)..... | 708 | 268 | 260 | 188 | 1,424 |
| | ===== | === | === | === | ===== |

iv Investment in joint venture

Unimar Company is a partnership which is 50 per cent. owned by LASMO Oil & Gas, Inc., a company wholly-owned by the Group. Unimar Company owns Virginia International Company and Virginia Indonesia Company, the operator of the Sanga Sanga PSC, which between them own 11.56 per cent. of the Group's 37.81 per cent. interest in the Sanga Sanga PSC.

A summary of the Group's share of Unimar Company's results and assets and liabilities is set out below:

| YEARS ENDED AND AT 31 DECEMBER | 1999 | 1998 | 1997 |
|--|-------------|------|------|
| ----- | ---- | ---- | ---- |
| | (L MILLION) | | |
| Turnover..... | 53 | 52 | 83 |
| Profit before taxation and exceptional items..... | 27 | 16 | 39 |
| Exceptional provision for oil and gas assets (note 4)..... | -- | (34) | -- |
| Profit/(loss) before taxation..... | 27 | (18) | 39 |
| Taxation..... | (17) | (14) | (32) |
| | --- | --- | --- |
| Profit/(loss) after taxation..... | 10 | (32) | 7 |
| | === | === | === |
| Fixed assets..... | 117 | 119 | 164 |
| Current assets..... | 27 | 8 | 19 |
| Current liabilities..... | (9) | (7) | (25) |
| Noncurrent liabilities..... | (3) | (2) | (3) |

| | AUK LOAN NOTES (A) | OWN SHARES (B) | OTHER | TOTAL |
|--------------------------|-----------------------|-------------------|-------|-------|
| | ----- | ----- | ----- | ----- |
| | (L MILLION) | | | |
| At 1 January 1997..... | 187 | 32 | 1 | 220 |
| Disposals..... | -- | (4) | -- | (4) |
| | --- | -- | -- | --- |
| At 31 December 1997..... | 187 | 28 | 1 | 216 |
| Disposals..... | -- | (2) | -- | (2) |
| Amount written off..... | -- | -- | (1) | (1) |
| | --- | -- | -- | --- |
| At 31 December 1998..... | 187 | 26 | -- | 213 |
| Disposals..... | -- | (4) | -- | (4) |
| | --- | -- | -- | --- |
| At 31 December 1999..... | 187 | 22 | -- | 209 |
| | === | == | == | === |

(a) The AUK Guaranteed Unsecured Floating Rate Notes 2003 (AUK Loan Notes) are guaranteed by Elf Aquitaine and are listed on the Luxembourg Stock Exchange. The investment is included in the balance sheet at cost which is equivalent to par value as the directors currently intend to hold the AUK Loan Notes until maturity. The AUK Loan Notes are pledged as collateral for certain Group borrowings (Note 15).

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(b) The Group held 12,765,839 LASMO plc ordinary shares as at 31 December 1999 (1998 14,549,061 shares) arising from its acquisition of Ultramar. The market value of these shares at 31 December 1999, was L15 million (1998 L15 million). The historical cost of these shares at 31 December 1999 was L37 million (1998 L39 million). The directors consider that, having regard to schedule 4 paragraph 19 of the Companies Act, there has not been a permanent impairment in the value of these shares.

(c) Details of principal investments are given in note 27.

NOTE 13 -- DEBTORS

| | 31 DECEMBER | |
|---------------------------|-------------|-------|
| | ----- | ----- |
| | 1999 | 1998 |
| | ---- | ---- |
| | (L MILLION) | |
| Trade debtors..... | 150 | 290 |
| Taxation recoverable..... | 18 | 32 |
| Other debtors..... | 89 | 92 |
| Prepayments..... | 34 | 18 |
| | --- | --- |
| | 291 | 432 |
| | === | === |

Included in the above are the following amounts expected to be realised after more than one year.

| 31 DECEMBER | |
|-------------|-------|
| ----- | ----- |
| 1999 | 1998 |
| ---- | ---- |

(L MILLION)

| | | |
|------------------------------------|----|----|
| Taxation recoverable..... | 12 | 18 |
| Other debtors and prepayments..... | 29 | 36 |
| | -- | -- |
| | 41 | 54 |
| | == | == |

NOTE 14 -- CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

31 DECEMBER

1999 1998

(L MILLION)

| | | |
|--------------------------------|-----|-----|
| Bank loans and overdrafts..... | -- | 79 |
| Trade creditors..... | 61 | 82 |
| PRT and other taxation..... | 38 | 33 |
| Social security..... | 1 | 1 |
| Dividends..... | 40 | 25 |
| Accruals..... | 97 | 100 |
| Other current liabilities..... | 80 | 53 |
| | --- | --- |
| | 317 | 373 |
| | === | === |

NOTE 15 -- CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

31 DECEMBER

1999 1998

(L MILLION)

| | | |
|-----------------|----|-----|
| Bank loans..... | -- | 203 |
|-----------------|----|-----|

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Loan capital

31 DECEMBER

1999 1998

(L MILLION)

| | | |
|---|-------|-------|
| US\$93 million 10.13% Notes 2000..... | -- | 56 |
| US\$200 million 7 1/8% Guaranteed Notes 2003..... | 123 | 119 |
| US\$20 million 10.30% Notes 2005..... | 12 | 12 |
| L81 million 7 3/4% Convertible Bonds 2005 (a)..... | 80 | 80 |
| US\$300 million 7.50% Guaranteed Notes 2006..... | 184 | 178 |
| US\$200 million 6.75% Guaranteed Notes 2007..... | 124 | 120 |
| L150 million 10 3/8% Debenture Stock 2009 (b)..... | 149 | 149 |
| US\$150 million 8 3/8% Guaranteed Notes 2023..... | 91 | 89 |
| US\$400 million 7.30% Guaranteed Debentures 2027..... | 238 | 232 |
| OPS units of 10p each (c)..... | 1 | 1 |
| | ---- | ---- |
| | 1,002 | 1,036 |
| | ===== | ===== |

- (a) The L81 million 7 3/4% Convertible Bonds 2005 (initial issue L90 million) are convertible at the option of the holder into ordinary shares of the Company at a price of 54p per ordinary share on or before 27 September 2005 subject to adjustment in certain circumstances.
- (b) Payment of principal and interest on the L150 million 10 3/8% Debenture Stock 2009 is guaranteed by LASMO Securities (Jersey) Limited, a wholly-owned subsidiary of the Company, and the guarantee is secured by a charge over the AUK Loan Notes held by LASMO Securities (Jersey) Limited.
- (c) Oil Production Stock

| | (NUMBER OF UNITS) | (L'000) |
|--|----------------------|---------|
| | ----- | ----- |
| At 1 January 1997 and 31 December 1998 and 1999..... | 5,562,990 | 556 |

The OPS is repayable at par on the earliest of:

- The date when the total quantity of petroleum won and saved from the 8.62608% interest in the Ninian field to which the OPS relates reaches 120 million barrels;
- the termination of production from the field; or
- 31 December 2010.

At 31 December 1999 cumulative production from the Ninian field attributable to the interest on which OPS payments have become due amounted to 96.1 million barrels (1998 94.8 million barrels).

| | 31 DECEMBER | |
|------------------------------|-------------|-------|
| | ----- | ----- |
| | 1999 | 1998 |
| | ---- | ----- |
| | (RESTATED) | |
| | (L MILLION) | |
| Other creditors | | |
| Deferred income (a) (b)..... | 182 | 132 |
| Other accounts payable..... | 5 | 4 |
| | --- | --- |
| | 187 | 136 |
| | === | === |

- (a) On 10 December 1998 the Group agreed to renegotiate its gas sales agreement with PowerGen UK plc. This had the effect of reducing the price of gas delivered to PowerGen from 1 October 1998 by approximately 35 per cent. and resulted in a payment to LASMO of L146 million, which was received on 5 January 1999. This has been deferred and is being released to income as gas is delivered under the agreement, which terminates in 2013. On 19 October 1999 the Group modified the gas sales agreement with PowerGen UK plc. This had the effect of reducing the gas price by approximately one third for gas delivered from 1 June 1999 for a period of five years and resulted in a payment to LASMO of L84 million, received in November 1999. This amount is being released to income as the gas is delivered over the five year period. At 31 December 1999, L31 million (1998 L11 million) is included in accruals and deferred income due within one year, and L155 million

(1998 L115 million) is included in deferred income due after more than one year in respect of these arrangements.

- (b) Interest is receivable by the Group on PRT refunds which have arisen from

the carryback of excess current UK North Sea expenditures against prior year PRT payments. To the extent that such interest relates to PRT receipts, which totalled L6 million (1998 L8 million) arising in respect of the Piper field redevelopment, it has been deferred and is being released to income as Piper production is received. Also included in deferred income is L8 million (1998 L9 million) which relates to a prepayment received under a contract for sale of gas. The income is being released to profits as deliveries are made.

NOTE 16 -- FINANCIAL INSTRUMENTS

Short term debtors and creditors have been excluded from all disclosures other than the currency profile.

Details of non-equity shares issued by the Group are given in notes 18 and 20.

i Maturity profile of financial liabilities

| | 1999 | | TOTAL |
|-------------------------------------|---|-------|-------|
| | BANK BORROWINGS AND DEBENTURES | OTHER | |
| | (L MILLION) | | |
| Due within one year..... | 58 | -- | 58 |
| Due within one to two years..... | -- | 5 | 5 |
| Due between two and five years..... | 123 | -- | 123 |
| Due between five and ten years..... | 549 | -- | 549 |
| Due after ten years..... | 330 | -- | 330 |
| Net financial liabilities..... | 1,060 | 5 | 1,065 |
| | ===== | ===== | ===== |

In the maturity analysis of Group financial liabilities "other" includes liabilities shown as other creditors falling due after more than one year.

Bank borrowings and debentures are stated net of unamortised issue expenses totalling L15 million.

The Company has issued guarantees or indemnities including those for loans and obligations of various subsidiary companies amounting to L930 million.

At 31 December 1999 the Group had L225 million of committed bank facilities which expire as follows:

| | 1999 |
|---|-------------|
| | (L MILLION) |
| Expiring within one year..... | 75 |
| Expiring within two to three years..... | 150 |
| | --- |
| | 225 |
| | === |

ii Interest rate and currency profile

The interest rate and currency profile of the financial liabilities of the Group as at 31 December was as follows:

| CURRENCY | TOTAL | FIXED RATE | FLOATING RATE | INTEREST-FREE | WEIGHTED AVERAGE FIXED INTEREST RATE % | WEIGHTED AVERAGE PERIOD FOR WHICH RATE IS FIXED YEARS | WEIGHTED AVERAGE PERIOD UNTIL MATURITY OF INTEREST-FREE LIABILITIES YEARS |
|----------------|-------------|-------------|---------------|---------------|--|---|---|
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | (L MILLION) | (L MILLION) | (L MILLION) | (L MILLION) | | | |
| 1999 | | | | | | | |
| Sterling..... | 236 | 229 | 1 | 6 | 9.5 | 8.2 | 1.5 |
| US dollar..... | 829 | 400 | 429 | -- | 8.1 | 22.3 | -- |
| | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| Total..... | 1,065 | 629 | 430 | 6 | 8.6 | 17.2 | 1.5 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== |

The floating rate liabilities bear interest based on six month LIBOR plus 0.8 to 2.1 base points.

Financial assets comprise L384 million of cash and short term investments, and L12 million of other debtors. Of these items, L354 million is denominated in sterling, L31 million is denominated in US dollars, and L11 million in other currencies.

The cash balances bear interest at floating rates based approximately on LIBOR. Other debtors are non interest bearing and are expected to be recovered within three years.

iii. Fair values of financial instruments

The fair value of the Group's financial instruments is as follows:

| | 31 DECEMBER 1999 | |
|--|------------------|----------------------|
| | CARRYING AMOUNT | ESTIMATED FAIR VALUE |
| | ----- | ----- |
| | (L MILLION) | (L MILLION) |
| PRIMARY FINANCIAL INSTRUMENTS HELD OR ISSUED TO FINANCE THE GROUP'S OPERATIONS | | |
| Bank loans and overdrafts..... | (58) | (59) |
| Borrowings due after more than one year..... | (1,002) | (1,014) |
| Other liabilities..... | (5) | (5) |
| Non equity shares..... | (155) | (161) |
| Non equity minority interest..... | (61) | (61) |
| Other debtors..... | 12 | 12 |
| AUK loan note..... | 187 | 187 |
| Cash at bank and short term investments..... | 384 | 384 |
| DERIVATIVE FINANCIAL INSTRUMENTS HELD TO MANAGE THE INTEREST AND CURRENCY RATE PROFILE | | |
| Interest rate swaps..... | -- | (30) |
| Forward foreign currency agreements..... | -- | (1) |

Market values have been used to determine the fair value of interest rate swaps, forward foreign currency agreements and listed securities held. The fair value of all other items have been calculated by discounting the expected future cash flows at prevailing interest rates at the year end.

iv Hedging

The Group may, from time to time, use derivative financial instrument to hedge its exposure to fluctuations in foreign currency exchange rates, interest rates and crude oil prices. The Group does not become a party to derivatives for trading purposes. Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on instruments used for hedging, and the movements therein, are as follows:

| 1999 | | | |
|--|-------------|-------------|---------------------------------|
| | GAINS | LOSSES | TOTAL NET GAINS/ (LOSSES) |
| | (L MILLION) | (L MILLION) | (L MILLION) |
| Unrecognised gains and losses at 1 January..... | 5 | -- | 5 |
| Gains and losses arising in previous years that were recognised in the year..... | 1 | -- | 1 |
| | -- | --- | --- |
| Gains and losses arising before 1 January that were not recognised in the year..... | 4 | -- | 4 |
| Gains and losses arising in the year that were not recognised in the year..... | (4) | (31) | (35) |
| | -- | --- | --- |
| Unrecognised losses on hedges at 31 December..... | -- | (31) | (31) |
| | -- | --- | --- |
| Losses expected to be recognised in the next financial year..... | -- | (2) | (2) |
| Losses which may be recognised after the next financial year..... | -- | (29) | (29) |
| | == | === | === |

The extent, if any, to which losses on interest rate swaps will be recognised beyond 2000 depends upon prevailing interest rates during the period to maturity of the underlying borrowings, which ranges from 2003 to 2007.

v Currency profile

The main functional currencies of the Group are sterling and US dollars. In total, at 31 December 1999 the Group's subsidiaries whose functional currency is sterling had net monetary assets denominated in US dollars amounting to L38 million.

NOTE 17 -- PROVISIONS FOR LIABILITIES AND CHARGES

| | DEFERRED PRT | DEFERRED TAXATION | DECOMMISSIONING PROVISIONS | OTHER PROVISIONS | TOTAL |
|----------------------------------|-----------------|----------------------|-------------------------------|---------------------|-------|
| | ----- | ----- | ----- | ----- | ----- |
| | (L MILLION) | | | | |
| Balance at 1 January 1997..... | 49 | 4 | 38 | 4 | 95 |
| (Credit)/charge..... | (14) | 1 | 8 | -- | (5) |
| Utilised..... | -- | -- | (1) | -- | (1) |
| | --- | -- | -- | --- | --- |
| Balance at 31 December 1997..... | 35 | 5 | 45 | 4 | 89 |
| (Credit)/charge..... | (8) | 2 | 11 | 34 | 39 |
| Utilised..... | -- | (2) | -- | (7) | (9) |
| | --- | -- | -- | --- | --- |
| Balance at 31 December 1998..... | 27 | 5 | 56 | 31 | 119 |
| Prior year adjustment..... | -- | -- | (8) | -- | (8) |
| (Credit)/charge..... | (8) | 2 | -- | 4 | (2) |
| Utilised..... | -- | (4) | -- | (26) | (30) |
| Additions/revisions..... | -- | -- | 3 | -- | 3 |
| Acquisitions..... | -- | 3 | 10 | -- | 13 |
| Unwinding discount..... | -- | -- | 5 | -- | 5 |
| | --- | -- | -- | --- | --- |
| Balance at 31 December 1999..... | 19 | 6 | 66 | 9 | 100 |
| | === | == | == | === | === |

Deferred PRT

The provision for tax on oil and gas activities is calculated on a unit of production basis and represents liabilities expected to crystallise on certain North Sea fields.

The estimated cost of decommissioning at the end of the production lives of North Sea fields is based upon engineering estimates and expert reports.

Provision is made for the estimated decommissioning costs at the balance sheet date, discounted to the present value. These liabilities are expected to crystallise between 2002 and 2019.

Deferred taxation

| | 31 DECEMBER | |
|--|-------------|------|
| | 1999 | 1998 |
| | (L MILLION) | |
| The potential liability for deferred taxation is: | | |
| Accelerated capital allowances and other timing differences..... | 122 | 60 |
| Overseas deferred taxation..... | 2 | 8 |
| | --- | --- |
| | 124 | 68 |
| Deduct: advance corporation tax..... | (71) | (39) |
| | --- | --- |
| | 53 | 29 |
| | === | === |
| of which the following amounts have been recognised in the financial statements: | | |
| Accelerated capital allowances and other timing differences..... | 6 | 5 |
| | --- | --- |

The amount provided in respect of accelerated capital allowances and other timing differences includes L5 million (1998 L6 million) relating to refunds of petroleum revenue tax arising from the Piper redevelopment and which are included in deferred petroleum revenue tax. The potential liability for deferred taxation excludes revaluation surpluses on certain North Sea fields as these do not constitute timing differences.

Deferred taxation is not provided in respect of liabilities which might arise on the distribution of profits of overseas subsidiary companies, due to the availability of foreign tax credits.

Other

Other provisions principally comprise provisions established in 1998 in respect of the restructuring of the Group's head office in London and the closure of the Group's office in Rome.

NOTE 18 -- SHARE CAPITAL OF THE COMPANY

| | AUTHORISED | | ALLOTTED, CALLED UP AND FULLY PAID | |
|--|-------------|------|------------------------------------|------|
| | 1999 | 1998 | 1999 | 1998 |
| | (L MILLION) | | (L MILLION) | |
| Equity shares: | | | | |
| Ordinary shares: 1,704 million shares (1998 1,320 million shares) of 25p each (i)... | 426 | 330 | 337 | 242 |
| Non-equity shares: | | | | |
| Cumulative Redeemable Preference Shares of L1 each..... | 100 | 100 | -- | -- |
| US\$250 million Cumulative Dollar Preference Shares of \$25 each (iii)..... | 155 | 150 | 155 | 150 |
| | --- | --- | --- | --- |
| | 681 | 580 | 492 | 392 |
| | === | === | === | === |

During the year the Company's authorised ordinary share capital was increased by L95,953,175 by the creation of 383,812,700 shares of 25p each.

Preference shares are classified as non-equity interests in shareholders' funds. The Cumulative Dollar Preference Shares are stated at year end exchange rates.

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i Ordinary shares

| 1999 | | 1998 | |
|------------------|---------------|------------------|---------------|
| NUMBER OF SHARES | NOMINAL VALUE | NUMBER OF SHARES | NOMINAL VALUE |
| | (L MILLION) | | (L MILLION) |
| 1,344,328,323.. | 337 | 965,966,362.. | 242 |
| ===== | === | ===== | === |

During 1999 the Company issued 378,361,961 ordinary shares in connection with the acquisition of Monument.

ii Share options

At 31 December 1999 there were outstanding options under various employee share option schemes, exercisable during the years 2000 to 2009, to acquire 12,436,886 ordinary shares of the Company at prices ranging from L1.00 to L4.75 per share.

In addition, at 31 December 1999 there were outstanding options, held by former employees of Monument, under various employee share option schemes, exercisable during the years 2000 to 2009 to acquire 4,750,712 ordinary shares of the Company at prices ranging from L0.58 to L1.95 per share.

The Group has other stock option plans in which former employees of the Ultramar Group participate. At 31 December 1999 there were outstanding options, exercisable during the years 2000 to 2001, to acquire 185,659 ordinary shares of the Company at prices ranging from L2.55 to L2.81 per share.

The Company also has a stock appreciation rights (SAR) plan under which SARs have been granted to US residents who previously held options under the Ultramar stock option plans. On valid exercise of a SAR, LASMO pays to the option holder the difference between the calculated exercise price of equivalent LASMO ordinary shares in the SAR and the market value of LASMO ordinary shares on the date of exercise, either in cash or LASMO ordinary shares. At 31 December 1999 there were 1,950 SARs outstanding.

In addition there are options over 26,000 Ultramar shares which remain outstanding.

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iii Cumulative Dollar Preference Shares; Series A of US\$25 each (Dollar Preference Shares).

Dividends are payable on the Dollar Preference Shares, in US dollars, quarterly in arrears at a rate to provide a gross return to the shareholder of 10 per cent per annum of the nominal value of the shares.

On 16 February 2000 the Company redeemed all of the outstanding Dollar Preference Shares at a premium of US\$1.00 per share, resulting in an exceptional charge to other appropriations. The charge comprises L6 million of unamortised costs in addition to the premium of L6 million.

| | 1999 | | | | 1998 | |
|-----------------------------------|------------------|------------------|-------------------|-------------------------------|----------------|---------------------|
| | SHARE CAPITAL | SHARE PREMIUM | OTHER RESERVES | PROFIT AND LOSS ACCOUNT | TOTAL | TOTAL (RESTATED) |
| | (L MILLION) | (L MILLION) | (L MILLION) | (L MILLION) | (L MILLION) | (L MILLION) |
| At 1 January (restated)..... | 392 | 556 | 90 | (184) | 854 | 1,296 |
| Profit/(loss) for year..... | -- | -- | -- | 154 | 154 | (404) |
| Dividends and appropriations..... | -- | -- | -- | (64) | (64) | (34) |
| Issue of shares..... | 95 | 366 | -- | -- | 461 | -- |
| Issue expenses..... | -- | 6 | -- | -- | 6 | -- |
| Exchange adjustments..... | 5 | -- | -- | (9) | (4) | (4) |
| At 31 December..... | 492 | 928 | 90 | (103) | 1,407 | 854 |
| | === | === | == | ==== | ===== | ===== |

Share capital includes non-equity interests (note 18). Non-equity interests in shareholders' funds, comprising preference share capital net of issue expenses, total L149 million (1998 L144 million).

Other reserves include L28 million of merger reserve (1998 L28 million) and L60 million of capital redemption reserve (1998 L60 million).

Cumulative goodwill set off against reserves at 31 December 1999 is L30 million (1998 L30 million).

Net exchange losses of L28 million on foreign currency loans have been offset against exchange gains arising on the net investment in overseas subsidiaries.

The loss dealt with in the accounts of the Company was L54 million (1998 loss L135 million)

NOTE 20 -- MINORITY INTEREST

In 1998, LASMO America (LAL) a wholly-owned subsidiary of LASMO plc and registered in the United States of America issued 1,000,000 series A 8.15 per cent cumulative perpetual preference shares, each having a par value of \$0.01 and a liquidation preference of \$100. The shares are redeemable in whole or in part at the option of LAL at liquidation preference, plus accrued dividends, after 1 March 2009, or earlier at the option of LAL in the event of certain US federal income tax law changes. Holders of the shares have a right, in preference to ordinary shareholders of the Company, to receive on a winding up the liquidation preference plus any accrued dividends.

NOTE 21 -- PENSION COSTS

The LASMO Group operates a number of pension schemes. The principal scheme is the LASMO Pension Plan (the Plan) which operates in the United Kingdom and which is of the funded and defined benefits type. The Plan covers approximately 265 Group employees (1998 415) and its assets are held in trust in a separately administered fund.

The latest actuarial valuation of the Plan was carried out as at 31 March 1998 and was prepared using the projected unit method. This valuation, which assumed investment returns of 0.5 per cent. per annum in excess of salary increases and 3.5 per cent. per annum in excess of pension increases, disclosed a funding level of 123 per cent. The market value of the Plan's assets at the valuation date was L62 million.

The surplus disclosed by the valuation has been used to reduce the Company contributions. The pension cost assessed on the basis of actuarial advice and charged in the financial statements was L2 million (1998 L4 million).

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NOTE 22 -- COMMITMENTS

- i The following amounts, including information supplied by the operators, were contracted for at 31 December:

31 DECEMBER

1999 1998

(L MILLION)

Oil and gas expenditure..... 57 64

ii At 31 December operating lease obligations existed which were payable within one year in respect of leases expiring:

| | 31 DECEMBER | | | TOTAL |
|-----------------------|-------------|-------|-------|-------|
| | 1999 | OTHER | TOTAL | |
| | (L MILLION) | | | |
| Within 1 year..... | -- | -- | -- | 1 |
| Within 2-5 years..... | 2 | 19 | 21 | 11 |
| After 5 years..... | 4 | -- | 4 | 5 |
| | -- | -- | -- | -- |
| | 6 | 19 | 25 | 17 |
| | == | == | == | == |

NOTE 23 -- RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | YEAR ENDED 31 DECEMBER | | |
|--|------------------------|-------|-------|
| | 1999 | 1998 | 1997 |
| | (RESTATED) | | |
| | (L MILLION) | | |
| Operating profit/(loss)..... | 161 | (323) | 153 |
| Exploration costs written off (net of provision release).... | 34 | 71 | 54 |
| Provision for decommissioning..... | 4 | 3 | 3 |
| Depletion and depreciation..... | 173 | 528 | 216 |
| Provision for oil and gas assets..... | 3 | -- | -- |
| Utilisation of provision for reorganisation costs..... | (26) | (1) | (8) |
| Changes in PRT provisions and other balances..... | (1) | (12) | (16) |
| Movement in consumable stores..... | (10) | 1 | (2) |
| Movement in debtors..... | (87) | 4 | -- |
| Movement in creditors..... | 31 | 1 | 9 |
| Deferred income..... | 200 | (1) | (2) |
| Net cash inflow from operating activities..... | 482 | 271 | 407 |
| | ===== | ===== | ===== |

NOTE 24 -- FINANCING CASHFLOW

| | YEARS ENDED 31 DECEMBER | | |
|--|-------------------------|-------|-------|
| | 1999 | 1998 | 1997 |
| | (L MILLION) | | |
| Borrowings raised..... | -- | (181) | (659) |
| Borrowings repaid..... | 454 | 45 | 372 |
| Net cash outflow/(inflow) from change in debt..... | 454 | (136) | (287) |
| Receipts from minority interest..... | -- | (59) | -- |
| Net cash outflow/(inflow) from financing..... | 454 | (195) | (287) |

NOTE 25 -- RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN GROUP NET DEBT

| | YEARS ENDED 31 DECEMBER | | |
|---|-------------------------|-------|-------|
| | 1999 | 1998 | 1997 |
| | (RESTATED) | | |
| | (L MILLION) | | |
| (Decrease)/increase in cash in the year..... | (14) | 14 | 2 |
| Cash outflow/(inflow) from increase/decrease in debt..... | 454 | (195) | (287) |
| Cash (inflow)/outflow from increase/decrease in liquid resources..... | (213) | 65 | 30 |
| Changes resulting from cash flow..... | 227 | (116) | (255) |
| Exchange difference..... | (25) | (1) | (23) |
| Liquid resources arising on acquisition..... | 152 | -- | -- |
| Borrowings arising on acquisition..... | (171) | -- | -- |
| Receipts from minority interest..... | -- | 59 | -- |
| Other..... | -- | -- | 10 |
| Movement in debt net of cash and liquid resources in the year..... | 183 | (58) | (268) |
| Movement in Group net debt..... | 183 | (58) | (268) |
| Group net debt at 1 January..... | (672) | (614) | (346) |
| Group net debt at 31 December..... | (489) | (672) | (614) |

NOTE 26 -- ANALYSIS OF MOVEMENT IN GROUP NET DEBT

| | 1 JANUARY 1998 | CASHFLOW | EXCHANGE MOVEMENTS | 31 DECEMBER 1998 | CASHFLOW | ACQUISITION | EXCHANGE MOVEMENTS | 31 DECEMBER 1999 |
|--|----------------|----------|--------------------|------------------|----------|-------------|--------------------|------------------|
| | (L MILLION) | | | | | | | |
| Cash repayable on demand..... | 11 | 15 | (5) | 21 | (20) | 3 | -- | 4 |
| Overdrafts..... | (2) | (1) | -- | (3) | 3 | -- | -- | -- |
| Bank loans due after 1 year..... | (69) | (134) | -- | (203) | 203 | -- | -- | -- |
| Loan capital due after 1 year..... | (1,098) | 59 | 3 | (1,036) | 231 | (171) | (26) | (1,002) |
| Bank loans and loan capital due within 1 year..... | (15) | (61) | -- | (76) | 20 | -- | (2) | (58) |
| Liquid resources..... | (1,182) | (136) | 3 | (1,315) | 454 | (171) | (28) | (1,060) |
| Debt net of cash and liquid resources... | 372 | 65 | 1 | 438 | (213) | 152 | 3 | 380 |
| AUK Loan Notes..... | 187 | -- | -- | 187 | -- | -- | -- | 187 |
| Group net debt..... | (614) | (57) | (1) | (672) | 224 | (16) | (25) | 489 |

Liquid resources principally comprise short-term deposits.

27 -- PRINCIPAL INVESTMENTS

The following companies have businesses which are material in the context of either the Group's profits or net assets. Direct subsidiaries of LASMO plc are

indicated by an asterisk. Unless otherwise stated all companies are wholly-owned (all ordinary or common class shares) by the Group.

| | COUNTRY OF REGISTRATION | COUNTRY OF OPERATION | PRINCIPAL ACTIVITIES |
|--|----------------------------|-------------------------|----------------------------|
| *LASMO International Limited... | England | Various (a) | Exploration and production |
| LASMO Sanga Sanga Limited..... | Bermuda | Indonesia | Exploration and production |
| *LASMO Securities (Jersey) Limited..... | Jersey | Jersey | Finance |
| LASMO (TNS) Limited..... | Scotland | UK | Exploration and production |
| LASMO (ULX) Limited..... | England | UK | Exploration and production |
| LASMO Venezuela B.V..... | The Netherlands | Venezuela | Exploration and production |
| Unimar Company (b)..... | USA | Indonesia | Exploration and production |

(a) LASMO International Limited's main interests are located in Algeria.

(b) The Group has a 50 per cent interest in Unimar, a general partnership. See note 12 for further information.

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3. FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2000

NATURE OF FINANCIAL INFORMATION

The financial information relating to LASMO set out below has been extracted without material adjustment from the unaudited interim report of LASMO for the six months ended 30 June 2000.

STATEMENT OF ACCOUNTING POLICIES

The unaudited interim report has been prepared on the basis of the accounting policies set out in Part 2 of this Appendix IV. The Group taxation charge has been calculated by applying the directors' best estimate of the annual effective rate to the profit for the period.

LASMO plc AND SUBSIDIARY COMPANIES ABBREVIATED PROFIT AND LOSS ACCOUNT

| | FIRST HALF (UNAUDITED) | |
|--|---------------------------|-------|
| | 2000 | 1999 |
| | (RESTATED) | |
| | (L MILLION) | |
| TURNOVER | | |
| Group and share of joint venture..... | 500 | 239 |
| Less share of joint venture's turnover..... | (37) | (23) |
| | 463 | 216 |
| Cost of sales..... | (243) | (164) |
| Provision for oil and gas assets..... | - | - |
| | 220 | 52 |
| GROSS PROFIT..... | (21) | (12) |
| Exploration costs written off..... | (10) | (10) |
| Administrative expenses..... | 189 | 30 |
| OPERATING PROFIT..... | 26 | 10 |
| Share of joint venture's operating profit..... | (2) | 16 |
| (Loss)/profit on disposal of fixed assets..... | (28) | (5) |
| Net interest payable..... | 185 | 51 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION..... | (61) | (23) |
| Taxation on profit on ordinary activities..... | 124 | 28 |
| PROFIT FOR THE PERIOD..... | | |

| | | |
|--|-------|-------|
| Minority interests..... | (2) | (2) |
| | ---- | ---- |
| PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY..... | 122 | 26 |
| Dividends on preference shares..... | (2) | (7) |
| | ---- | ---- |
| PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS..... | 120 | 19 |
| Dividends on ordinary shares..... | - | - |
| RETAINED PROFIT FOR THE PERIOD..... | 120 | 19 |
| | ===== | ===== |
| Earnings per ordinary share*..... | 9.0p | 2.0p |
| Diluted earnings per ordinary share*..... | 9.0p | 2.0p |
| Dividend per ordinary share..... | - | - |
| Weighted average number of shares in issue (millions)..... | 1,333 | 952 |
| | ===== | ===== |

* Preference dividends have been deducted in calculating earnings per share.

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LASMO plc AND SUBSIDIARY COMPANIES
NOTES TO THE ABBREVIATED PROFIT AND LOSS ACCOUNT

| | FIRST HALF (UNAUDITED) | |
|--|---------------------------|-------|
| | 2000 | 1999 |
| | (RESTATED) | |
| | (L MILLION) | |
| NOTE 1 SEGMENTAL INFORMATION | | |
| TURNOVER BY SOURCE | | |
| UK..... | 291 | 137 |
| Indonesia..... | 86 | 54 |
| Venezuela..... | 56 | 12 |
| Other international..... | 30 | 13 |
| | ---- | ---- |
| | 463 | 216 |
| Share of joint venture's turnover -- Indonesia..... | 37 | 23 |
| | ---- | ---- |
| | 500 | 239 |
| | ===== | ===== |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | |
| UK..... | 126 | 19 |
| Indonesia..... | 44 | 22 |
| Venezuela..... | 15 | (2) |
| Other international..... | 14 | (1) |
| | ---- | ---- |
| | 199 | 38 |
| Share of joint venture's profit before taxation -- | | |
| Indonesia..... | 26 | 10 |
| Unallocated administrative expenses..... | (10) | (8) |
| Exceptional items..... | (2) | 16 |
| Net interest expense..... | (28) | (5) |
| | ---- | ---- |
| | 185 | 51 |
| | ===== | ===== |
| NOTE 2 COST OF SALES | | |
| Operating costs..... | 117 | 78 |
| Depletion..... | 98 | 75 |
| Decommissioning..... | 3 | 6 |
| Royalties..... | 13 | 3 |
| PRT charge..... | 12 | 2 |
| | ---- | ---- |
| | 243 | 164 |
| | ===== | ===== |
| NOTE 3 NET INTEREST (PAYABLE)/RECEIVABLE | | |
| Interest on loans..... | (47) | (52) |
| Capitalised on development activities..... | 5 | 12 |
| FRS 12 unwinding of discount..... | (3) | (2) |
| | ---- | ---- |
| | (45) | (42) |
| Interest receivable..... | 16 | 36 |
| PRT interest..... | 1 | 1 |

| | |
|-------|-------|
| ----- | ----- |
| (28) | (5) |
| ===== | ===== |

Both the first half and full year interest receivable in 1999 include L9 million in respect of the release of an accrual for interest payable on corporation tax for prior years.

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| FIRST HALF (UNAUDITED) | |
|---|-------|
| 2000 | 1999 |
| ----- (L MILLION) ----- | |
| NOTE 4 TAXATION | |
| UK corporation tax charge..... | 5 |
| Overseas taxation..... | 18 |
| | ----- |
| | 23 |
| | ===== |
| The taxation charge relates to the following: | |
| Parent and subsidiaries..... | 16 |
| Joint venture..... | 7 |
| | ----- |
| | 23 |
| | ===== |

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APPENDIX V

UNAUDITED PRO FORMA FINANCIAL INFORMATION AND PROJECTIONS

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated balance sheet, pro forma condensed consolidated statements of income and accompanying notes give effect to the proposed business combination of Amerada Hess and LASMO using the purchase method of accounting for business combinations. The pro forma financial statements are based on the historical consolidated financial statements of Amerada Hess and LASMO and should be read in conjunction with the historical financial statements, including footnotes. Selected financial information, which was extracted from the historical financial statements, is included in Appendices III and IV.

The unaudited pro forma condensed consolidated balance sheet at 30 September 2000, is presented as if the business combination occurred on 30 September 2000. The unaudited pro forma condensed statements of income for the year ended 31 December 1999, and the nine months ended 30 September 2000, are presented as if the business combination had been completed on 1 January 1999.

The unaudited pro forma financial statements are presented for illustrative purposes only. They are based on assumptions and do not purport to be indicative of the results of operations or the financial position that would have actually occurred if the combination had been consummated on the dates indicated or that may be expected in the future.

The unaudited pro forma financial statements do not reflect any cost savings or anticipated changes in expenses reflecting efficiencies resulting from combining operations.

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SEPTEMBER 30, 2000
Millions of US dollars

| | AMERADA HESS CORPORATION | LASMO PLC | PRO FORMA ADJUSTMENTS | PRO FORMA |
|--|-----------------------------|-----------|--------------------------|-----------|
| | ----- | ----- | ----- | ----- |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents..... | \$ 259 | \$ 460 | \$ (400) (a) | \$ 319 |
| Accounts receivable..... | 1,848 | 473 | -- | 2,321 |
| Inventories..... | 367 | 31 | -- | 398 |
| Other current assets..... | 585 | 27 | -- | 612 |
| | ----- | ----- | ----- | ----- |
| Total current assets..... | 3,059 | 991 | (400) | 3,650 |
| | ----- | ----- | ----- | ----- |
| INVESTMENTS AND ADVANCES | | | | |
| HOVENSA L.L.C..... | 785 | -- | -- | 785 |
| Other..... | 236 | 500 | 244 (b) | 980 |
| | ----- | ----- | ----- | ----- |
| Total investments and advances..... | 1,021 | 500 | 244 | 1,765 |
| | ----- | ----- | ----- | ----- |
| PROPERTY, PLANT AND EQUIPMENT, NET..... | | | | |
| | 4,198 | 3,263 | 2,006 (b) | 9,467 |
| | ----- | ----- | ----- | ----- |
| GOODWILL..... | -- | -- | 255 (c) | 255 |
| | ----- | ----- | ----- | ----- |
| NOTE RECEIVABLE..... | 539 | -- | -- | 539 |
| | ----- | ----- | ----- | ----- |
| DEFERRED INCOME TAXES AND OTHER ASSETS..... | | | | |
| | 252 | -- | -- | 252 |
| | ----- | ----- | ----- | ----- |
| TOTAL ASSETS..... | \$ 9,069 | \$ 4,754 | \$ 2,105 | \$ 15,928 |
| | ===== | ===== | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued liabilities..... | \$ 2,312 | \$ 474 | \$ (49) (e) | \$ 2,737 |
| Taxes payable..... | 329 | 64 | -- | 393 |
| Notes payable..... | 2 | -- | -- | 2 |
| Current maturities of long-term debt..... | 57 | -- | -- | 57 |
| | ----- | ----- | ----- | ----- |
| Total current liabilities.... | 2,700 | 538 | (49) | 3,189 |
| | ----- | ----- | ----- | ----- |
| LONG-TERM DEBT..... | 1,940 | 1,609 | 2,166 (a) | 5,715 |
| | ----- | ----- | ----- | ----- |
| TOTAL DEFERRED LIABILITIES AND CREDITS..... | | | | |
| | 886 | 541 | 1,069 (d) (190) (e) | 2,306 |
| | ----- | ----- | ----- | ----- |
| MINORITY INTEREST..... | -- | 100 | -- | 100 |
| | ----- | ----- | ----- | ----- |
| TOTAL STOCKHOLDERS' EQUITY..... | 3,543 | 1,966 | 1,075 (a) (1,966) (f) | 4,618 |
| | ----- | ----- | ----- | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY..... | \$ 9,069 | \$ 4,754 | \$ 2,105 | \$ 15,928 |
| | ===== | ===== | ===== | ===== |

See accompanying notes to unaudited pro forma consolidated financial information.

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UNAUDITED PRO FORMA CONDENSED STATEMENT OF CONSOLIDATED INCOME
FOR THE YEAR ENDED DECEMBER 31, 1999
Millions of US dollars, except per share data

AMERADA HESS

PRO FORMA

| | CORPORATION | LASMO PLC | ADJUSTMENTS | PRO FORMA |
|--|-------------|-----------|-------------|-----------|
| REVENUES | | | | |
| Sales (excluding excise taxes) and other operating revenues..... | \$ 7,039 | \$ 962 | \$ -- | \$ 8,001 |
| Non-operating income | | | | |
| Gains on asset sales..... | 273 | 103 | -- | 376 |
| Equity in income of HOVENSA | | | | |
| L.L.C..... | 7 | -- | -- | 7 |
| Other..... | 142 | 100 | -- | 242 |
| Total revenues..... | 7,461 | 1,165 | -- | 8,626 |
| COSTS AND EXPENSES | | | | |
| Cost of products sold..... | 4,241 | -- | -- | 4,241 |
| Production expenses..... | 487 | 300 | -- | 787 |
| Marketing expenses..... | 387 | -- | -- | 387 |
| Other operating expenses..... | 217 | -- | -- | 217 |
| Exploration expense, including dry holes and lease impairment..... | | | | |
| | 261 | 76 | -- | 337 |
| General and administrative expenses.... | 231 | 80 | -- | 311 |
| Interest expense..... | 158 | 105 | 163 (g) | 426 |
| Depreciation, depletion and amortization..... | | | | |
| | 649 | 273 | 204 (h) | 1,126 |
| Impairment of assets and operating leases..... | | | | |
| | 128 | 5 | -- | 133 |
| Goodwill amortization..... | -- | -- | 17 (i) | 17 |
| Total costs and expenses..... | 6,759 | 839 | 384 | 7,982 |
| Income before income taxes..... | 702 | 326 | (384) | 644 |
| Provision for income taxes..... | 264 | 184 | (81) (j) | 367 |
| INCOME BEFORE MINORITY INTEREST..... | 438 | 142 | (303) | 277 |
| Minority interest..... | -- | (10) | -- | (10) |
| NET INCOME..... | 438 | 132 | (303) | 267 |
| Preference dividends..... | -- | (19) | -- | (19) |
| NET INCOME AVAILABLE TO COMMON STOCKHOLDERS..... | | | | |
| | \$ 438 | \$ 113 | \$ (303) | \$ 248 |
| NET INCOME PER SHARE AVAILABLE TO COMMON STOCKHOLDERS | | | | |
| BASIC..... | \$ 4.88 | \$ 0.10 | | \$ 2.32 |
| DILUTED..... | \$ 4.85 | \$ 0.10 | | \$ 2.31 |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (in millions) | | | | |
| BASIC..... | 90 | 1,157 | | 107 |
| DILUTED..... | 90 | 1,143 | | 107 |

See accompanying notes to unaudited pro forma consolidated financial information.

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UNAUDITED PRO FORMA CONDENSED STATEMENT OF CONSOLIDATED INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000
Millions of US dollars, except per share data

| | AMERADA HESS CORPORATION | LASMO PLC | PRO FORMA ADJUSTMENTS | PRO FORMA |
|--|-----------------------------|-----------|--------------------------|-----------|
| REVENUES | | | | |
| Sales (excluding excise taxes) and other operating revenues..... | \$ 8,308 | \$ 1,087 | \$ -- | \$ 9,395 |
| Non-operating income | | | | |
| Gain (loss) on asset sales..... | -- | (7) | -- | (7) |
| Equity in income of HOVENSA | | | | |
| L.L.C..... | 76 | -- | -- | 76 |

| | | | | |
|---|---------|--------|----------|---------|
| Other..... | 87 | 69 | -- | 156 |
| Total revenues..... | 8,471 | 1,149 | -- | 9,620 |
| COSTS AND EXPENSES | | | | |
| Cost of products sold..... | 5,361 | -- | -- | 5,361 |
| Production expenses..... | 401 | 298 | -- | 699 |
| Marketing expenses..... | 385 | -- | -- | 385 |
| Other operating expenses..... | 168 | -- | -- | 168 |
| Exploration expense, including dry holes and lease impairment..... | 217 | 56 | -- | 273 |
| General and administrative expenses.... | 152 | 27 | -- | 179 |
| Interest expense..... | 119 | 88 | 122 (g) | 329 |
| Depreciation, depletion and amortization..... | 516 | 241 | 189 (h) | 946 |
| Goodwill amortization..... | -- | -- | 13 (i) | 13 |
| Total costs and expenses..... | 7,319 | 710 | 324 | 8,353 |
| Income before income taxes..... | 1,152 | 439 | (324) | 1,267 |
| Provision for income taxes..... | 469 | 181 | (74) (j) | 576 |
| INCOME BEFORE MINORITY INTEREST..... | 683 | 258 | (250) | 691 |
| Minority interest..... | -- | (6) | -- | (6) |
| NET INCOME..... | \$ 683 | \$ 252 | \$ (250) | \$ 685 |
| NET INCOME PER SHARE | | | | |
| BASIC..... | \$ 7.63 | \$.19 | | \$ 6.41 |
| DILUTED..... | \$ 7.57 | \$.19 | | \$ 6.38 |
| WEIGHTED AVERAGE NUMBER OF SHARES | | | | |
| OUTSTANDING (in millions) | | | | |
| BASIC..... | 90 | 1,344 | | 107 |
| DILUTED..... | 90 | 1,333 | | 107 |

See accompanying notes to unaudited pro forma consolidated financial information.

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NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS
Millions of US dollars, except per share data

NOTE 1: PRO FORMA ADJUSTMENTS.

The unaudited pro forma financial statements reflect the proposed business combination using the purchase method of accounting. Based on the purchase method, assets acquired and liabilities assumed are valued at fair value. The difference between the purchase price and the fair value of the assets acquired less the liabilities assumed is recorded as goodwill. The purchase price of the acquisition is as follows:

| | |
|---|----------|
| Amerada Hess common stock (17.1 million shares at \$62.81 per share)..... | \$ 1,075 |
| Projected Amerada Hess cash paid at closing..... | 400 |
| Borrowing under credit facility, including transaction and severance costs..... | 2,166 |
| | ----- |
| | 3,641 |
| | ----- |
| Allocation of purchase price | |
| Fair value of assets acquired..... | 7,004 |
| Less fair value of liabilities assumed..... | 3,618 |
| | ----- |
| | 3,386 |
| | ----- |
| Excess of purchase price over fair value of net assets acquired (goodwill)..... | \$ 255 |
| | ===== |

The historical financial statements of LASMO are presented in accordance with accounting principles generally accepted in the United States. The following pro forma adjustments reflect estimates and assumptions made by Amerada Hess:

PRO FORMA BALANCE SHEET

- (a) To record the projected Amerada Hess cash paid at closing, debt incurred and common stock issued to acquire LASMO (see table above).
- (b) To record acquired property, plant and equipment and investment in an oil and gas corporate joint venture at fair value.
- (c) To record excess of purchase price over fair value of net assets acquired (goodwill).
- (d) To record additional deferred income taxes of \$1,069 resulting from acquisition of assets.
- (e) To eliminate LASMO's deferred income of \$49 from current liabilities and \$190 from long-term deferred liabilities and credits.
- (f) To eliminate LASMO's stockholders' equity accounts totalling \$1,966.

PRO FORMA INCOME STATEMENT

- (g) To record interest expense on the revolving credit line used to finance the acquisition. The interest rate is assumed to be 7.5%. In calculating the pro forma interest expense, Amerada Hess did not assume reductions in debt for anticipated future cash flows. A change of 1/8 per cent. in the interest rate would result in an annual change in interest expense of approximately \$3.
- (h) To record additional depreciation, depletion and amortization.
- (i) To record amortization of excess of purchase price over fair value of net assets acquired (goodwill). Goodwill will be amortized over 15 years.
- (j) To record income tax effects on the pro forma adjustments based on the estimated statutory tax rates.

The offer to LASMO Shareholders includes a loan note alternative to cash consideration. The pro forma financial statements assume that shareholders do not elect the loan note alternative. The impact of this alternative is not expected to have a significant effect on the pro forma financial statements.

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NOTE 2: COST SAVINGS.

Amerada Hess expects annual cost savings, in the years following integration of the businesses, of \$130 before income taxes and \$90 after income taxes. The unaudited pro forma financial statements do not reflect any anticipated cost savings or efficiencies resulting from combining operations.

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2. PROJECTIONS

Prior to making the Offer, Amerada Hess received from LASMO certain information which Amerada Hess believes was not publicly available, including certain projected financial data (the "PROJECTIONS") for the fiscal years 2000 through 2002. These Projections are summarized below. LASMO does not publicly disclose projections, and the Projections were not prepared with a view to public disclosure.

LASMO PROJECTIONS

SIX MONTHS

| | ACTUAL | | 2000 PROJECTION | 2001 PROJECTION | 2002 PROJECTION |
|--|-----------------------|------|--------------------|--------------------|--------------------|
| | ENDED 30 JUNE 1999 | 2000 | | | |
| Production (mboepd)*..... | -- | -- | 188 | 193 | 234 |
| Turnover (Lmillion)*..... | -- | -- | 1,057 | 1,081 | 1,159 |
| Profit after tax after exceptional items*... Profit after tax after exceptional items (Lmillion) current forecast**..... | 28 | 124 | 297 | 332 | 358 |
| Cashflow from operations (Lmillion)*..... | -- | -- | 518 | 527 | 615 |
| Total capital expenditures (Lmillion)*..... | -- | -- | 367 | 491 | 509 |

BASES

The basis of accounting of the profit forecast is consistent with the accounting policies normally adopted by the LASMO Group. The profit forecast takes account of:

- (a) the results shown by the unaudited interim accounts for the six months ended 30 June 2000; and
- (b) the results shown by unaudited management accounts for the three months ended 30 September 2000.

ASSUMPTIONS

The principal assumptions on which the current forecast for the year ending 31 December 2000 is based are:

- (a) the Brent Price (in US\$/bbl) for Q4 2000 will be \$31;
- (b) the US\$/L exchange rate (average) for Q4 2000 will be 1.45;
- (c) the average production (mboepd) for Q4 2000 will be 188;
- (d) there will be no asset impairment provisions;
- (e) there will be no significant change in interest rates from those currently prevailing;
- (f) there will be no material change in the rates or bases of taxation affecting LASMO from those currently prevailing;
- (g) there will be no material changes in general trading and economic conditions in the countries in which LASMO operates or trades; and
- (h) there will be no major disruptions to the business of LASMO by reason including blow outs, pollution, fire and other hazards which may interrupt or terminate production.

* As disclosed to Amerada Hess

** The difference between the profit after tax after exceptionals disclosed to Amerada Hess on 30 October 2000 and the current forecast (revised as of 17 November 2000) represents revisions of operating assumptions on LASMO's Liverpool Bay and Andrew assets, the deferral of disposals of assets into 2001 and adjustments to amounts expensed with respect to exploration expenditure.

**CAUTIONARY STATEMENTS CONCERNING THE PROJECTIONS
AND FORWARD-LOOKING STATEMENTS**

THE PROJECTIONS WERE PREPARED BY LASMO MANAGEMENT FOR INTERNAL PURPOSES AND NOT WITH A VIEW TO PUBLIC DISCLOSURE OR COMPLIANCE WITH PUBLISHED GUIDELINES OF THE SEC, THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS FOR PROSPECTIVE FINANCIAL INFORMATION OR GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. NEITHER AMERADA HESS' NOR LASMO'S AUDITORS NOR THEIR FINANCIAL ADVISERS HAVE COMPILED ANY OF THE PROJECTIONS OR EXPRESSED ANY CONCLUSION WITH RESPECT TO THE PROJECTIONS AND, ACCORDINGLY, ASSUME NO

RESPONSIBILITY FOR THE PROJECTIONS. THE PROJECTIONS ARE INCLUDED HEREIN SOLELY IN ORDER TO COMPLY WITH US LEGAL REQUIREMENTS TO GIVE LASMO SECURITYHOLDERS ACCESS TO INFORMATION WHICH WAS PROVIDED TO AMERADA HESS AND WHICH IS BELIEVED BY AMERADA HESS TO BE NOT PUBLICLY AVAILABLE AND SHOULD NOT BE DEEMED TO ESTABLISH OR EXPAND LIABILITY UNDER LAW.

CERTAIN MATTERS DISCUSSED HEREIN (INCLUDING, BUT NOT LIMITED TO, THE PROJECTIONS) ARE FORWARD-LOOKING STATEMENTS THAT ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE STATEMENTS INCLUDED HEREIN (INCLUDING THE PROJECTIONS) AND SHOULD BE READ WITH CAUTION. LASMO HAS ADVISED AMERADA HESS THAT THE PROJECTIONS ARE SUBJECTIVE IN MANY RESPECTS AND THUS SUSCEPTIBLE TO INTERPRETATIONS AND PERIODIC REVISIONS BASED ON ACTUAL EXPERIENCE AND RECENT DEVELOPMENTS. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS WERE PREPARED BY LASMO BASED UPON A VARIETY OF ASSUMPTIONS -- NOTED ABOVE UNDER THE HEADING "PROJECTIONS" AS WELL AS A VARIETY OF OTHER ESTIMATES AND HYPOTHETICAL ASSUMPTIONS MADE BY MANAGEMENT OF LASMO WITH RESPECT TO, AMONG OTHER THINGS, INDUSTRY PERFORMANCE, GENERAL ECONOMIC, MARKET, INTEREST RATE AND FINANCIAL CONDITIONS, SALES, COST OF GOODS SOLD, OPERATING AND OTHER REVENUES AND EXPENSES, CAPITAL EXPENDITURES AND WORKING CAPITAL OF LASMO, AND OTHER MATTERS WHICH MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, ALL OF WHICH ARE DIFFICULT TO PREDICT AND MANY OF WHICH ARE BEYOND LASMO'S CONTROL. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE ASSUMPTIONS MADE IN PREPARING THE PROJECTIONS WILL PROVE ACCURATE, AND ACTUAL RESULTS MAY BE MATERIALLY GREATER OR LESS THAN THOSE CONTAINED IN THE PROJECTIONS. IN ADDITION, THE PROJECTIONS DO NOT TAKE INTO ACCOUNT THE OFFER.

FOR THESE REASONS, AS WELL AS THE BASES AND ASSUMPTIONS ON WHICH THE PROJECTIONS WERE COMPILED, THE INCLUSION OF SUCH PROJECTIONS HEREIN SHOULD NOT BE REGARDED AS AN INDICATION THAT LASMO OR AMERADA HESS OR ANY OF THEIR RESPECTIVE DIRECTORS, AFFILIATES OR REPRESENTATIVES CONSIDERS SUCH INFORMATION TO BE AN ACCURATE PREDICTION OF FUTURE EVENTS, AND THE PROJECTIONS SHOULD NOT BE RELIED ON AS SUCH.

THE PROJECTIONS WERE NOT INTENDED TO CONSTITUTE A FORECAST OF PROFITS BY LASMO OR ITS DIRECTORS AND SHAREHOLDERS SHOULD NOT RELY UPON SUCH PROJECTIONS IN MAKING ANY DECISIONS ABOUT THEIR INVESTMENT IN LASMO IN CONNECTION WITH THE OFFER OR FOR ANY OTHER REASON.

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APPENDIX VI

ADDITIONAL INFORMATION

1. RESPONSIBILITY

- (a) The directors of Amerada Hess, whose names are set out in Schedule VIA to this Appendix VI, accept responsibility for the information contained in this Offer Document other than that relating to the LASMO Group, the directors of LASMO and the members of their immediate families. To the best of the knowledge and belief of the directors of Amerada Hess (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The directors of LASMO, whose names are set out in Schedule VIB to this Appendix VI, accept responsibility for the information contained in this Offer Document relating to the LASMO Group, the directors of LASMO and members of their immediate families. To the best of the knowledge and belief of the directors of LASMO (who have taken all reasonable care to ensure that such is the case), the information contained herein for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (c) The statements set out in paragraphs (a) and (b) above are included solely to comply with Rule 19.2 of the City Code and shall not be deemed to establish or expand liability under law, including under US securities laws or under the laws of any state of the US. The statements set out in paragraph (b) above, in so far as they apply to the Projections, should be read subject to the matters contained in the section headed "Cautionary statements concerning the Projections and forward-looking statements".

2. DIRECTORS, EXECUTIVE OFFICERS AND REGISTERED OR PRINCIPAL EXECUTIVE OFFICES

(a) Directors and executive officers of Amerada Hess:

- (i) The directors of Amerada Hess are set forth in Schedule VIA to this Appendix VI.
- (ii) The executive officers of Amerada Hess are set forth in Schedule VIA to this Appendix VI.
- (iii) The principal executive office of Amerada Hess is located at 1185 Avenue of the Americas, 40th Floor, New York, New York, 10036.
- (iv) During the last five years, none of Amerada Hess or, to the best of its knowledge, any of the persons listed in Schedule VIA hereto (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.
- (v) Except as described in this document, none of Amerada Hess or, to the best of its knowledge, any of the persons listed in Schedule VIA to this document has any contract, arrangement, understanding or relationship with any other person with respect to any securities of LASMO, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or voting of such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies. Except as set forth in this document, during the past two years, none of Amerada Hess or, to the best of its knowledge, any of the persons listed on Schedule VIA hereto has had any business relationship or transaction with LASMO or any of its executive officers, directors or affiliates that is required to be reported under the rules and regulations of the SEC applicable to the Offer. Except as set forth in this document, during the past five years, there have been no contacts, negotiations or transactions between Amerada Hess or any of its subsidiaries or, to the best knowledge of Amerada Hess, any of the persons listed in Schedule VIA to this Offer Document, on the one hand, and LASMO or its affiliates, on the other hand, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, an election of directors or a sale or other transfer of a material amount of assets.

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- (vi) Except as described in this document, (i) neither Amerada Hess nor, to the best of Amerada Hess' knowledge, any of the persons listed in Schedule VIA to this document, or any associate (as such term is defined for the purposes of the Exchange Act) or majority-owned subsidiary of Amerada Hess or, to the best of Amerada Hess' knowledge, any associate (as such term is so defined) or majority-owned subsidiary of any of the persons listed in Schedule VIA to this document, beneficially owns or has any right to acquire, directly or indirectly, any equity securities of LASMO and (ii) neither Amerada Hess nor, to the best of Amerada Hess' knowledge, any of the persons listed in Schedule VIA to this document has effected any transaction in such equity securities during the past sixty days.

(b) Directors and executive officers of LASMO:

- (i) The directors of LASMO are set forth in Schedule VIB to this Appendix VI.
- (ii) The executive officer of LASMO is set forth in Schedule VIB to this Appendix VI.
- (iii) The principal executive office of LASMO is located at 101 Bishopsgate, London EC2M 3XH.

3. COMPARATIVE STOCK EXCHANGE QUOTATIONS OF LASMO SECURITIES AND AMERADA HESS

SHARES; DIVIDENDS

Set out below are the Closing Prices for LASMO Shares and the closing sale prices on the NYSE for LASMO ADSs and Amerada Hess Shares on:

- (a) the first business day of each of the six months immediately before the date of this document;
- (b) 3 November 2000 (being the last business day prior to the commencement of the Offer Period); and
- (c) -- 2000 (being the latest practicable date prior to the posting of this document).

| DATE ---- | LASMO SHARES | | LASMO ADSS | | AMERADA HESS SHARES | |
|-----------------------|--------------|--|------------|--|---------------------|--|
| | (P) | | (US\$) | | (US\$) | |
| -- 2000..... | -- | | -- | | -- | |
| 1 December 2000..... | 175.25 | | 7 3/8 | | 61 13/16 | |
| 3 November 2000..... | 141 | | 6 1/4 | | 62 13/16 | |
| 1 November 2000..... | 144 | | 6 1/2 | | 63 3/4 | |
| 2 October 2000..... | 135 | | 6 1/8 | | 66 11/16 | |
| 1 September 2000..... | 146 | | 6 7/16 | | 70 | |
| 1 August 2000..... | 131 | | 6 7/16 | | 61 21/32 | |
| 3 July 2000..... | 139.5 | | 6 5/16 | | 63 7/16 | |

LASMO Shares have been listed and traded on the London Stock Exchange since 8 July 1977 and LASMO ADSs have been listed and traded on the NYSE since 8 June 1993. Amerada Hess Shares have been listed and traded on the NYSE since June 1969. The following table sets out, for the periods indicated:

- (a) the reported high and low closing prices for LASMO Shares on the London Stock Exchange as reported in the Daily Official List;
- (b) the high and low closing sales prices for LASMO ADSs on the NYSE as reported on Bloomberg; and
- (c) the high and low closing sales prices for Amerada Hess Shares on the NYSE as reported on Bloomberg.

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| PERIOD ----- | LASMO SHARES | | LASMO ADSS | | AMERADA HESS SHARES | |
|---------------------|--------------|--------|------------|----------|---------------------|----------|
| | HIGH | LOW | HIGH | LOW | HIGH | LOW |
| | (P) | | (US\$) | | (US\$) | |
| CALENDAR YEAR 1998 | | | | | | |
| First Quarter..... | 292 | 248 | 14 3/8 | 11 15/16 | 60 5/8 | 49 5/16 |
| Second Quarter..... | 297.5 | 232 | 14 5/16 | 11 15/16 | 50 15/16 | 50 5/16 |
| Third Quarter..... | 242 | 151 | 12 1/4 | 7 3/4 | 59 1/2 | 47 3/8 |
| Fourth Quarter..... | 194 | 96 | 9 1/2 | 5 1/8 | 58 5/16 | 48 9/16 |
| CALENDAR YEAR 1999 | | | | | | |
| First Quarter..... | 138.5 | 87.5 | 6 7/8 | 4 5/8 | 52 15/16 | 43 15/16 |
| Second Quarter..... | 159.75 | 120 | 7 1/2 | 5 3/8 | 64 1/4 | 48 9/16 |
| Third Quarter..... | 173 | 130.25 | 8 1/8 | 6 5/8 | 65 15/16 | 57 9/16 |
| Fourth Quarter..... | 154.5 | 115.5 | 7 1/4 | 5 9/16 | 62 15/16 | 53 7/8 |
| CALENDAR YEAR 2000 | | | | | | |
| First Quarter..... | 125 | 89.5 | 6 9/16 | 4 7/16 | 64 5/8 | 48 1/4 |
| Second Quarter..... | 142 | 105 | 6 3/4 | 5 1/8 | 70 1/8 | 61 3/4 |
| May..... | 126.75 | 105.50 | 6 | 5 1/8 | 70 1/8 | 62 1/2 |
| June..... | 142.00 | 124.00 | 6 15/16 | 5 11/16 | 67 3/4 | 61 3/4 |
| July..... | 140.75 | 128.50 | 6 1/2 | 5 3/4 | 63 15/16 | 57 5/8 |
| August..... | 152.00 | 126.00 | 6 3/4 | 5 13/16 | 71 5/8 | 61 11/16 |
| September..... | 155.50 | 129.00 | 6 3/4 | 5 3/4 | 73 1/2 | 63 15/16 |
| October..... | 148.50 | 130.75 | 6 1/2 | 5 5/8 | 68 3/4 | 60 3/4 |
| November..... | 178.00 | 138.75 | 7 5/8 | 6 | 65 | 58 1/8 |

FOR CURRENT PRICE INFORMATION, HOLDERS OF LASMO SHARES AND LASMO ADSS ARE URGED TO CONSULT PUBLICLY AVAILABLE SOURCES.

The tables below set forth the aggregate per share amount of dividends declared on Amerada Hess Shares and LASMO Shares during the periods indicated:

For Amerada Hess:

| | PER SHARE DIVIDEND AMOUNT ----- |
|---|------------------------------------|
| Fiscal Year ended 31 December 1997..... | 60c |
| Fiscal Year ended 31 December 1998..... | 60c |
| Fiscal Year ended 31 December 1999..... | 60c |
| First Three Quarters Fiscal Year ended 31 December 2000 (through 30 September 2000)..... | 45c |

For LASMO:

| | PER SHARE DIVIDEND AMOUNT ----- |
|---|------------------------------------|
| Fiscal Year ended 31 December 1997..... | 2.3p |
| Fiscal Year ended 31 December 1998..... | 2.3p |
| Fiscal Year ended 31 December 1999..... | 2.5p |

4. SHAREHOLDINGS AND DEALINGS

For the purposes of this paragraph 4:

"ARRANGEMENT" includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities in relation to Amerada Hess or LASMO which may be an inducement to deal or refrain from dealing;

an "ASSOCIATE" includes:

- (a) Amerada Hess' or LASMO's subsidiaries and associated companies and companies of which any such subsidiaries or associated companies are associated companies;

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- (b) banks, financial and other professional advisers (including stockbrokers) to Amerada Hess or LASMO or to any company covered in (a) above, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;
- (c) the directors of Amerada Hess and LASMO together with the directors of any company covered in (a) above (together in each case with any member of their immediate families and related trusts);
- (d) the pension funds of Amerada Hess and LASMO or the pension funds of any company covered in (a) above; and
- (e) an investment company, unit trust or other person whose investments an associate (as defined in this paragraph 4) manages on a discretionary basis, in respect of the relevant investment accounts;
- (f) a person who owns or controls five per cent. or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 2 on Rule 8 of the City Code) issued by LASMO or Amerada Hess, as the case may be, including a person who as a result of any transaction owns five per cent. or more; and
- (g) a company having a material trading arrangement with LASMO or Amerada Hess,

as the case may be;

a "BANK" does not apply to a bank whose sole relationship with Amerada Hess or LASMO or a company covered in (a) above is the provision of normal commercial banking services or such activities in connection with the Offer as confirming that cash is available, handling acceptances and other registration work;

For the purpose of this paragraph 4 of Appendix VI, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and "CONTROL" means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or holdings give(s) de facto control;

"DERIVATIVE" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities;

"DISCLOSURE PERIOD" means the period commencing on 6 November 1999 (the date twelve months prior to the commencement of the Offer Period) and ending on -- 2000 (the latest practicable date prior to the publication of this document); and

"RELEVANT SECURITIES" means LASMO Securities or Amerada Hess Shares, as the case may be, or any securities convertible into, rights to subscribe for, options (including traded options) in respect of, and derivatives referenced to LASMO Securities or Amerada Hess Shares, as the case may be.

(a) Shareholdings in LASMO Securities

- (i) As at the close of business on -- December 2000 (being the latest practicable date prior to the posting of this document), Amerada Hess held no relevant securities of LASMO.
- (ii) As at the close of business on -- December 2000 (being the latest practicable date prior to the posting of this document), the following persons acting in concert with Amerada Hess owned or controlled the following relevant securities of LASMO:

| NAME ---- | NUMBER OF LASMO SHARES ----- |
|------------------------------------|------------------------------------|
| AHC Pension Restoration Plan*..... | 350 |

* Estimated Plan assets are invested in Vanguard Index Funds which disclose fund holding semi-annually (June and December). AHC had \$2,250,000 invested in the Total International Stock Index fund which allocated 0.03 per cent. to LASMO.

- (iii) As at the close of business on -- December 2000 (being the latest practicable date prior to the posting of this document), the following persons acting in concert with LASMO (including LASMO Group companies and any pension funds of LASMO Group companies but excluding LASMO advisers) owned or controlled the following relevant securities of LASMO:

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| NAME ---- | NUMBER OF LASMO SHARES ----- |
|--|--------------------------------------|
| Methodplan Limited, a subsidiary of LASMO..... | 8,459,855 (all held beneficially) |

- (iv) As at the close of business on -- December 2000 (being the latest practicable date prior to the posting of this document), the following advisers of LASMO owned or controlled the following relevant securities of LASMO:

| NAME | | | |
|---|---|-------------------------|---------------------------|
| REGISTERED HOLDER | BENEFICIAL HOLDER | NUMBER OF LASMO ADSS | NUMBER OF LASMO SHARES |
| Smith Barney Fund Management LLC..... | CGCM International Equity | | 81,100 |
| Citicorp..... | State Street Fund(2R58) | | 230,000 |
| Smith Barney Inc..... | Smith Barney Inc. | 2 | |
| Smith Barney Portfolio Management..... | Various Portfolios for Retail Investors | 61,627 | |
| Robinson-Humphrey Co. LLC..... | Various US Retail Clients | 1,195 | |
| Smith Barney Private Trust..... | Aggregated Holdings of Managed Client Accounts | 1,225 | |
| UBS Warburg..... | | | 5,731,000 |

- (v) As at the close of business on -- December 2000 (being the latest practicable date prior to the posting of this document), the following persons who, prior to the posting of this document have irrevocably committed to accept the Offer, owned or controlled the following relevant securities of LASMO:

| NAME | NUMBER OF LASMO SHARES |
|---|---------------------------|
| Schroder Investment Management Limited..... | 171,616,233 |
| Electrafina S.A..... | 98,336,161 |

The Announcement stated that Amerada Hess had received irrevocable undertakings from Schroder Investment Management Limited and Electrafina S.A. to accept the Offer in respect of an aggregate of approximately 276,279,208 LASMO Shares, representing approximately 20.56 per cent. of LASMO's issued share capital. Schroder Investment Management Limited, being a fund manager, has given an undertaking to accept the Offer in respect of 177,943,047 LASMO Shares insofar as the relevant clients have not withdrawn or altered their mandate (in a manner inconsistent with acceptance) at the time required for acceptance. Schroder Investment Management Limited has notified Amerada Hess that its undertaking applies to 171,616,233 LASMO Shares and not 177,943,047 LASMO Shares as stated in the Announcement. Therefore, the irrevocable undertakings received from the above institutions in fact represent an aggregate of 269,952,394 LASMO Shares, representing approximately 20.08 per cent. of LASMO's issued share capital.

The directors of LASMO (but not Mr O'Brien) have also irrevocably committed to accept the Offer in respect of their holdings of LASMO Securities which are set out in (vi) below.

The number of LASMO Shares the subject of the irrevocable undertakings has decreased to 270,276,705 since the Offer was announced.

- (vi) As at the close of business on -- December 2000, (being the latest practicable date prior to the posting of this document), the interests of the LASMO directors and the executive officer and members of their immediate families and related trusts in relevant securities of LASMO (all of which, unless otherwise stated, are beneficial) which have (where required) been notified to LASMO pursuant to sections 324 and 328 of the Companies Act and entered in LASMO's register of directors' interests required to be kept under Section 325 of the Companies Act, were as follows:

| NAME | HOLDINGS IN SHARES | HOLDINGS IN OPTIONS | | | |
|-------------------------------------|------------------------|-------------------------------------|------------------------------------|-----------------|----------|
| | NUMBER OF LASMO SHARES | NUMBER OF LASMO SHARES UNDER OPTION | EXERCISE PRICE PER LASMO SHARE (P) | EXERCISE PERIOD | |
| | | | | FROM | TO |
| J Darby..... | 119,458 | 49,996 | 375.38 | 11/03/94 | 11/03/01 |
| | | 26,040 | 238.09 | 28/01/95 | 28/01/02 |
| | | 52,079 | 154.57 | 02/04/96 | 02/04/03 |
| | | 108,870 | 147.00 | 25/04/97 | 25/04/04 |
| | | 53,000 | 166.00 | 24/05/98 | 24/05/05 |
| | | 10,884 | 89.00 | 26/05/03 | 26/11/03 |
| | | ----- | | | |
| | | 300,869 | | | |
| | | ----- | | | |
| P C Murray..... | 65,300 | 20,832 | 182.41 | 06/04/95 | 06/04/02 |
| | | 31,247 | 154.57 | 02/04/96 | 02/04/03 |
| | | 50,000 | 147.00 | 25/04/97 | 25/04/04 |
| | | 20,000 | 166.00 | 24/05/98 | 24/05/05 |
| | | 18,960 | 89.00 | 26/05/05 | 26/11/05 |
| | | ----- | | | |
| | | 141,039 | | | |
| | | ----- | | | |
| A P Hichens..... | 43,122 | | | | |
| T P Brennand..... | 16,807 | | | | |
| H E Norton..... | 12,442 | | | | |
| R G Reynolds..... | 16,465 | | | | |
| THBJ de Rudder..... | 18,275 | | | | |
| N V Turnbull..... | 32,442 | | | | |
| A O'Brien, Executive Officer.... | 10,422 | 10,416 | 375.38 | 11/03/94 | 11/03/01 |
| | | 15,000 | 166.00 | 24/05/98 | 24/05/05 |
| | | 15,000 | 187.00 | 06/03/99 | 06/03/06 |
| | | 13,000 | 244.50 | 05/03/00 | 05/03/07 |
| | | 12,500 | 280.25 | 31/03/01 | 31/03/08 |
| | | 68,385 | 129.00 | 17/06/02 | 17/06/09 |
| | | 18,960 | 89.00 | 26/05/05 | 26/11/05 |
| | | ----- | | | |
| | | 153,261 | | | |
| | | ----- | | | |

As potential beneficiaries under the LASMO Equity Plan, Mr Darby, Mr Murray and Mr O'Brien were each technically deemed to be interested in 1,616,663 LASMO Shares held by LASMO Trust Company (Jersey) Limited, the independent trustee of the LASMO Employee Trust, at -- December 2000 (being the latest practicable date prior to the posting of this document).

The number of LASMO Shares notionally allocated to LASMO directors and the executive officer or confirmed under LASMO's Equity Plan (the "PLAN"), for the Plan years stated, were as follows:

| | NOTIONAL ALLOCATIONS | | | | | CONFIRMED SHARES |
|----------------|----------------------|--------|--------|--------|--------|------------------|
| | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
| J Darby..... | 62,910 | 52,876 | 24,638 | 27,250 | 31,966 | 213,000 |
| PC Murray..... | 39,842 | 33,524 | 14,200 | 12,386 | 11,720 | 80,939 |
| A O'Brien..... | 13,173 | -- | -- | -- | -- | -- |

(b) Dealings in LASMO Securities

- (i) Persons acting in concert with Amerada Hess have dealt for value in the following relevant securities of LASMO during the disclosure period:

Goldman Sachs

(aa) LASMO Shares*

| DATE ---- | NUMBER BOUGHT ----- | NUMBER SOLD ----- | PRICE (P) ----- |
|---------------|------------------------|----------------------|--------------------|
| 03/11/00..... | 287,600 | | 140.26 |
| 18/07/00..... | | 5,400 | 138.00 |
| 02/07/00..... | | 10,000 | 125.00 |
| 06/09/00..... | | 250,740 | 150.55 |
| 28/07/00..... | 640,000 | | 132.30 |
| 29/07/00..... | | 640,000 | 134.00 |

(bb) LASMO ADSs*

| DATE ---- | NUMBER BOUGHT ----- | NUMBER SOLD ----- | PRICE (\$) ----- |
|---------------|------------------------|----------------------|---------------------|
| 22/09/00..... | 3,000 | | 6 1/4 |
| 22/09/00..... | 4,800 | | 6 1/4 |
| 25/09/00..... | | 7,800 | 6 1/8 |
| 21/09/00..... | | 7,800 | 6 1/3 |
| 25/09/00..... | 7,800 | | 6 1/8 |

* The following does not include any dealings by Goldman Sachs Equity Securities (U.K.) which is an Exempt Market Maker/Principal Trader, GSAMI and CINMAN, which are Exempt Fund Managers and GSAM (GS&Co) and Commodities Corporation which are Special Exempt Fund Managers. Dealings by Goldman Sachs acting as agent are also not included.

- (ii) Persons acting in concert with LASMO (including LASMO Group companies and pension funds of LASMO Group companies but excluding LASMO's advisers) have dealt for value in the following relevant securities of LASMO during the period from 6 November 2000 to -- December 2000 (being the latest practicable date prior to the posting of this document):

Methodplan Limited

| DATE ---- | TRANSACTION ----- | NUMBER OF LASMO SHARES ----- | PRICE (P) ----- |
|---------------|----------------------|------------------------------------|--------------------|
| 13/11/00..... | Transfer | 39,931 | 174.50 |
| 16/11/00..... | Transfer | 4,387 | 177.70 |
| 17/11/00..... | Transfer | 15,744 | 176.00 |
| 29/11/00..... | Transfer | 23,570 | 177.00 |
| 01/12/00..... | Transfer | 8,249 | -- |

- (iii) Schroder Salomon Smith Barney (by Salomon Brothers International Ltd) have dealt for value in the following relevant securities of LASMO during the period from 6 November 2000 to -- December 2000 (being the latest practicable date prior to the posting of this document):

| DATE | NUMBER OF LASMO SHARES BOUGHT | NUMBER OF LASMO SHARES SOLD | PRICE (P) |
|---------------|----------------------------------|--------------------------------|-----------|
| 15/11/00..... | | 30,000 | 99.50 |

- (iv) Persons (other than the directors of LASMO) who have irrevocably committed to accept the Offer have dealt for value in the following relevant securities of LASMO during the disclosure period:

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Schroder Investment Management Limited

| DATE | NUMBER BOUGHT | NUMBER SOLD | PRICE (P) |
|------------------------------------|---------------|-------------|-----------|
| Between 06/11/99 and 06/02/00..... | 5,383,640 | 640,098 | 105-263 |
| Between 07/02/00 and 06/05/00..... | 6,454,010 | 4,167,020 | 90-128 |
| Between 07/05/00 and 06/08/00..... | 5,881,517 | 2,014,840 | 113-142 |
| Between 07/08/00 and 06/10/00..... | 8,704,843 | 1,193,128 | 131-270 |
| 10/10/00..... | 5,158 | | 136 |
| 10/10/00..... | 244 | | 136 |
| 12/10/00..... | | 59,000 | 141 |
| 13/10/00..... | | 150,000 | 150 |
| 13/10/00..... | | 300,000 | 150 |
| 13/10/00..... | | 150,000 | 150 |
| 13/10/00..... | | 100,000 | 150 |
| 13/10/00..... | | 50,000 | 150 |
| 17/10/00..... | 60,495 | | 144 |
| 27/10/00..... | | 60,000 | 147 |
| 01/11/00..... | 2,632 | | 144 |
| 01/11/00..... | 49,720 | | 144 |
| 07/11/00..... | | 30,000 | 172 |
| 07/11/00..... | | 2,000 | 172 |

Electrafina S.A.

| DATE | NUMBER OF LASMO SHARES BOUGHT | NUMBER OF LASMO SHARES SOLD | PRICE (P) |
|---------------|-------------------------------------|-----------------------------------|-----------|
| 01/04/00..... | 3,514 | -- | 98.50 |

- (v) The LASMO directors and the executive officer and members of their immediate families and related trusts have dealt for value (including the exercise of options under the LASMO Share Option Schemes) in the following relevant securities of LASMO during the disclosure period:

| NAME | DATE | TRANSACTION | NUMBER OF LASMO SHARES | PRICE (P) |
|-------------------|----------|-----------------|------------------------------|-----------|
| P C Murray..... | 18/11/99 | Purchase | 8,000 | 141.00 |
| N V Turnbull..... | 24/11/99 | Purchase | 10,000 | 130.25 |
| R G Reynolds..... | 16/12/99 | Purchase | 8,390 | 118.00 |
| A O'Brien..... | 22/12/99 | Sale | 3,125 | 125.00 |
| J Darby..... | 24/12/99 | Purchase | 20,000 | 119.00 |
| T P Brennand..... | 01/03/00 | Acquisition (a) | 2,777 | 98.50 |
| A P Hichens..... | 01/03/00 | Acquisition (a) | 6,060 | 98.50 |
| H E Norton..... | 01/03/00 | Acquisition (a) | 3,030 | 98.50 |
| R G Reynolds..... | 01/03/00 | Acquisition (a) | 2,626 | 98.50 |
| N V Turnbull..... | 01/03/00 | Acquisition (a) | 3,030 | 98.50 |

| | | | | |
|-----------------|----------|-------------------|-------|--------|
| J Darby..... | 10/03/00 | Transfer (b) | 3,326 | 240.50 |
| P C Murray..... | 10/03/00 | Transfer (b) | 2,274 | 240.50 |
| J Darby..... | 06/04/00 | Appropriation (c) | 7,273 | 110.00 |
| P C Murray..... | 06/04/00 | Appropriation (c) | 7,273 | 110.00 |
| A O'Brien..... | 06/04/00 | Appropriation (c) | 7,273 | 110.00 |
| P C Murray..... | 26/06/00 | Purchase | 32 | 139.00 |

Notes:

- (a) Acquisition formed part of director's fees in respect of the period to 31 December 1999 under an arrangement with Cazenove & Co.
- (b) Release of Shares appropriated in 1997 in respect of the LASMO Profit Sharing Scheme.
- (c) Appropriation of Shares in respect of the LASMO Profit Sharing Scheme.

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- (vi) Fund managers connected with LASMO have dealt for value in the following relevant securities of LASMO during the period between 6 November 2000 and -- December 2000 (being the latest practicable date prior to the posting of this document):

| NAME | DATE | TRANSACTION | NUMBER OF LASMO SHARES/ADSS | PRICE (P) |
|--|----------|-------------|-----------------------------|-----------|
| ---- | ----- | ----- | ----- | ----- |
| GAM UK Diversified Fund..... | 06/11/00 | Purchase | 50,000.00 | 171 |
| GAM Exempt -- UK Opportunities Fund..... | 06/11/00 | Purchase | 100,000.00 | 171 |
| JRA/GAM Managed Life..... | 06/11/00 | Purchase | 200,000.00 | 171 |
| GRA/GAM Managed Pension..... | 06/11/00 | Purchase | 50,000.00 | 171 |

(c) Shareholdings in Amerada Hess Shares

- (i) Save for the holding of 3 Amerada Hess Shares held by Oil Holdings Limited, an indirect subsidiary of LASMO, as at the close of business on -- December 2000 (being the latest practicable date prior to the posting of this document), no member of the LASMO Group held any relevant securities of Amerada Hess.
- (ii) As at the close of business on -- December 2000 (being the latest practicable date prior to the posting of this document), the following directors of Amerada Hess and their immediate families and related trusts were interested in the following relevant securities of Amerada Hess:

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| NAME | HOLDINGS IN SHARES | | HOLDINGS IN OPTIONS | | |
|-------------------|-------------------------------|---|--|----------|----------|
| | NUMBER OF AMERADA HESS SHARES | NUMBER OF AMERADA HESS HELD UNDER OPTIONS | EXERCISE PRICE PER AMERADA HESS SHARE (US\$) | FROM | TO |
| ---- | ----- | ----- | ----- | ----- | ----- |
| John B. Hess..... | 578,410 | 50,000 | 49.75 | 18/12/96 | 18/12/05 |
| | 50,000 (1) | 33,000 | 54.75 | 18/12/96 | 18/12/05 |
| | 12,556 (2) | 33,000 | 59.75 | 18/12/96 | 18/12/05 |
| | 1,280,094 (3) | 33,000 | 64.62 | 18/12/96 | 18/12/05 |
| | 62,249 (4) | 40,000 | 58.75 | 04/12/97 | 04/12/06 |
| | 108,347 (4) | 65,000 | 64.62 | 04/12/97 | 04/12/06 |
| | 190,000 (4) | 75,000 | 54.75 | 03/12/98 | 03/12/07 |
| | 5,071,400 (5) | 75,000 | 53.00 | 05/01/99 | 05/01/08 |
| | 3,197,206 (6) | 100,000 | 49.19 | 03/02/00 | 03/02/09 |

| | | | | | |
|-------------------------|---------------|---------|-------|----------|----------|
| | 140,218 (7) | 150,000 | 58.13 | 01/12/00 | 01/12/09 |
| | 2,145,627 (8) | | | | |
| W.S.H. Laidlaw..... | 50,700 | 5,000 | 49.75 | 18/12/96 | 18/12/05 |
| | 35,000 (9) | 20,000 | 54.75 | 18/12/96 | 18/12/05 |
| | 40,000 (1) | 20,000 | 59.75 | 18/12/96 | 18/12/05 |
| | 6,061 (2) | 20,000 | 64.75 | 18/12/96 | 18/12/05 |
| | | 25,000 | 58.75 | 04/12/97 | 04/12/06 |
| | | 45,000 | 64.62 | 04/12/97 | 04/12/06 |
| | | 60,000 | 54.75 | 03/12/98 | 03/12/07 |
| | | 60,000 | 53.00 | 05/01/99 | 05/01/08 |
| | | 15,000 | 49.19 | 03/02/00 | 03/02/09 |
| | | 100,000 | 58.13 | 01/12/00 | 01/12/09 |
| J. Barclay Collins..... | 3,501 | 10,000 | 59.75 | 18/12/96 | 18/12/05 |
| | 25,000 (1) | 10,000 | 64.75 | 18/12/96 | 18/12/05 |
| | 778 (2) | 10,000 | 58.75 | 04/12/97 | 04/12/06 |
| | | 18,000 | 64.62 | 04/12/97 | 04/12/06 |
| | | 37,500 | 54.75 | 03/12/98 | 03/12/07 |
| | | 27,500 | 53.00 | 05/01/99 | 05/01/08 |
| | | 40,000 | 49.19 | 03/02/00 | 03/02/09 |
| | | 60,000 | 58.13 | 01/12/00 | 01/12/09 |
| John Y. Schreyer..... | 23,000 | 15,000 | 49.75 | 18/12/96 | 18/12/05 |
| | 25,000 (1) | 10,000 | 54.75 | 18/12/96 | 18/12/05 |
| | 3,572 (2) | 10,000 | 59.75 | 18/12/96 | 18/12/05 |
| | 5,071,400 (5) | 37,500 | 54.75 | 03/12/97 | 03/12/07 |
| | 3,197,206 (6) | 10,000 | 64.75 | 18/12/96 | 18/05/00 |
| | 140,218 (7) | 10,000 | 58.75 | 04/12/97 | 04/12/06 |
| | 2,145,627 (8) | 18,000 | 64.62 | 04/12/97 | 04/12/06 |
| | | 37,500 | 53.00 | 05/01/99 | 05/01/08 |
| | | 40,000 | 49.19 | 03/02/00 | 03/02/09 |
| | | 60,000 | 58.13 | 01/12/00 | 01/12/09 |
| Nicolas F. Brady..... | 10,200 | -- | -- | -- | -- |
| | 5,071,400 (5) | | | | |
| | 3,197,206 (6) | | | | |
| | 140,218 (7) | | | | |
| Peter S. Hadley..... | 1,686 (10) | -- | -- | -- | -- |
| Edith E. Holiday..... | 1,600 | -- | -- | -- | -- |
| William R. Johnson..... | 1,600 | -- | -- | -- | -- |
| Thomas H. Kean..... | 2,600 | -- | -- | -- | -- |
| | 5,071,400 (5) | | | | |
| | 3,197,206 (6) | | | | |
| | 140,218 (7) | | | | |
| Frank A. Olson..... | 3,400 | -- | -- | -- | -- |
| Roger B. Oresman..... | 12,680 | -- | -- | -- | -- |
| William I. Spencer..... | 2,100 | -- | -- | -- | -- |
| Robert N. Wilson..... | 2,300 | -- | -- | -- | -- |
| Robert F. Wright..... | 120,689 | -- | -- | -- | -- |

-
- (1) These shares are held in escrow pursuant to Amerada Hess' Executive Long-Term Incentive Compensation and Stock Ownership Plan. The director has only voting power over these shares until the lapsing of the period set by the Committee administering the plan at which time the shares plus accrued dividends will be delivered to the director if he is still an employee of Amerada Hess.
 - (2) Shares held in the Amerada Hess Corporation Employees' Savings and Stock Bonus Plan as of 31 October 2000.
 - (3) Held by a family corporation, the preferred stock of which is held by a trust of which Mr. Hess is trustee and 33 1/3 per cent. of the common stock of which is owned by Mr. Hess. The preferred stock of such corporation has 99 per cent. of the total voting power of all classes of stock of such corporation. As trustee Mr. John B. Hess has voting power and investment power with respect of such preferred stock.
 - (4) Held by a trust which was established by the director for the benefit of himself and his children. The director is trustee of the trust.

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- (5) Shares held by a charitable lead annuity trust established under the will of Leon Hess. John B. Hess has sole voting power over the stock held by this trust and shares dispositive power over such stock with Messrs. Schreyer, Brady, Kean and another individual, who are the other trustees of this trust. Under certain circumstances, Mr. Hess may have a remainder interest in a portion of these shares.
- (6) Shares held by the estate of Leon Hess. John B. Hess, as an executor of the estate, has sole voting power over this stock and shares dispositive power with Messrs. Schreyer, Brady, Kean and another individual, who are the other executors of the estate. Under certain circumstances, Mr. Hess may have a remainder interest in a portion

of these shares.

- (7) Shares held by four corporations of which the estate of Leon Hess owns the voting preferred stock having at least 80 per cent. of the total voting power of all classes of stock.
 - (8) Shares held by the Hess Foundation, Inc. of which Messrs. Hess and Schreyer are directors and as to which they share voting and dispositive power.
 - (9) Held by a corporation the stock of which is held by Mr. Laidlaw.
 - (10) 1,645 of these securities are held jointly with spouse.
- (iii) As at the close of business on -- December 2000 (being the latest practicable date prior to the posting of this document), the following advisers of LASMO owned or controlled the following relevant securities of Amerada Hess:

| NAME | | NUMBER OF |
|---------------------------------------|---|--------------|
| REGISTERED HOLDER | BENEFICIAL HOLDER | AMERADA HESS |
| | | SHARES |
| Smith Barney Inc..... | Smith Barney Inc | 7,104 |
| Smith Barney Portfolio Management.... | Various Portfolios for Retail Investors | 50,220 |
| Robinson-Humphrey Co LLC..... | Various US Retail Clients | 209 |
| Phillip Brothers Inc..... | Phillip Brothers Inc | 50,000 |
| Smith Barney Fund Management LLC..... | Various Client Portfolio Accounts | 752,078 |
| Smith Barney Holding Co..... | Smith Barney Holding Co | 600,000 |

- (iv) As at the close of business on -- December 2000 (being the latest practicable date prior to the posting of this document), the following persons who, prior to the posting of this document have irrevocably committed to accept the Offer in respect of their LASMO Securities, owned or controlled the following relevant securities of Amerada Hess:

| NAME | NUMBER OF |
|---|--------------|
| ---- | AMERADA HESS |
| | SHARES |
| | ----- |
| Schroder Investment Management Limited..... | 5,300 |

- (v) As at the close of business on -- December 2000 (being the latest practicable date prior to the posting of this document), the following persons acting in concert with Amerada Hess owned or controlled the following relevant securities of Amerada Hess:

| NAME | NUMBER OF |
|---------------------------|--------------|
| ---- | AMERADA HESS |
| | SHARES |
| | ----- |
| Goldman, Sachs & Co..... | 27,159 |
| Goldman, Sachs & Co*..... | 3,939 |

* Discretionary managed

(d) Dealings in Amerada Hess Shares

- (i) The following dealings for value in the relevant securities of Amerada Hess (including the exercise of options) have taken place during the disclosure period by directors of Amerada Hess and members of their

immediate families and related trusts:

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| NAME | DATE | TRANSACTION | NUMBER OF AMERADA HESS SHARES | PRICE (US\$) |
|-------------------------|----------|-----------------|-------------------------------------|--------------|
| W.S.H. Laidlaw..... | 23/08/00 | Option Exercise | 25,000 | 49.19 |
| | 23/08/00 | Sale | 25,000 | 69.75 |
| | 15/09/00 | Option Exercise | 25,000 | 49.19 |
| | 15/09/00 | Sale | 25,000 | 74.75 |
| J. Barclay Collins..... | 12/05/00 | Option Exercise | 15,000 | 49.75 |
| | 12/05/00 | Sale | 15,000 | 69.75 |
| | 23/08/00 | Option Exercise | 10,000 | 54.75 |
| | 23/08/00 | Sale | 10,000 | 70.00 |
| | 15/09/00 | Option Exercise | 10,000 | 53.00 |
| | 15/09/00 | Sale | 10,000 | 73.00 |
| Frank A. Olson..... | 03/04/00 | Purchase | 2,000 | 65.78 |

(ii) Persons acting in concert with Amerada Hess have dealt for value in the following relevant securities of Amerada Hess during the disclosure period:

Goldman Sachs

| DATE | NUMBER BOUGHT | NUMBER SOLD | PRICE (US\$) |
|------------------------------------|---------------|-------------|-------------------|
| Between 06/11/99 and 06/02/00..... | 96,300 | 35,975 | 53.7500 - 62.6875 |
| Between 07/02/00 and 06/05/00..... | 100,575 | 101,500 | 54.5000 - 65.2500 |
| Between 07/05/00 and 06/08/00..... | 397,271 | 216,791 | 57.6800 - 67.6800 |
| Between 07/08/00 and 06/10/00..... | 143,445 | 317,446 | 63.0000 - 73.2500 |
| 09/10/00..... | 324 | | 65 7/16 |
| 09/10/00..... | 600 | | 65 15/16 |
| 09/10/00..... | 600 | | 65 7/8 |
| 09/10/00..... | 600 | | 65 15/16 |
| 09/10/00..... | 600 | | 65 7/8 |
| 09/10/00..... | 648 | | 65 3/8 |
| 09/10/00..... | 648 | | 65 3/8 |
| 09/10/00..... | 648 | | 65 3/8 |
| 10/10/00..... | | 10,000 | 67 2/4 |
| 11/10/00..... | 4,600 | | 68 |
| 11/10/00..... | 5,400 | | 67 15/16 |
| 16/10/00..... | | 324 | 64 3/16 |
| 16/10/00..... | | 324 | 64 1/8 |
| 16/10/00..... | | 324 | 64 3/16 |
| 19/10/00..... | 51 | | 64 13/16 |
| 25/10/00..... | 800 | | 62 5/8 |
| 25/10/00..... | 5,000 | | 61 3/4 |
| 25/10/00..... | 5,500 | | 62 3/4 |
| 26/10/00..... | 100 | | 62 3/16 |
| 26/10/00..... | 300 | | 62 3/16 |
| 26/10/00..... | 400 | | 62 3/16 |
| 26/10/00..... | | 10,914 | 62.06 |
| 26/10/00..... | 100 | | 62 3/8 |
| 26/10/00..... | 100 | | 62 1/4 |
| 26/10/00..... | 200 | | 62 7/16 |
| 27/10/00..... | 200 | | 60 5/8 |
| 27/10/00..... | 300 | | 60 5/8 |
| 27/10/00..... | 800 | | 61 1/4 |
| 27/10/00..... | 800 | | 61 1/4 |
| 27/10/00..... | 1,300 | | 60 5/8 |
| 27/10/00..... | 1,300 | | 60 5/8 |
| 27/10/00..... | 51 | | 61 1/4 |
| 30/10/00..... | | 100 | 60 15/16 |
| 30/10/00..... | | 100 | 61 7/8 |
| 30/10/00..... | | 400 | 60 15/16 |

| DATE | NUMBER BOUGHT | NUMBER SOLD | PRICE (US\$) |
|---------------|---------------|-------------|--------------|
| 30/10/00..... | | 500 | 60 15/16 |
| 30/10/00..... | | 700 | 60 15/16 |
| 30/10/00..... | | 800 | 61 7/8 |
| 30/10/00..... | | 2,000 | 60 15/16 |
| 30/10/00..... | | 2,000 | 61 7/8 |
| 30/10/00..... | 100 | | 61 2/4 |
| 30/10/00..... | 200 | | 61 5/8 |
| 30/10/00..... | 200 | | 61 5/8 |
| 30/10/00..... | 200 | | 61 9/16 |
| 30/10/00..... | 300 | | 61 9/16 |
| 30/10/00..... | 800 | | 61 5/8 |
| 30/10/00..... | 800 | | 61 5/8 |
| 30/10/00..... | 1,300 | | 61 5/8 |
| 30/10/00..... | 1,500 | | 61 3/4 |
| 30/10/00..... | 1,500 | | 61 2/4 |
| 30/10/00..... | 1,700 | | 61 5/8 |
| 30/10/00..... | 3,400 | | 61 2/4 |
| 30/10/00..... | 3,500 | | 61 3/4 |
| 30/10/00..... | 4,500 | | 61 9/16 |
| 30/10/00..... | 5,000 | | 61 3/4 |
| 30/10/00..... | 5,000 | | 61 11/16 |
| 30/10/00..... | 5,000 | | 61 5/8 |
| 30/10/00..... | 5,000 | | 61 11/16 |
| 31/10/00..... | 100 | | 62 2/4 |
| 31/10/00..... | 100 | | 62 2/4 |
| 31/10/00..... | 100 | | 62 7/16 |
| 31/10/00..... | 100 | | 61 11/16 |
| 31/10/00..... | 300 | | 62 1/4 |
| 31/10/00..... | 300 | | 62 2/4 |
| 31/10/00..... | 400 | | 62 1/4 |
| 31/10/00..... | 400 | | 61 11/16 |
| 31/10/00..... | 600 | | 62 2/4 |
| 31/10/00..... | 700 | | 62 2/4 |
| 31/10/00..... | 1,000 | | 62 7/16 |
| 31/10/00..... | 1,100 | | 62 2/4 |
| 31/10/00..... | 1,300 | | 62 7/16 |
| 31/10/00..... | 1,300 | | 62 7/16 |
| 31/10/00..... | 1,300 | | 62 7/16 |
| 31/10/00..... | 1,800 | | 62 1/4 |
| 31/10/00..... | 2,100 | | 62 2/4 |
| 31/10/00..... | 2,500 | | 62 9/16 |
| 31/10/00..... | 2,500 | | 61 11/16 |
| 31/10/00..... | 7,500 | | 61 5/8 |
| 31/10/00..... | 66 | | 61 9/16 |
| 01/11/00..... | | 5,000 | 63 3/4 |
| 01/11/00..... | | 5,000 | 63 3/4 |
| 01/11/00..... | | 10,000 | 63 7/8 |
| 01/11/00..... | | 20,000 | 63 3/4 |
| 01/11/00..... | | 2,100 | 63 3/4 |
| 01/11/00..... | | 8,100 | 63 3/4 |
| 01/11/00..... | | 16,700 | 63 3/4 |
| 01/11/00..... | | 33,100 | 63 3/4 |
| 01/11/00..... | 60,000 | | 63 3/4 |
| 01/11/00..... | | 321 | 63 5/8 |
| 01/11/00..... | 321 | | 63 2/4 |
| 02/11/00..... | | 600 | 62 3/4 |
| 02/11/00..... | | 6,900 | 62 7/16 |

| DATE | NUMBER BOUGHT | NUMBER SOLD | PRICE (US\$) |
|---------------|---------------|-------------|--------------|
| 02/11/00..... | | 7,500 | 63 2/4 |

| | | | |
|---------------|--------|--------|----------|
| 02/11/00..... | | 15,000 | 63 3/4 |
| 02/11/00..... | 72,900 | | 63 3/4 |
| 02/11/00..... | | 72,900 | 63 3/4 |
| 02/11/00..... | | 6,915 | 63 3/8 |
| 02/11/00..... | 5,100 | | 63.37 |
| 03/11/00..... | | 1,100 | 63 3/4 |
| 03/11/00..... | | 3,500 | 63 3/4 |
| 03/11/00..... | 900 | | 62 13/16 |
| 03/11/00..... | 1,000 | | 63 |
| 06/11/00..... | 600 | | 58 7/8 |
| 06/11/00..... | 4,400 | | 58 7/8 |
| 06/11/00..... | 5,000 | | 58 15/16 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 100 | 61 3/8 |
| 10/11/00..... | | 800 | 61 3/8 |
| 10/11/00..... | | 800 | 61 3/8 |
| 10/11/00..... | | 1,400 | 61 3/8 |
| 10/11/00..... | | 1,800 | 61 3/8 |
| 10/11/00..... | | 1,800 | 61 3/8 |
| 10/11/00..... | 51 | | 61 2/4 |

(iii) Advisers of LASMO have dealt for value in the following relevant securities of Amerada Hess during the period from 6 November 2000 to -- December 2000 (being the latest practicable date prior to the posting of this document):

Schroder Salomon Smith Barney (by Smith Barney Inc.)

| DATE | NUMBER BOUGHT | NUMBER SOLD | PRICE (US\$) |
|---------------|---------------|-------------|--------------|
| ---- | ----- | ----- | ----- |
| 09/11/00..... | 250,000 | | 60.88 |
| 13/11/00..... | 100,000 | | 62.11 |

(iv) Fund managers connected with LASMO have dealt for value in the following relevant securities of Amerada Hess during the period between 6 November 2000 and -- December 2000 (being the latest practicable date prior to the posting of this document):

| NAME | DATE | TRANSACTION | NUMBER OF AMERADA HESS SHARES | PRICE (US\$) |
|------------------------------|----------|----------------|-------------------------------|--------------|
| ---- | ----- | ----- | ----- | ----- |
| Smith Barney Fund Management | | | | |
| L.L.C..... | 07/11/00 | Sale | 50,000 | 61.75 |
| | 07/11/00 | Sale | 10,000 | 61.4741 |
| | 10/11/00 | Sale | 18,000 | 61.4354 |
| | 10/11/00 | Purchase | 1,500 | 61.3750 |
| SAM Special Equity Fund | | | | |
| USD Class..... | 31/05/00 | Purchase | 3,000 | 66.4480 |
| | 20/06/00 | Purchase | 2,000 | 65.0000 |
| | 31/05/00 | Sale of Option | 30 | 5.5000 |
| | 20/06/00 | Sale of Option | 20 | 4.5000 |

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(e) General

(i) Save as set out in this document, neither LASMO nor any:

- (aa) director of LASMO, member of his immediate family or (so far as the directors are aware having made due and careful enquiry) any connected person;
- (bb) subsidiary of LASMO;
- (cc) pension fund of LASMO or any of its subsidiaries;
- (dd) bank, stockbroker, financial or other professional adviser (other than exempt market makers and exempt fund managers) to LASMO or any person controlling, controlled by or under the same control as such bank, stockbroker, financial or other professional adviser; or
- (ee) person who has an agreement of a kind referred to in Note 6(b) on Rule 8 of the City Code with LASMO or with any person who is an associate of LASMO;

owns, controls or (in the case of the directors, their immediate families and connected persons) is interested in any LASMO Securities nor any securities convertible into, rights to subscribe for or options (including traded options) in respect of, nor any derivatives referenced to, LASMO Securities nor any Amerada Hess Shares nor any securities convertible into, rights to subscribe for options (including traded options) in respect of, nor any derivatives referenced to, Amerada Hess Shares nor has any such person dealt for value therein, in the case of LASMO and any LASMO director, in the disclosure period and, in any other case, between 6 November 2000 and -- December 2000 (being the latest practicable date prior to the posting of this Offer Document).

- (ii) Save as set out above, neither Amerada Hess nor any director of Amerada Hess set forth on Schedule VIA, nor any member of his/her immediate family nor (so far as the directors are aware having made due and careful enquiry) any connected person nor any person acting in concert with Amerada Hess nor any person who has an arrangement of a kind referred to in Note 6(b) on Rule 8 of the City Code with Amerada Hess or with any person acting in concert with Amerada Hess owns, controls or (in the case of the directors, their immediate families and connected persons) is interested in any LASMO Securities nor any securities convertible into, rights to subscribe for or options (including traded options) in respect of, nor derivatives referenced to, LASMO Securities nor any Amerada Hess Shares nor any securities convertible into, rights to subscribe for or options (including traded options) in respect of, nor derivatives referenced to, Amerada Hess Shares nor has any such person dealt for value therein during the disclosure period.

5. PURPOSE OF THE OFFER; PLANS FOR LASMO

PURPOSE OF THE OFFER. The purpose of the Offer is to enable Amerada Hess to acquire as many outstanding LASMO Securities as possible as a first step in acquiring the entire equity interest in LASMO. Upon consummation of a compulsory acquisition, LASMO would become a wholly owned subsidiary of Amerada Hess.

PLANS FOR LASMO. Subject to certain matters described below, it is currently expected that, initially following the consummation of the Offer, the business and operations of LASMO will generally continue as they are currently being conducted. Amerada Hess will continue to evaluate all aspects of the business, operations, capitalisation and management of LASMO during the course of the Offer and after the consummation of the Offer and will take such further actions as it deems appropriate under the circumstances then existing. Amerada Hess intends to seek additional information about LASMO during this period. Thereafter, Amerada Hess intends to review such information as part of a comprehensive review of LASMO's business, operations, capitalisation and management.

As a result of the completion of the Offer, the interest of Amerada Hess in LASMO's net book value and net earnings will be in proportion to the number of LASMO Securities acquired in the Offer. If the compulsory acquisition is consummated, Amerada Hess' interest in such items and in LASMO's equity generally will equal 100 per cent. and Amerada Hess will be entitled to all benefits resulting from such interest, including all income generated by LASMO's operations and any future increase in LASMO's value. Similarly, Amerada Hess will also bear the risk of losses generated by LASMO's operations and

any future decrease in the value of LASMO after the compulsory acquisition. Subsequent to the compulsory acquisition, current LASMO Securityholders will cease to have any direct equity interest in LASMO and will not have the right to vote on corporate matters.

When the Offer becomes or is declared unconditional in all respects, Amerada Hess intends to procure the making of an application by LASMO for the removal of LASMO Shares from the Official List of the UK Listing Authority and for the cancellation of trading in LASMO Shares on the London Stock Exchange's market for listed securities and also for the de-listing of LASMO ADSs and LASMO Shares (the LASMO Shares do not trade on the NYSE and are listed on the NYSE only in connection with the ADS program) from the NYSE. It is anticipated that cancellation of listing from the Official List and cancellation of trading on the London Stock Exchange will take effect no earlier than 20 business days after the Offer becomes or is declared unconditional in all respects. See paragraph 24 of the Letter from Goldman Sachs and paragraph 13 of Appendix VI of this Offer Document.

It is expected that, if the Offer is not consummated, LASMO's current management, under the general direction of the current board of directors and executive management, will continue to manage LASMO as an ongoing business.

Except as otherwise discussed in this Offer Document, Amerada Hess has no present plans or proposals that would result in any extraordinary corporate transaction, such as an acquisition, reorganization, liquidation involving LASMO or any of its subsidiaries, or purchase, sale or transfer of a material amount of assets of LASMO or any of its subsidiaries or in any other material changes to LASMO's capitalisation, dividend policy, corporate structure, business or composition of the board of directors of LASMO or the management of LASMO, except that Amerada Hess intends to review the composition of the boards of directors (or similar governing bodies) of LASMO and its subsidiaries and to cause the election to such boards of directors (or similar governing bodies) and appointment to executive management of certain of its representatives.

6. MATERIAL CONTRACTS

- (a) The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Amerada Hess Group in the period since 6 November 1998 (the date two years prior to the commencement of the Offer Period) and are or may be material:
- (i) An agreement between Amerada Hess and LASMO dated 6 November 2000 as an inducement to Amerada Hess to make the Offer. Under this agreement, LASMO has agreed not to solicit a takeover offer from any third party and to pay L24 million to Amerada Hess if, inter alia, the Offer lapses or is withdrawn following an announcement, made during the Offer Period, of any proposal involving a change of control of LASMO by a third party or any acquisition or disposal of assets with a value in excess of L100 million which, in either case, is completed at any time in 2001 or if, while the Offer remains open, the directors of LASMO cease to recommend it or qualify their recommendation or LASMO takes action which will prevent a condition to the Offer from being fulfilled in a material way. LASMO has also agreed with Amerada Hess that during the Offer it will not grant any further subscription rights in respect of new LASMO Shares and will not allot or issue new LASMO Shares, except insofar as required under previously granted options or other rights to acquire LASMO Shares which cannot be satisfied by the payment of cash or the transfer of existing issued shares.

The agreement also contains certain confirmations from LASMO to Amerada Hess regarding the ownership of Methodplan, the number of Methodplan Shares and the ability to use Methodplan Shares to satisfy the exercise of share options granted to employees of the LASMO Group under certain LASMO Share Option Schemes. LASMO agrees to procure that Methodplan will not sell or otherwise dispose of (including pursuant to the Offer) or otherwise encumber any Methodplan Shares or acquire any further LASMO Shares. LASMO agrees to procure that Methodplan will accept the Offer in respect of such shares as Amerada Hess may direct no later than 5 business days after the date of this document. The agreement also contains details regarding how the exercise of share options under the LASMO Share Option Schemes and entitlements arising under the LASMO Equity Plan are to be satisfied.

LASMO provides certain confirmations to Amerada Hess regarding the share capital of LASMO and the rights of holders under the various LASMO Share Option Schemes and the LASMO Equity Plan. LASMO agrees to procure that, during the Offer Period, no further

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awards or grants of options will be made under the LASMO Share Option Schemes or the LASMO Equity Plan and that LASMO will not allot or issue any further share capital except as required by the LASMO Share Option Schemes. LASMO also agrees not to grant any additional remuneration or benefits to any of its senior executives.

A copy of the inducement agreement is filed as an exhibit to the Registration Statement of which this Offer Document constitutes a part.

- (ii) Under the terms of a letter dated 5 November 2000 from Amerada Hess to LASMO, Amerada Hess has agreed to the following arrangements in relation to employees including directors of LASMO.

Amerada Hess has confirmed that it will operate the existing LASMO Early Retirement Policy and the LASMO Severance Policy, with its attendant benefit continuation provisions, in accordance with their current terms and discretions on any termination by the Company of a current LASMO employee (other than for cause) within 12 months of the date on which the Offer becomes or is declared unconditional in all respects. Amerada Hess will honour all contractual notice provisions and will not seek to mitigate cash settlement payments due to LASMO staff in respect of any contractual notice period.

Amerada Hess has agreed to LASMO introducing a retention bonus of 25 per cent. of basic salary payable to all UK based and expatriate employees of LASMO (excluding certain senior executives) for a period commencing on 6 November 2000 and ending on the date on which the Offer becomes or is declared unconditional in all respects.

LASMO has agreed that the LASMO Remuneration Committee will review and calculate the awards under the LASMO Equity Plan. Amerada Hess will accept and implement the decisions of the LASMO Remuneration Committee providing those decisions do not involve an annualisation calculation in the overall determination of awards.

- (iii) Under the terms of a letter agreement dated 1 June 2000 between LASMO and Amerada Hess, Amerada Hess has agreed on behalf of itself and its advisers that it and they will keep secret and confidential any confidential information that LASMO provides to any of them in connection with the Offer. Amerada Hess has also agreed that it will return all records of confidential information that are capable of being returned and will destroy all records of confidential information which cannot be returned.

Amerada Hess has also agreed that neither it nor any companies under its control, associates, concert parties, professional advisers or directors will acquire any shares, or rights over shares, in LASMO without LASMO's consent for a period of nine months from the date of the agreement unless a third party makes an offer for LASMO.

- (iv) The directors of LASMO, being Joseph Darby, Thierry Hughes Baudouin Jean-Baptiste de Rudder, Paul Colbeck Murray, Roy Gregory Reynolds, Nigel Victor Turnbull, Timothy Pienne Brennand, Hugh Edward Norton and Antony Peverell Hichens, have given irrevocable undertakings to Amerada Hess and Goldman Sachs (the "DIRECTOR UNDERTAKINGS") pursuant to which each of the directors of LASMO has undertaken to Amerada Hess that they will accept the Offer. Each director has also agreed that, until the date on which the Offer ceases to be open for acceptances, each director will exercise the voting rights attached to his LASMO Shares (representing an aggregate of approximately 0.1 per cent. of the LASMO Shares) in connection with certain resolutions relating to the Offer only in accordance with Amerada Hess' directions. Each director has also undertaken to use his best efforts to procure that LASMO and the LASMO board of directors provide all reasonable assistance to Amerada Hess in connection with the Offer.

The terms of the Director Undertakings are the same in all material respects except for the amount of LASMO Shares involved and, in certain instances, the directors have undertaken in respect of not only existing LASMO Shares but LASMO Shares that will be derived from certain option plans. Joseph Darby owns 119,458 LASMO Shares and is entitled to receive 300,869 LASMO Shares pursuant to option plans. Thierry Hughes Baudouin Jean-Baptiste de Rudder owns a total of 18,275 LASMO Shares. Paul Colbeck Murray owns a total of 65,300 LASMO Shares and is entitled to receive 141,039 LASMO Shares pursuant to option plans. Roy Gregory Reynolds owns a total of 16,465 LASMO Shares. Nigel Victor Turnbull

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owns a total of 32,442 LASMO Shares. Timothy Pienne Brennand owns a total of 16,807 LASMO Shares. Hugh Edward Norton owns a total of 12,442 LASMO Shares. Finally, Antony Peverell Hichens owns a total of 43,122 LASMO Shares. The Director Undertakings have been filed as exhibits to the Registration Statement of which this Offer Document constitutes a part and are incorporated herein by reference.

- (v) Two of LASMO's principal shareholders, Electrafina S.A. and Schroder Investment Management Limited, have each given undertakings (the "IRREVOCABLE UNDERTAKINGS") to Amerada Hess and Goldman Sachs pursuant to which Electrafina S.A. and Schroder Investment Management Limited have undertaken to Amerada Hess that they will accept the Offer insofar as the relevant clients have not withdrawn or altered their mandate (in a manner inconsistent with acceptance) at the time required for acceptance. Electrafina S.A. and Schroder Investment Management Limited have also agreed that, until the date on which the Offer ceases to be open for acceptance, Electrafina S.A. and Schroder Investment Management Limited will exercise the voting rights attached to their LASMO Shares (such voting rights representing 7.3 per cent. of the entire issued capital in the case of Electrafina S.A. and 12.8 per cent. of the entire issued capital in the case of Schroder Investment Management Limited) in connection with certain resolutions relating to the Offer only in accordance with Amerada Hess' directions.

Electrafina S.A.'s and Schroder Investment Management Limited's obligations to accept the Offer will lapse in the event of the announcement of an offer by a third party for the fully diluted LASMO Shares which is more than one hundred and ten per cent (110 per cent.) of the lower of (a) 180p and (b) the Offer as at the close of trading on the NYSE trading day immediately preceding such announcement (translating the value of new Amerada Hess Shares from U.S. dollars to sterling at the exchange rate prevailing at the time).

The terms of the Irrevocable Undertakings with Electrafina S.A. and Schroder Investment Management Limited are the same in all material respects except that the Irrevocable Undertaking with Electrafina S.A. involves 98,336,161 LASMO Shares and the Irrevocable Undertaking with Schroder Investment Management Limited involves 171,616,233 LASMO Shares. The irrevocable undertakings have been filed as exhibits to the Registration Statement of which this Offer Document constitutes a part and are incorporated by reference herein.

- (b) The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the LASMO Group since 6 November 1998 (the date two years prior to the commencement of the Offer Period) and are or may be material:
- (i) an agreement between Amerada Hess and LASMO dated 6 November 2000 as an inducement to Amerada Hess to make the Offer and relating to the Methodplan Shares and the LASMO Share Option Schemes as referred to in paragraph 6(a)(i) above; and
- (ii) an agreement between Amerada Hess and LASMO dated 5 November 2000 relating to certain employee arrangements as referred to in paragraph 6(a)(ii) above.

7. FINANCING ARRANGEMENTS

It is estimated that full acceptance of the Offer (assuming no LASMO Shareholder elects for the Loan Note Alternative) would require the payment by Amerada Hess,

under the terms of the Offer, of a maximum cash amount of approximately L1.7 billion. The funds required to make payment under the Offer will be provided by Amerada Hess in accordance with the following arrangements.

Amerada Hess has entered into two loan agreements (the "CREDIT AGREEMENTS"), dated 6 November 2000, amended and restated as 14 November 2000, to obtain funds through two unsecured revolving loan facilities ("CREDIT FACILITY A" and "CREDIT FACILITY B," hereinafter referred to as the "CREDIT FACILITIES"), to be provided by the Lenders party to the Credit Agreements and Goldman Sachs Credit Partners L.P. as joint book runner, joint lead arranger and sole syndication agent, Chase Securities, Inc. as joint book runner and joint lead arranger and The Chase Manhattan Bank, N.A., as administrative agent. The total committed funds made available under the Credit Facilities is \$3,000,000,000. Prior to, or contemporaneously with, borrowing under the Credit Facilities, Amerada Hess shall have received acceptances for or acquired and/or agreed to acquire, whether pursuant to the Offer or otherwise, LASMO Shares (including in ADS form) carrying in aggregate at least 75% of each class of the voting shares of LASMO. Amerada Hess may elect borrowings that will bear interest at a rate determined by

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reference to the prime rate of a bank to be designated by Amerada Hess or at a rate determined by reference to LIBOR. There is also a competitive bid loan option which could result in other interest rates. The Credit Facilities shall terminate on the earlier to occur of (i) in the case of Credit Facility A, 5 November 2001, and, in the case of Credit Facility B, 6 November 2005, (ii) the date on which the Offer lapses (having not been declared unconditional in all respects), is withdrawn, or is referred to specified European Competition Authorities or (iii) certain specified dates if the documentation relating to the Offer has not been mailed prior to such date. There are currently no alternative financing arrangements in the event the Credit Facilities become unavailable. Amerada Hess has not concluded arrangements to finance or repay the Credit Facilities but will repay the Credit Facilities in accordance with the terms of the Credit Agreements. Following completion of the compulsory acquisition procedures, Amerada Hess may utilise a portion of LASMO's cash flow to repay indebtedness, including interest, incurred under the Credit Facilities. The Credit Agreements have been filed as exhibits to the Registration Statement of which this document constitutes a part and are incorporated by reference herein.

Goldman Sachs has indicated that it is satisfied that sufficient resources are available to Amerada Hess to satisfy full acceptance of the Offer.

8. SERVICE AGREEMENTS AND COMPENSATION OF THE DIRECTORS OF LASMO

The following are details of the service agreements of the directors of LASMO which have more than 12 months to run from the date of this document:

Services of Joseph Darby

Mr. Darby is employed as Chief Executive of LASMO under a service agreement with LASMO dated 1 July 1999.

The period of notice required to be given by the Company to terminate Mr. Darby's employment was two years prior to 1 September 1999. Since that date the period has been reducing by one month for every two months' service. After 30 June, 2001 the period will be 12 months and will not further reduce. Mr. Darby's employment may also be terminated by six months' written notice from Mr. Darby.

His annual salary was increased to L385,000 per annum (from L360,000) with effect from 1 April 2000.

Services of Paul Murray

Mr. Murray is employed as Group Finance Director of LASMO under a service agreement with LASMO dated 1 July 1999.

The period of notice required to be given by the Company to terminate Mr. Murray's employment was two years prior to 1 September 1999. Since that date the period has been reducing by one month for every two months' service. After 30 June, 2001 the period will be 12 months and will not further reduce. Mr. Murray's employment may also be terminated by six months' written notice from Mr. Murray.

His annual salary was increased to L244,000 per annum (from L228,000) with effect from 1 April 2000.

Mr. Darby, Mr. Murray and Mr. O'Brien are also entitled to a company car or to receive a cash allowance in lieu of a car and to full membership of LASMO's private health insurance scheme, which also covers their wives and any dependent children.

Services of Antony Hichens

Mr. Hichens is engaged as Chairman of LASMO under an agreement with LASMO dated 5 May 2000. Under the terms of the agreement, the engagement of Mr. Hichens may be terminated by the Company or Mr. Hichens giving not less than 12 months' written notice.

Mr. Hichens receives fees of L200,000 per annum.

Save as disclosed in this paragraph 8, there are no service contracts between any director of LASMO and LASMO or any subsidiary of LASMO having more than 12 months to run and no such contract has been entered into or amended or replaced within 6 months preceding the date of this document.

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EQUITY PLAN

Mr. Darby, Mr. Murray and Mr. O'Brien participate, together with a restricted population of the Company's most senior executives, in the Equity Plan. Mr. Darby, Mr. Murray and Mr. O'Brien are entitled to acquire (for no consideration) a number of LASMO Shares allocated to them under the Equity Plan. The allocation has been based on a percentage of salary and calculated by reference to share price.

Subject to the satisfaction of two performance targets, the actual number of LASMO Shares (if any) which may be released to each participant in respect of any Equity Plan year is determined after the end of the three year performance period. The performance targets operate as follows: first, the number of LASMO Shares notionally allocated to a participant will be adjusted so that, on a sliding scale, 100 per cent. is carried forward if there is an increase in the LASMO share price of 2.5 per cent. per annum over the percentage increase in the Retail Prices Index (All items) over the performance period, with a further 100 per cent. for each additional 5 per cent. per annum increase over the percentage increase in the Retail Prices Index (All items). The increased number is then adjusted by a multiple which is determined by comparing the total shareholder return of LASMO over the performance period (change in share price plus re-invested dividends) relative to the total shareholder return of a comparator group of 11 international oil and gas exploration and production companies (the "Comparator Group") of LASMO over the performance period to LASMO ordinary shareholders against the Comparator Group.

On a change of control of LASMO the performance period under the Plan is deemed to end on the date of change of control or such other date as the Remuneration Committee may decide. The calculation of entitlements under the Plan will be based upon share price growth and relative performance against the peer group up to the date of the change of control. Although individual entitlements, can only be determined once that date is known, the Remuneration Committee's estimates of the likely entitlements of Mr. Darby, Mr. Murray and Mr. O'Brien under the Plan (which it is proposed to satisfy in cash, in accordance with the Rules of the Plan) are -- , -- and -- LASMO Shares respectively.

ANNUAL BONUS

Mr. Darby, Mr. Murray and Mr. O'Brien are eligible to receive a bonus under the annual bonus scheme, which rewards the achievement of challenging targets set in advance and related to the short term performance of the business and personal objectives. Targets are set through the annual performance appraisal process and include achievement of quantifiable performance elements. A maximum bonus of 60 per cent. of base salary may be paid where exceptional performance is achieved. All annual bonus payments are non-pensionable.

SHARE OPTION SCHEMES

Options over ordinary shares in the Company have been granted to Mr. Darby, Mr. Murray and Mr. O'Brien under the LASMO Share Option Scheme, formerly known as the LASMO 1984 Executive Share Option Scheme (the "LASMO SCHEME") and the LASMO International Share Option Scheme, formerly known as the LASMO International Executive Share Option Scheme (the "INTERNATIONAL SCHEME"). Such options are normally exercisable between three and ten years after grant. The LASMO Scheme is an Inland Revenue approved scheme. The International Scheme is unapproved, with UK and overseas executives eligible to participate. Options may be granted at not less than the market value of an ordinary share of the Company on the date of grant. The aggregate price payable by a participant on the exercise of all options under the LASMO Scheme, the International Scheme and the closed LASMO Executive Share Option Scheme established in 1980 (the "1980 SCHEME"), in any ten year period, may not exceed four times such participant's annual earnings. The Company's policy has been that, whilst higher awards may be given to reward exceptional individual performance, the grant of options to an individual at any one time should not normally exceed an amount equivalent to 40 per cent. of that individual's annual earnings.

The exercise of options granted under the LASMO Scheme and the International Scheme since April 1995, has been subject to the achievement of specified total shareholder targets relative to the total shareholder return of a group of comparator companies.

The performance target need not be satisfied where options are exercised following a change of control in LASMO (as defined under the rules of the relevant plan).

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No options have been granted under the LASMO Share Option Schemes to Mr. Darby and Mr. Murray since 1995 because they are eligible to participate in the LASMO Equity Plan.

SAYE SHARE OPTION SCHEME

Mr. Darby, Mr. Murray and Mr. O'Brien are participants in the SAYE Share Option Scheme and are invited to save up to L250 a month for three or five years to acquire LASMO Shares at not less than 80 per cent. of the mid-market price of a LASMO Share on the business day preceding the invitation date.

9. BACKGROUND TO THE OFFER

On 26 January 2000, John B. Hess, Chairman of the Board and Chief Executive Officer of Amerada Hess, and W. S. H. Laidlaw, President and Chief Operating Officer of Amerada Hess, met with Rudolph Agnew, then Chairman of LASMO and Joseph Darby, Chief Executive Officer of LASMO, to discuss the possible sale of part of LASMO's interest in the Dacion project in Venezuela and LASMO's properties in Algeria. During this meeting, the issue of possible broader combinations, including the sale of all the share capital of LASMO to Amerada Hess, was raised in general terms without being pursued further. This meeting followed an earlier meeting on 22 December 1999 between Mr. Laidlaw and Mr. Darby to discuss LASMO's Venezuelan and Algerian assets, during which Mr. Laidlaw and Mr. Darby agreed that it would be appropriate for their respective Chairmen, Mr. Hess and Mr. Agnew, to meet to discuss possibilities for the two companies to work together.

During the period from February to April 2000, Amerada Hess personnel visited LASMO data rooms and attended presentations relating to LASMO's Venezuelan and Algerian assets. On 30 April 2000, Messrs. Hess and Laidlaw met again with Messrs. Agnew and Darby. At this meeting, Amerada Hess made an indicative offer for 50 per cent. of the Dacion asset and also discussed generally the possibility of a broader combination of the two companies. The representatives of LASMO indicated support for a broader combination in concept but noted that Mr. Agnew was retiring.

On 21 May 2000, Messrs. Hess and Laidlaw met with LASMO's new Chairman, Antony Hichens. Mr. Hichens indicated that the Dacion offer was not acceptable but expressed interest in a combination of the two companies. He agreed to limited due diligence for the purpose of permitting Amerada Hess to formulate a bid. On 30 May 2000, Amerada Hess signed a confidentiality agreement which included a standstill agreement not to pursue an unsolicited bid for LASMO through 1 December 2000 (subsequently extended to 1 March 2001). Soon thereafter, Amerada Hess personnel met with LASMO personnel to conduct limited due diligence.

On 6 June 2000, Amerada Hess received a letter from Schroder Salomon Smith Barney, financial advisor for LASMO, outlining the terms that LASMO would expect to be addressed in a formal offer for LASMO. On 20 June 2000 Mr. Hess met with Mr. Hichens in London and submitted an offer for the acquisition by Amerada Hess of the outstanding capital stock of LASMO for approximately 2/3 cash and 1/3 Amerada Hess common stock. Mr. Hichens declined the offer on the grounds of insufficient price.

On 28 June 2000, Mr. Hess telephoned Mr. Hichens and offered an increased price, with the same percentage combination of cash and stock. Mr. Hichens responded with a counter proposal which Amerada Hess deemed unacceptable as it would have effectively increased the per share purchase price by a substantial amount.

On 5 July 2000, Mr. Hess received a letter from Mr. Hichens restating the price he would accept, which in Amerada Hess' view did not indicate any movement. On 7 July 2000, Mr. Hess made a final offer. On 12 July 2000 Mr. Hichens rejected a final bid and discussions for the purchase of LASMO ended. However, each chairman left open the possibility of continuing to explore the possibility of Amerada Hess acquiring an interest in Dacion.

Throughout late July and August 2000, discussions continued concerning the acquisition by Amerada Hess of a 50 per cent. interest in Dacion. Amerada Hess' first offer, made on 10 August 2000 was rejected by LASMO. Amerada Hess subsequently revised that offer to increase its bid, but on 29 September 2000, Mr. Darby telephoned Mr. Laidlaw to say that the Dacion offer was unlikely to be acceptable to the LASMO Board and that the LASMO Board was considering its strategic alternatives. On 9 October, Mr. Darby confirmed to Mr. Laidlaw that Amerada Hess' bid for the Dacion interest was not likely to be acceptable to LASMO's Board. On 10 October, Mr. Hess telephoned Mr. Hichens to

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express his continuing hope that Amerada Hess' bid for the Dacion interest would be accepted and his view that this joint venture would be the basis for the two companies to work together.

On a telephone call on 12 October 2000, Mr. Hess and Mr. Hichens agreed to re-open discussions on the acquisition of LASMO. Mr. Hess requested that Mr. Hichens make a clear statement of LASMO's position which had the full support of the LASMO Board. On 19 October 2000, Mr. Hichens, in a telephone call to Mr. Hess, outlined a proposal which he stated the LASMO Board would find acceptable for the purchase by Amerada Hess of all the outstanding shares of LASMO, including a cash component and a share component based on a fixed exchange ratio. Mr. Hess indicated that he would study the proposal and review it with the Amerada Hess Board.

Following this call, Amerada Hess formulated a new bid. Amerada Hess' management concluded that due principally to favourable movements in the dollar/sterling exchange rate and increases in crude prices since 12 July 2000, the date at which negotiations had previously ended, Amerada Hess was in a position to increase its bid. Management concluded that it could further reduce the risk of the higher bid price by hedging the foreign currency exchange exposure and could hedge the risk to future cash flows by selling forward a substantial portion of LASMO's anticipated crude oil production for 2001 at the current favourable market prices.

Amerada Hess management reviewed the revised bid with its Board on 25 October 2000, and the Amerada Hess Board authorised Mr. Hess to make the proposal to LASMO. On 26 October 2000, Mr. Hess presented a revised bid to Mr. Hichens of 180 pence per share, with a fixed exchange ratio of 1 share of Amerada Hess stock for every 78.7 shares of LASMO stock using an Amerada Hess share closing price on the date immediately preceding announcement, with the remainder of the consideration to be paid in cash. Mr. Hess noted that the bid was subject to final confirmatory due diligence. Mr. Hichens indicated that he approved the revised bid and would recommend the offer to his Board. On 27 October 2000, Mr. Darby notified Mr. Hess that the LASMO Board had unanimously approved the offer, subject to satisfactory negotiation of final documentation.

Commencing the week of 30 October 2000, Amerada Hess conducted final due diligence and, in consultation with LASMO, finalised documentation in preparation for the Announcement on 6 November 2000. The transaction was given final approval by the Amerada Hess Board on 5 November 2000. A committee of the

LASMO Board gave final approval to the Offer on 5 November 2000, having been duly authorized to do so by the full Board.

10. RIGHTS ATTACHING TO NEW AMERADA HESS SHARES TO BE ISSUED AS CONSIDERATION UNDER THE OFFER

The new Amerada Hess Shares will rank pari passu in all respects with existing Amerada Hess common stock, including the right to any dividends and other distributions declared, paid or made by reference to a record date after the date on which they are issued. For the avoidance of doubt, LASMO Securityholders will not be entitled to the dividend of Amerada Hess expected to be declared in December 2000 and paid on or about 3 January 2001.

The new Amerada Hess Shares will be delivered in accordance with the terms of the Offer and will be fully paid and free from all liens, equities, charges, equitable interests, encumbrances and other interests (other than those created by a LASMO Securityholder) and together with all rights now or hereafter attaching thereto.

The sterling value of any investment in Amerada Hess Shares and any dividend income from that investment (payable in US dollars and subject to US withholding tax) will be affected by the dollar to sterling exchange rate from time to time.

The new Amerada Hess Shares are expected to be authorised for listing, subject to official notice of issuance, on the NYSE, but they will not be listed or traded on the London Stock Exchange or any other stock exchange.

11. COMPULSORY ACQUISITION

If, within four months after the date of this document, as a result of the Offer or otherwise, Amerada Hess acquires or contracts to acquire LASMO Securities representing at least 90 per cent. in nominal value of LASMO Shares (including LASMO Shares represented by LASMO ADSs) to which the Offer relates, then:

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- (i) Amerada Hess will be entitled and intends to effect the compulsory acquisition procedures provided for in sections 428 to 430F of the Companies Act (set out in Appendix VIII to this document) to compel the purchase of any outstanding LASMO Securities on the same terms as provided in the Offer in accordance with the relevant procedures and time limits described in the Companies Act; and
- (ii) a holder of LASMO Securities may require Amerada Hess to purchase his LASMO Securities on the same terms as provided in the Offer in accordance with the relevant procedures and time limits described in section 430A of the Companies Act.

If, for any reason, the above mentioned compulsory acquisition procedures are not invoked, Amerada Hess will evaluate other alternatives to obtain the remaining LASMO Securities not purchased pursuant to the Offer or otherwise. Such alternatives could include acquiring additional LASMO Securities in the open market, in privately negotiated transactions, through another offer to purchase, by means of a scheme of arrangement under the Companies Act or otherwise. Any such additional acquisitions could be for a consideration greater or less than, or equal to, the consideration for LASMO Securities under the Offer. However, under the City Code, except with the consent of the Panel, Amerada Hess may not acquire any LASMO Securities on better terms than those of the Offer within six months of termination of the Offer if Amerada Hess, together with any persons acting in concert with it (as defined by the City Code), holds shares carrying more than 50 per cent. of the voting rights normally exercisable at general meetings of LASMO.

Holders of LASMO Securities do not have appraisal rights as a result of the Offer. However, in the event that the compulsory acquisition procedures referred to above are available to Amerada Hess, holders of LASMO Securities whose LASMO Securities have not been purchased pursuant to the Offer will have certain rights to object under section 430C of the Companies Act.

12. REGULATORY APPROVALS

- (A) UK MERGER CONTROL

Under the City Code, it is a mandatory term of a UK public offer that the offer will lapse if the Secretary of State for Trade and Industry ("SECRETARY OF STATE") should refer the offer to the Competition Commission prior to consummation of the offer. While notification to the Office of Fair Trading ("OFT") is voluntary, the OFT may, of its own accord, initiate a review into a transaction where it considers that the transaction will qualify for investigation within the meaning of the Fair Trading Act 1973 ("FTA"). Such a review may be initiated at any time up to four months following public announcement of a completed transaction.

As the Offer gives rise to a merger situation qualifying for investigation within the meaning of the FTA, the Offer has been made conditional on it being indicated, on terms satisfactory to Amerada Hess, that the Secretary of State does not intend to refer the Offer to the Competition Commission.

Amerada Hess submitted a statutory merger notice to the OFT on 23 November 2000. The OFT has an initial period of 20 working days, which began on 24 November 2000, in which to review the transaction following which the Secretary of State will issue his decision as to whether to refer the Offer for investigation by the Competition Commission. This period is due to expire at midnight on 21 December 2000. The OFT is entitled, however, to extend this initial review period by a further 15 working days, in which case the review period would expire at midnight on 19 January 2001. If, following the expiry of the relevant period, no decision has been taken to refer the Offer to the Competition Commission, the Offer will be deemed to have been cleared. In the event that the Offer is referred to the Competition Commission, the Offer will lapse.

During the initial review period, the OFT may request further information on the notified transaction, and will seek comments from third parties. The OFT will also announce its review of the Offer on the London Stock Exchange's Regulatory News Service and invite comments from third parties within a specified period. The OFT may contact major customers and competitors of the parties. Should the OFT conclude that the Offer gives rise to substantive competition or other public interest concerns, it will also seek the views of the Mergers Panel, a non-statutory body on which all interested governmental departments are represented. In any event, the OFT will, following its initial review of the Offer, submit a written recommendation to the Secretary of State. The Secretary of State, who is not obliged to follow the recommendation of the OFT, will then issue his decision as to whether the Offer will be referred for an in-depth investigation by the Competition Commission.

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While Amerada Hess does not consider that the Offer will give rise to any substantive competition issues, there can be no assurance that the Offer will not be referred to the Competition Commission.

(B) US ANTITRUST

Under the HSR Act and the rules that have been promulgated thereunder by the Federal Trade Commission ("FTC"), certain mergers and acquisitions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the "Antitrust Division") and the FTC and certain waiting period requirements have been satisfied. The acquisition of the LASMO Securities by Amerada Hess pursuant to the Offer is subject to the HSR Act requirements.

Under the provisions of the HSR Act applicable to the purchase of the LASMO Securities pursuant to the Offer, such purchase may not be made until the expiration of a thirty calendar day waiting period following the required filing of a Notification and Report Form under the HSR Act by Amerada Hess submitted on 1 December 2000. Accordingly, the waiting period under the HSR Act will expire at 11:59 PM, New York City time, on 31 December 2000 the thirtieth calendar day following filing of the Notification and Report Form by Amerada Hess unless early termination of the waiting period is granted or Amerada Hess receives a request for additional information or documentary material prior thereto. If either the FTC or the Antitrust Division were to request additional information or documentary material from Amerada Hess prior to the expiration of the thirty day waiting period, the waiting period would be extended and would expire at 11:59 PM, New York City time, on the twentieth calendar day after the date of substantial compliance by Amerada Hess with such request. Thereafter, the waiting

period could be extended only by court order or by consent of Amerada Hess. If the acquisition of the LASMO Securities is delayed pursuant to a request by the FTC or the Antitrust Division for additional information or documentary material pursuant to the HSR Act, the purchase of and payment for the LASMO Securities pursuant to the Offer will be deferred until twenty days after the request is substantially complied with unless the waiting period is terminated sooner by the FTC or the Antitrust Division (and assuming all of the other Offer conditions have been satisfied or waived). Only one extension of such waiting period pursuant to a request for additional information or documentary material is authorized by the rules promulgated under the HSR Act, except by court order or by consent. Although LASMO is required to file certain information and documentary material with the Antitrust Division and the FTC in connection with the Offer, neither LASMO's failure to make such filings nor a request to LASMO from the Antitrust Division or the FTC for additional information or documentary material will extend the waiting period. However, if the Antitrust Division or the FTC raises substantive issues in connection with a proposed transaction, the parties frequently engage in negotiations with the relevant governmental agency concerning possible means of addressing these issues and may agree to delay consummation of the transaction while such negotiations continue.

The Antitrust Division and the FTC frequently scrutinize the legality under the antitrust laws of transactions such as the proposed acquisition of the LASMO securities by Amerada Hess pursuant to the Offer. At any time before or after Amerada Hess' purchase of the LASMO Securities, either the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the acquisition of the LASMO securities pursuant to the Offer or seeking divestiture of the LASMO Securities acquired by Amerada Hess or divestiture of substantial assets of Amerada Hess, LASMO or any of their respective subsidiaries. State attorneys general may also bring legal action under the antitrust laws, and private parties may bring such action under certain circumstances. Amerada Hess believes that the acquisition of the LASMO Securities by Amerada Hess will not violate the antitrust laws. Nevertheless, there can be no assurance that a challenge to the Offer on antitrust grounds will not be made or, if a challenge is made, what the result will be. See Appendix I for certain conditions to the Offer, including conditions with respect to litigation and certain governmental actions.

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13. CERTAIN CONSEQUENCES OF THE OFFER

(A) MARKET EFFECT

The past performance of the price of LASMO Shares and LASMO ADSs is no guide to the future performance of LASMO Securities.

The purchase of LASMO Securities pursuant to the Offer will reduce the number of holders of LASMO Securities and the number of LASMO Securities that might otherwise trade publicly and, depending upon the number of LASMO Securities so purchased, could adversely affect the liquidity and market value of the remaining LASMO Securities held by the public. In addition, when the Offer becomes or is declared unconditional in all respects, Amerada Hess intends to procure the making of an application by LASMO for the removal of LASMO Shares from the Official List of the UK Listing Authority and for the cancellation of trading in LASMO Shares on the London Stock Exchange's market for listed securities and also for the de-listing of LASMO ADSs and LASMO Shares (the LASMO Shares do not trade on the NYSE and are listed on the NYSE only in connection with the ADS program) from the NYSE. It is anticipated that cancellation of listing from the Official List and cancellation of trading on the London Stock Exchange will take effect no earlier than 20 business days after the Offer becomes or is declared unconditional in all respects. While it is anticipated that cancellation of both listings will take place at the same time, cancellation of the listing of the LASMO ADSs and LASMO Shares on the NYSE could take effect earlier than cancellation of the listing of the LASMO Shares on the London Stock Exchange. Amerada Hess also intends that LASMO should terminate the LASMO ADR facility in accordance with the deposit agreement relating thereto and terminate the registration of the LASMO ADSs and LASMO Shares under the Exchange Act.

The value of all investments and the outcome from them can fall as well as rise and not all the amount invested may be realised. LASMO Securityholders accepting the Offer and electing to receive consideration in US dollars should be aware that they will be exposed to foreign currency risk.

(B) PUBLIC AVAILABILITY OF INFORMATION

In the event that LASMO Shares continue to be listed on the London Stock Exchange following the Offer becoming or being declared unconditional, holders of LASMO Shares who have not accepted the Offer will continue to receive the same financial and other information from LASMO that LASMO is presently required by the rules of the London Stock Exchange to send to such holders. If LASMO Shares are no longer listed on the London Stock Exchange following the Offer, LASMO would no longer be required by those rules to make publicly available such financial and other information.

The LASMO ADSs and the LASMO Shares (not for trading but in support of the LASMO ADSs) are currently registered under the Exchange Act. Registration of such LASMO ADSs and LASMO Shares may be terminated upon application of LASMO to the SEC if LASMO ADSs are neither listed on a national securities exchange nor held by 300 or more beneficial owners in the US. Termination of registration of LASMO ADSs and LASMO Shares under the Exchange Act would substantially reduce the information required to be furnished by LASMO to holders of LASMO ADSs and to the SEC and would make certain provisions of the Exchange Act, such as the requirements of Rule 13e-3 thereunder with respect to "going private" transactions, no longer applicable to LASMO. Furthermore, "affiliates" of LASMO and persons holding "restricted securities" of LASMO may be deprived of the ability to dispose of such securities pursuant to Rule 144 promulgated under the Securities Act. If, as a result of the purchase of LASMO ADSs pursuant to the Offer and prior to completing the compulsory acquisition procedures referred to in paragraph 11 above, LASMO is not required to maintain registration of LASMO ADSs and LASMO Shares under the Exchange Act, Amerada Hess intends to cause LASMO to apply for termination of such registration. If registration of LASMO ADSs and LASMO Shares is not terminated prior to completion of the aforementioned compulsory acquisition procedures, then, following completion of the aforementioned compulsory acquisition procedures, LASMO ADSs will cease trading on the NYSE and the registration of LASMO ADSs and LASMO Shares under the Exchange Act would be terminated.

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(C) MARGIN SECURITIES

LASMO ADSs and LASMO Shares are currently "margin securities" under the regulations of the board of Governors of the US Federal Reserve System, which status has the effect, among other things, of allowing US brokers to extend credit on the collateral of LASMO ADSs and LASMO Shares for purposes of buying, carrying and trading in securities ("PURPOSE LOANS"). Depending on factors such as the number of holders of record LASMO ADSs and LASMO Shares and the number and market value of publicly held LASMO ADSs and LASMO Shares following the purchase of LASMO Securities pursuant to the Offer, it is possible that LASMO ADSs and LASMO Shares would no longer be eligible for listing on the NYSE. As a result, LASMO ADSs and LASMO Shares might no longer constitute margin securities and, therefore, could no longer be used as collateral for Purpose Loans made by US brokers.

14. UNITED KINGDOM TAXATION

The statements below summarise the opinion of Freshfields Bruckhaus Deringer, UK counsel to Amerada Hess, received by the Directors of Amerada Hess in relation to certain aspects of the UK tax treatment and consequences of the Offer for LASMO Shareholders. They are intended only as a general guide to current UK tax law and practice for LASMO Shareholders who are resident or ordinarily resident in the UK for tax purposes, who are the beneficial owners of their LASMO Shares and who hold them as investments. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHO MAY BE SUBJECT TO TAX IN ANY JURISDICTION OUTSIDE THE UK SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER.

(A) UK TAXATION OF CHARGEABLE GAINS ("CGT")

Liability to CGT will depend on the particular circumstances of LASMO

Shareholders and on the form of consideration received.

(i) Cash

An accepting LASMO Shareholder will generally, to the extent that he receives cash under the Offer, be treated as effecting a disposal or part disposal of his LASMO Shares for the purposes of CGT and may, depending on his individual circumstances, incur a liability to CGT. Special rules apply for the purposes of CGT where a holder of LASMO Shares receives cash and new Amerada Hess Shares and/or Loan Notes, and the amount of cash received is "small" compared with the value of his LASMO Shares. For these purposes the receipt of an amount of cash of five per cent. or less of the market value of the LASMO Shares will be treated as "small". The Inland Revenue will also accept that an amount in cash is "small" if it is £3,000 or less, even if it exceeds five per cent. of the market value of the LASMO Shares in respect of which it is received. In such cases there will generally be no disposal or part disposal of the holder's LASMO Shares in respect of the receipt of cash. The amount of the cash received will instead be deducted from the LASMO Shareholder's allowable expenditure in computing a chargeable gain or allowable loss on a subsequent disposal of new Amerada Hess Shares or Loan Notes.

(ii) Receipt of new Amerada Hess Shares and Loan Notes

A LASMO Shareholder not holding (either alone or together with persons connected with him) more than five per cent. of LASMO Shares or any other class of shares in or debentures of LASMO should not, to the extent that he receives new Amerada Hess Shares or Loan Notes under the Offer, be treated as having made a disposal of LASMO Shares for the purposes of taxation of chargeable gains. Any chargeable gain or allowable loss which would otherwise have arisen on a disposal of his LASMO Shares will, in the case of an individual or other non-corporate shareholder, be "rolled-over" into the new Amerada Hess Shares and the Loan Notes, and the new Amerada Hess Shares and the Loan Notes, as the case may be, will be treated as the same asset as his LASMO Shares acquired at the same time and for the same consideration as he acquired his LASMO Shares.

To the extent that such a LASMO Shareholder which is within the charge to corporation tax receives new Amerada Hess Shares, any chargeable gain or allowable loss which would otherwise have arisen on a disposal of its LASMO Shares will be "rolled-over" into the new Amerada Hess Shares and the new Amerada Hess Shares will be treated as the same asset as its LASMO Shares acquired at the same time and for the same consideration as it acquired its LASMO Shares. To the

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extent that it receives Loan Notes, any chargeable gain or allowable loss which would otherwise have arisen on a disposal of its LASMO Shares for a consideration equal to market value at the time of the exchange of the LASMO Shares for Loan Notes will be "held-over" and deemed to accrue on a subsequent disposal (including on redemption or repayment) of the Loan Notes.

Any LASMO Shareholder who holds (either alone or together with persons connected with him) more than five per cent. of LASMO Shares or any other class of shares in, or debentures of, LASMO is advised that an application for clearance will be made to the Inland Revenue under Section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Offer, although receipt of such clearance is not a condition of the Offer. Provided such clearance is given, any such shareholder will be treated in the manner described in the preceding paragraphs.

(iii) Disposal of new Amerada Hess Shares or Loan Notes

A subsequent disposal of new Amerada Hess Shares or of Loan Notes (including on redemption or repayment) may result in a liability to UK taxation of chargeable gains.

For a LASMO Shareholder who is an individual or other non-corporate shareholder, the Loan Notes should not constitute qualifying corporate bonds for the purposes of UK taxation of chargeable gains. Accordingly, any chargeable gain or allowable loss on disposal (including on redemption or repayment) of the Loan Notes should, in the same way as any chargeable gain

or allowable loss on the disposal of new Amerada Hess Shares, be calculated taking into account the allowable original cost to the holder of acquiring the relevant LASMO Shares. Indexation allowance on that cost should be available (when calculating a chargeable gain but not an allowable loss) in respect of the period of ownership of the LASMO Shares up to April 1998. Thereafter, taper relief may be available to reduce the amount of chargeable gain realised on the subsequent disposal. In broad terms it is expected that the allowable original cost of the relevant LASMO Shares will be apportioned to the new Amerada Hess Shares and/or the Loan Notes and/or the cash received, according to their respective market values at the time of the exchange of the LASMO Shares.

For a LASMO Shareholder within the charge to corporation tax, the Loan Notes will be qualifying corporate bonds for the purposes of UK taxation of chargeable gains. Accordingly, no indexation allowance will be available for the period of ownership of the Loan Notes and, except to the extent that any chargeable gain or allowable loss which would otherwise have arisen on the disposal of its LASMO Shares was "held over" and crystallises on the subsequent disposal as described above, no chargeable gain or allowable loss shall arise. For a LASMO Shareholder within the charge to corporation tax, any chargeable gain or allowable loss on the subsequent disposal of new Amerada Hess Shares should be calculated taking into account the original cost to the holder of acquiring the relevant LASMO Shares and (when calculating a chargeable gain but not an allowable loss) indexation allowance on that cost. In broad terms it is expected that the allowable original cost of the relevant LASMO Shares will be apportioned to the new Amerada Hess Shares and/or the Loan Notes and/or the cash received, according to their respective market values at the time of the exchange of the LASMO Shares.

(B) TAXATION OF DIVIDENDS PAID ON NEW AMERADA HESS SHARES

Holders will, in general, be subject to UK income tax or corporation tax on the gross amount of dividends paid on the new Amerada Hess Shares. An individual shareholder will generally be chargeable to income tax on such dividends at the Schedule F ordinary rate (currently 10 per cent.) or, to the extent that his or her income exceeds the threshold for higher rate tax, at the Schedule F upper rate (currently 32.5 per cent.). Credit will be available against income or corporation tax for any United States tax required to be deducted or withheld from the dividends, provided that such credit will not exceed the credit which would have been allowed had all reasonable steps been taken (including any claims which could be made by the holder under the terms of the double taxation agreement between the United States and the United Kingdom) to minimise such United States tax.

In relation to any dividends paid on the new Amerada Hess Shares prior to 1 April 2001, where a person in the United Kingdom in the course of a trade or profession either:

- (i) acts as custodian of the new Amerada Hess Shares and receives such dividends, or directs that such dividends be paid to another person, or consents to such payment; or

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- (ii) collects or secures payment of or receives such dividends for a holder; or
- (iii) otherwise acts for another person in arranging to collect or secure payment of such dividends for such a person;

except by means only of clearing a cheque or arranging for the clearing of a cheque, that person (the "COLLECTING AGENT") is liable to account for income tax at the Schedule F ordinary rate (currently 10 per cent.) on such dividends (subject to giving credit for any United States tax required to be deducted or withheld from the dividends) and is entitled to deduct an amount in respect thereof unless an exemption from such liability is applicable, including, for example, where:

- (i) the person beneficially entitled to the such dividends beneficially owns the new Amerada Hess Shares and is not resident in the United Kingdom; or

- (ii) the dividends arise to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, inter alia, none of the beneficiaries of the trust is resident in the United Kingdom); or
- (iii) the person beneficially entitled to the dividends is eligible for certain relief from tax in respect of the dividends (for example, charities or pension funds).

In the case of each of the above exceptions (I) to (III), conditions imposed by regulations may have to be satisfied for the relevant exception to be available. Where income tax is deducted it will be paid to the Inland Revenue. The tax deducted will be credited against the holder's liability to the UK income tax or corporation tax; in appropriate cases, holders will be liable to a higher rate of income tax in addition to the tax deducted, or will be entitled to a refund where the amount deducted exceeds their liability to UK taxation.

The obligation on persons in the United Kingdom who pay or collect dividends to account for withholding tax in certain circumstances as described above will cease to apply in relation to payments made on or after 1 April 2001.

Persons paying or receiving dividends on or after 6 April 2001 may be required to provide certain information to the Inland Revenue, which could include the name and address of the person beneficially entitled to the dividends.

(C) LASMO SHARE OPTION SCHEMES

Special tax provisions may apply to LASMO Shareholders who acquired their LASMO Shares by exercising options under the LASMO Share Option Schemes, including provisions imposing a charge to income tax.

(D) TAXATION OF INTEREST ON THE LOAN NOTES

Holders will, in general, be subject to UK income tax or corporation tax on interest paid on the Loan Notes. Individual shareholders whose total income does not exceed the threshold for higher rate tax will generally be chargeable to UK income tax on such interest at the lower rate (currently 20 per cent.). Credit will be available against UK income or corporation tax for any United States tax required to be deducted or withheld from the interest, provided that such credit will not exceed the credit which would have been allowed had all reasonable steps been taken (including any claims which could be made by the holder under the terms of the double taxation agreement between the United States and the United Kingdom) to minimise such United States tax.

On a transfer of Loan Notes by an individual, a charge to UK income tax may arise under the "accrued income scheme" in respect of the interest on the Loan Notes which has accrued since the preceding interest payment.

A holder of Loan Notes which is a company within the charge to UK corporation tax in respect of the Loan Notes will generally bring into the charge to tax as income interest on, and any profits and gains arising from, the Loan Notes in each accounting period broadly in accordance with the holder's authorised accounting treatment for this purpose.

Persons paying or receiving interest on or after 6 April 2001 may be required to provide certain information to the Inland Revenue, which could include the name and address of the person beneficially entitled to the interest.

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(E) STAMP DUTY AND STAMP DUTY RESERVE TAX

No stamp duty or stamp duty reserve tax will be payable by LASMO Shareholders in connection with acceptance of the Offer and/or the Loan Note Alternative.

Any instrument effecting the disposition of an Amerada Hess Share might not be admissible in evidence in any court proceedings in the United Kingdom unless duly stamped.

No stamp duty or stamp duty reserve tax should be payable on the issue, transfer or redemption of the Loan Notes.

The above statements are intended only as a general guide to the current position. Special rules, imposing charges to stamp duty and/or stamp duty reserve tax, may apply to the issue or transfer of shares to particular categories of person, in particular to persons whose business is or includes the provision of clearance services or the issuance of depositary receipts, or nominees or agents of such persons.

15. UNITED STATES FEDERAL INCOME TAXATION

In the opinion of White and Case LLP, US counsel to Amerada Hess, the following is a summary of the principal US federal income tax consequences that may be relevant with respect to the exchange of LASMO Shares or LASMO ADSs for Amerada Hess Shares, Loan Notes and/or cash pursuant to the Offer and the ownership and disposition of Amerada Hess Shares, Loan Notes and/or cash acquired under the Offer. For purposes of this summary, a "US holder" is a beneficial owner of LASMO Shares, or LASMO ADSs, as the case may be, that, for US federal income tax purposes, is: (i) a citizen or resident of the United States, (ii) a partnership or corporation created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (iii) an estate the income of which is subject to US federal income taxation regardless of its source or (iv) a trust if such trust validly elects to be treated as a United States person for US federal income tax purposes or if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons have the authority to control all of the substantial decisions of such trust. A "Non-US holder" is a beneficial owner of LASMO Shares, LASMO ADSs, Amerada Hess shares, or Loan Notes, as the case may be, that is not a US holder.

This summary does not contain a comprehensive description of all of the tax consequences of the exchange of LASMO Shares or LASMO ADSs for Amerada Hess Shares, Loan Notes and/or cash pursuant to the Offer and the ownership and disposition of Amerada Hess Shares, Loan Notes and/or cash. In particular, this description applies only to holders who hold LASMO Shares or LASMO ADSs, as the case may be, and will hold Amerada Hess Shares or Loan Notes, as the case may be, as capital assets at all relevant times. This summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, dealers or traders in securities or currencies, tax-exempt entities, persons that will hold Amerada Hess Shares or Loan Notes as part of an "integrated", "hedging" or "conversion" transaction or as a position in a "straddle" for US federal income tax purposes, persons that have a "functional currency" other than the United States dollar or holders that own (or are deemed to own) 10 per cent. or more (by voting power or value) of the stock of LASMO or Amerada Hess. Moreover, except where specifically stated, this summary does not address the US federal estate and gift or alternative minimum tax consequences of the exchange of LASMO Shares or LASMO ADSs for Amerada Hess Shares, Loan Notes and/or cash pursuant to the Offer and the ownership and disposition of Amerada Hess Shares or Loan Notes.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), United States Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this document. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

Each holder of LASMO Shares or LASMO ADSs should consult its own tax advisor with respect to the US federal, state, local and foreign tax consequences of the exchange of LASMO Shares or LASMO ADSs for Amerada Hess Shares, Loan Notes and/or cash pursuant to the Offer and the ownership and disposition of Amerada Hess Shares and Loan Notes.

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(A) CONSEQUENCES OF THE EXCHANGE PURSUANT TO THE OFFER

(i) US Holders

Generally, a US holder will recognize gain or loss upon the receipt of Amerada Hess Shares and cash in exchange for such holder's LASMO Shares

or LASMO ADSs pursuant to the Offer in an amount equal to the difference between (a) the sum of (i) the fair market value of such Amerada Hess Shares received and (ii) the US Dollar value on the date of receipt of the pounds sterling that would have been received and (b) the US holder's adjusted tax basis in the LASMO Shares or LASMO ADSs, as the case may be. It is unclear whether the date of receipt for this purpose is the date that cash is made available by Amerada Hess to the relevant payment agent or the date that cash is received by a US holder. Such gain or loss will be capital gain or loss. In the case of a noncorporate US holder, the maximum marginal US federal income tax rate applicable to such gain will be lower than the maximum marginal US federal income tax rate applicable to ordinary income if such US holder's holding period for such LASMO Shares or LASMO ADSs exceeds one year. Gain or loss, if any, recognized by a US holder generally will be treated as US source income or loss for US foreign tax credit purposes. The deductibility of capital losses is subject to limitations. A US holder's initial tax basis in the Amerada Hess Shares will be the fair market values of such Amerada Hess Shares on the date such Amerada Hess Shares are received.

(ii) Non-US Holders

Subject to the discussion below under "Backup Withholding Tax and Information Reporting Requirements," a Non-US holder generally will not recognize gain or loss upon the receipt of Amerada Hess Shares, Loan Notes and/or cash in exchange for such holder's LASMO Shares or LASMO ADSs pursuant to the Offer unless (i) such gain is effectively connected with the conduct by such Non-US holder of a trade or business in the United States (in which case the branch profits are described under "Distributions" below may also apply if the holder is a foreign corporation) or (ii) in the case of any gain realized by an individual Non-US holder, such holder is present in the United States for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met.

(B) AMERADA HESS SHARES

- (i) DISTRIBUTIONS. The gross amount of any distribution with respect to Amerada Hess Shares, other than a distribution of Amerada Hess Shares made to all shareholders, will be includible in a US holder's ordinary income as dividends to the extent of Amerada Hess' current and accumulated earnings and profits (as determined under US federal income tax principles). Corporate US holders generally will be eligible for the dividends received deduction. The dividends received deduction is subject to certain limitations, though, and the benefit of such deduction may be reduced by the corporate alternative minimum tax. Accordingly, corporate US holders should consult their own tax advisors regarding the availability of, and limitations on, the dividends received deduction. Any distributions in excess of Amerada Hess' current and accumulated earnings and profits will be treated first as a tax-free return of capital to the extent of a US holder's adjusted tax basis and thereafter as capital gain.

Dividends paid to a Non-US holder generally will be subject to withholding of US federal income tax at a rate of 30 per cent. unless such rate is reduced by an applicable US income tax treaty. Currently, dividends paid to an address in a foreign country generally are presumed to be paid to a resident of such country in determining the applicability of a US income tax treaty. However, US Treasury Regulations issued on October 6, 1997, as amended (the "New Treasury Regulations"), would, for dividends paid after December 31, 2000, require a Non-US holder to file certain forms (i.e., IRS Form W-8BEN) to obtain the benefit of any applicable US income tax treaty. Non-US holders are urged to consult their own tax advisors concerning the effect, if any, of the New Treasury Regulations. Further, except as otherwise provided in an applicable US income tax treaty, a Non-US holder will be taxed at ordinary US federal income tax rates (on a net income basis) on dividends that are effectively connected with the conduct of a trade or business by such Non-US holder within the United States, but such dividends (assuming applicable procedural requirements are met) will not be subject to US withholding tax as described above. If such Non-US holder is a foreign corpora-

tion, it may also be subject to a 30 per cent. branch profits tax unless it qualifies for a lower rate under an applicable US income tax treaty.

- (ii) SALE OR EXCHANGE OF AMERADA HESS SHARES. Generally, upon the sale or exchange of Amerada Hess Shares, a US holder will recognize gain or loss equal to the difference between the amount realized on the sale or exchange and its adjusted tax basis in such Amerada Hess Shares. For non-corporate US holders, the maximum US federal income tax rate applicable to such gain will be lower than the maximum US federal income tax rate applicable to ordinary income if such US holder's holding period for such Amerada Hess Shares exceeds one year.

Subject to the discussion below under "Backup Withholding Tax and Information Reporting Requirements," a Non-US holder generally will not be subject to US federal income tax in respect of gain recognized on the sale or exchange of Amerada Hess Shares unless (i) such gain is effectively connected with the conduct by such Non-US holder of a trade or business in the United States (in which case the branch profits tax described under "Distributions" above may also apply if the holder is a foreign corporation), (ii) in the case of any gain realized by an individual Non-US holder, such holder is present in the United States for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met, or (iii) Amerada Hess is or has been a "United States real property holding corporation" for US federal income tax purposes and, in the event that the Amerada Hess Shares are considered to be "regularly traded," the Non-US holder held, directly or indirectly, at any time during the five-year period ending on the date of such sale or exchange more than five per cent. of the Amerada Hess Shares. Amerada Hess believes that it is not currently (and is not likely to become) a United States real property holding corporation. Generally, the rule for stock in a United States real property holding corporation takes precedence over relief provided by US income tax treaties.

- (iii) UNITED STATES FEDERAL ESTATE TAX. Amerada Hess Shares that are owned, or treated as being owned, at the time of death of a Non-US holder who is not a citizen or resident (as defined for US federal estate tax purposes) of the United States will be includable in such holder's gross estate for US federal estate tax purposes, unless an applicable US estate tax treaty provides otherwise.

(C) LOAN NOTES

Subject to the discussion of backup withholding tax below, under current United States federal income and estate tax law:

- (i) payments of principal of, and interest on, any Loan Note to a Non-US holder or foreign fiduciary will not be subject to withholding of US federal income tax; provided that with respect to payments of interest (including original issue discount, if any), the Non-US holder is not (x) a "controlled foreign corporation" (as such term is defined in the Code) which is related to Amerada Hess through stock ownership and (y) a person owning (actually or constructively) securities representing at least 10 per cent. of the total combined outstanding voting power of all classes of voting stock of Amerada Hess;
- (ii) a Non-US holder will not be subject to US federal income or withholding tax on gain recognized on the sale, exchange or redemption of a Loan Note unless (aa) such gain is effectively connected with the conduct by such Non-US holder of a trade or business in the United States (in which case the branch profits tax described under "Distributions" above may also apply if the holder is a foreign corporation), (bb) in the case of any gain realized by an individual Non-US holder, such holder is present in the United States for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met; and
- (iii) a Loan Note will not be subject to United States federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States; provided that at the time of death (aa) such holder did not actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of Amerada Hess and (bb) payments of interest on such Loan Note would not have been effectively connected with the conduct by such holder of a trade or business within

(D) BACKUP WITHHOLDING TAX AND INFORMATION REPORTING REQUIREMENTS

US backup withholding tax and information reporting requirements generally apply to certain payments to certain noncorporate holders of securities. Information reporting generally will apply to payments of: (i) dividends on Amerada Hess Shares, (ii) payments of principal and interest on Loan Notes, and (iii) proceeds from the sale or redemption of Amerada Hess Shares by a payor within the United States to a holder thereof (other than an "exempt recipient," including a corporation, a payee that is not a United States person that provides an appropriate certification and certain other persons). A payor within the United States will be required to withhold 31 per cent. of any payments of the proceeds from the sale or redemption of Amerada Hess Shares or Loan Notes within the United States to a holder (other than an "exempt recipient") if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with such backup withholding tax requirements. However, dividends paid to a Non-US holder outside the United States that are subject to the 30 per cent. or US income tax treaty-reduced rate of withholding tax generally will be exempt from backup withholding tax.

Further, US information reporting and backup withholding tax will not apply to payments on a Loan Note made outside the United States or dividends paid outside the United States to the beneficial owner of a Loan Note or Amerada Hess Shares, as the case may be, that is not a United States person; provided neither Amerada Hess nor the paying agent has actual knowledge that the holder is a United States person for information reporting and backup withholding tax purposes. In addition, information reporting requirements and backup withholding tax will not apply to any payment on a Note or any payment of dividends outside the United States by a foreign office of a foreign custodian, foreign nominee or other foreign agent of the beneficial owner of such Loan Note or Amerada Hess Shares, as the case may be; provided that such custodian, nominee or agent (i) derives less than 50 per cent. of its gross income for certain time periods from the conduct of a trade or business in the United States and (ii) is not a "controlled foreign corporation" for US federal income tax purposes. Payments on a Loan Note or payments of dividends outside the United States to the beneficial owner thereof by a foreign office of any other custodian, nominee or agent will not be subject to backup withholding tax and information reporting unless such custodian, nominee or agent has documentary evidence in its records that the beneficial owner is not a United States person for purposes of such backup withholding tax and information reporting requirements and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payments on a Note or payments of dividends by the United States office of a custodian, nominee or other agent of the beneficial owner of such Loan Note or Amerada Hess Shares, as the case may be, will be subject to information reporting and backup withholding tax unless the beneficial owner certifies its non-United States person status under penalty of perjury or otherwise establishes an exemption.

Information reporting and backup withholding tax will not apply to any payment of the proceeds of a sale of a Loan Note or Amerada Hess Shares, as the case may be, made outside the United States by a foreign office of a foreign "broker;" provided that such broker (i) derives less than 50 per cent. of its gross income for certain time periods from the conduct of a trade or business in the United States and (ii) is not a "controlled foreign corporation" for United States federal income tax purposes. Payments of the proceeds of a sale of a Loan Note or Amerada Hess Shares, as the case may be, effected outside the United States by a foreign office of any other broker will not be subject to backup withholding tax and information reporting unless such broker has documentary evidence in its records that the beneficial owner is not a United States person for purposes of such backup withholding tax and information reporting requirements and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payments of the proceeds of a sale of a Loan Note or Amerada Hess Shares, as the case may be, by the United States office of a custodian, nominee or other agent of the beneficial owner of such Loan Note will be subject to information reporting and backup withholding tax unless the beneficial owner certifies its non-United States person status under penalty of perjury or otherwise establishes an exemption.

The New Regulations would modify certain of the rules discussed above generally with respect to payments on Amerada Hess Shares or Loan Notes made after 31

December 2000. In particular, a payor within the United States will be required to withhold 31 per cent. of any payments of dividends on Amerada Hess Shares, interest on Loan Notes, or proceeds from the sale of Amerada Hess Shares or Loan Notes within the United States to a holder (other than an exempt recipient such as a corporation or a payee that is not a United States person and that provides an appropriate certification) if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. In the case of such payments by a payor or

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middleman within the United States to a foreign simple trust, a foreign grantor trust or a foreign partnership (other than payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that qualifies as a "withholding foreign trust" or a "withholding foreign partnership" within the meaning of such United States Treasury Regulations and payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that are effectively connected with the conduct of a trade or business in the United States), the beneficiaries of the foreign simple trust, the persons treated as the owners of the foreign grantor trust or the partners of the foreign partnership, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from backup withholding tax and information reporting requirements. Moreover, a payor or middleman may rely on a certification provided by a payee that is not a United States person only if such payor or middleman does not have actual knowledge or a reason to know that any information or certification stated in such certificate is incorrect.

16. FEES AND EXPENSES

Except as set forth below, Amerada Hess will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of the LASMO Securities pursuant to the Offer or acceptances of the Offer.

Pursuant to an engagement letter between Amerada Hess and Goldman Sachs, Goldman Sachs has been retained to act as financial advisor to Amerada Hess in connection with its effort to acquire LASMO. Goldman Sachs has agreed to make the Offer on behalf of Amerada Hess outside of the United States. Amerada Hess has agreed to pay Goldman Sachs for its services a financial advisory fee which is contingent, in part, upon the satisfaction of the Acceptance Condition. Amerada Hess has also agreed to pay Goldman Sachs a fee for arranging the Credit Facilities. Amerada Hess has also agreed to reimburse Goldman Sachs for all reasonable out-of-pocket expenses incurred by Goldman Sachs, including the reasonable fees and disbursements of its counsel. In addition, Amerada Hess has agreed to indemnify Goldman Sachs and certain related persons against certain liabilities and expenses.

Amerada Hess has retained Computershare Services PLC as the UK Receiving Agent and as registrars for the Loan Notes. The UK Receiving Agent has not been retained to make solicitations or recommendations in its role as UK Receiving Agent. The UK Receiving Agent and Loan Note registrars will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith.

Amerada Hess has also retained The Bank of New York as the US Depository. The US Depository has not been retained to make solicitations or recommendations in its role as US Depository. The US Depository will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith, including certain liabilities under the United States federal securities laws.

In addition, Amerada Hess has retained D.F. King & Co., Inc. to act as the Information Agent in connection with the Offer. The Information Agent will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith, including certain liabilities under the United States federal securities laws.

Brokers, dealers, commercial banks and trust companies will be reimbursed by Amerada Hess for customary mailing and handling expenses incurred by them in forwarding offering material to their customers.

17. SOURCES OF INFORMATION AND BASIS OF CALCULATION

Save as otherwise set out in this announcement, the following constitute the sources of information and bases of calculation referred to in this document:

- (a) The market value of an Amerada Hess Share is based on the NYSE closing price of \$62 13/16 on 3 November 2000, the last NYSE dealing day prior to the date of the Press Announcement.
- (b) The value of LASMO's issued share capital (diluted for likely exercise of outstanding options) is based upon 1,344,328,323 issued LASMO Shares and a further 3,121,406 new LASMO Shares

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which in LASMO's opinion it is reasonable to expect may be issued in the relevant period pursuant to the exercise of options.

- (c) The premium of the Offer value per LASMO Share over the price of a LASMO Share on 3 November 2000 is calculated using the value of the Offer per LASMO Share and the Closing Price of a LASMO Share on that date.
- (d) The premium of the offer value per LASMO Share over the average Closing Price of a LASMO Share over the 6 months preceding the Press Announcement is based on the average of the Closing Prices on each London Stock Exchange dealing day over the 6 months immediately preceding (and including) 3 November 2000.
- (e) All currency conversions between pounds sterling and US dollars have been made at an exchange rate of US\$1.4484: L1.00, which was the noon buying rate in The City of New York for cable transfers in pounds sterling as certified for customs purposes by the Federal Reserve Bank of New York on 3 November 2000 (unless expressly stated otherwise).

18. GENERAL

- (a) Except as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Amerada Hess or any party acting in concert with Amerada Hess for the purposes of the Offer and any of the directors, recent directors, shareholders or recent shareholders of LASMO having any connection with or dependence on, or which is conditional on the outcome of, the Offer.
- (b) Except as disclosed in this document, there is no agreement, arrangement or understanding by which the beneficial ownership of any of the LASMO Securities which are the subject of the Offer acquired by Amerada Hess will be transferred to any other person, but Amerada Hess reserves the right to transfer any such shares to any other member of Amerada Hess Group.
- (c) Except as disclosed in this document, no proposal exists in connection with the Offer for any payment or other benefit to be made or given by Amerada Hess or any person acting in concert with it for the purposes of the Offer to any director of the LASMO Group as compensation for loss of office or as consideration for or in connection with his retirement from office.
- (d) Goldman Sachs, Schroder Salomon Smith Barney and Ernst & Young have given and not withdrawn their written consent to the issue of this document with the references to their names in the form and context in which they appear.
- (e) Except as disclosed in this document, there has been no material change in the financial or trading position of the Amerada Hess Group since 31 December 1999 (the date to which the latest audited accounts of the Amerada Hess Group were prepared).
- (f) Except as disclosed in this document, there has been no material change in the financial or trading position of the LASMO Group since 31 December 1999 (the date to which the latest audited accounts of the LASMO Group were prepared).
- (g) The emoluments of the current directors of Amerada Hess will not be affected by the acquisition of LASMO or by any other associated transaction.
- (h) Goldman Sachs Equity Securities (U.K.), Hull Trading UK Limited and SLK

Global Markets Limited, which are affiliates of Goldman Sachs International, may continue to effect purchases and sales in relevant securities of LASMO during the offer period as exempt principal trader or exempt market maker (as such terms are defined in the City Code). The City Code requires publication of the aggregate number of such purchases and sales and the highest and lowest prices paid and received on each business day during the offer period by 12 noon (London time) on the following business day. You can obtain this information from the Company Announcements Office of the London Stock Exchange.

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19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of Freshfields Bruckhaus Deringer, 65 Fleet Street, London EC4Y 1HS, during normal business hours on any weekday (public holidays excepted) while the Offer remains open for acceptance:

- (a) the re-stated certificate of incorporation and by-laws of Amerada Hess;
- (b) the certificate of incorporation and memorandum and articles of association of LASMO;
- (c) the audited consolidated accounts of Amerada Hess for the last two financial years ended 31 December 1999;
- (d) the audited consolidated accounts of LASMO for the last two financial years ended 31 December 1999;
- (e) the service agreements referred to in paragraph 8 above;
- (f) the irrevocable undertakings referred to in paragraph 6 of the Letter from Goldman Sachs above;
- (g) the written consents referred to in paragraph 18(d) above;
- (h) the material contracts referred to in paragraph 6 above;
- (i) the letter of valuation of the Loan Notes by Goldman Sachs dated -- 2000;
- (j) the draft Loan Note Instrument (in substantially final form);
- (k) the Amerada Hess Credit Agreement referred to in paragraph 7 above;
- (l) the inducement agreement between Amerada Hess and LASMO referred to in paragraphs 6(a)(i) and 6(b)(i) above; and
- (m) this Offer Document and the Acceptance Form.

20. LEGAL MATTERS

The validity of the Amerada Hess Shares offered hereby will be passed upon for Amerada Hess by White & Case LLP, New York.

21. EXPERTS

The consolidated financial statements and related financial statement schedule of Amerada Hess included in Amerada Hess' Annual Report on Form 10-K for each of the three years in the period ended 31 December 1999, have been audited by Ernst & Young LLP, independent auditors, as indicated in their report with respect thereto, and are incorporated by reference in this Registration Statement, in reliance on the report of Ernst & Young LLP, given on the authority of that firm as experts in accounting and auditing.

The consolidated financial statements of LASMO included in LASMO's Annual Report on Form 20-F for each of the three years in the period ended 31 December 1999, have been audited by Ernst & Young, independent auditors, as indicated in their reports with respect thereto, and are incorporated by reference in this Registration Statement, in reliance on the report of Ernst & Young, given on the authority of that firm as experts in accounting and auditing.

22. MISCELLANEOUS

Amerada Hess is not aware of any jurisdiction where the making of the Offer is prohibited by any administrative or judicial action pursuant to any valid state statute of any State of the United States. If Amerada Hess becomes aware of any valid US state statute prohibiting the making of the Offer or the acceptance of the LASMO Securities pursuant thereto, Amerada Hess will make a good faith effort to comply with such US state statute or seek to have such statute declared inapplicable to the Offer. If, after such good faith effort, Amerada Hess cannot comply with any such state statute, the Offer will not be made to (and tenders will not be accepted from or on behalf of) holders in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Amerada Hess by the Dealer Manager or one or more registered brokers or dealers which are licensed under the laws of such jurisdiction. There is no material pending legal proceeding relating to the Offer.

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No person has been authorized to give any information or make any representation on behalf of Amerada Hess not contained in this Offer Document or in the Form of Acceptance or Letter of Transmittal and, if given or made, such information or representation must not be relied upon as having been authorized.

In addition to the Registration Statement, Amerada Hess has filed with the SEC a Schedule TO, together with exhibits, pursuant to Section 14(d)(1) of the Exchange Act and Rule 14d-3 promulgated thereunder, furnishing certain additional information with respect to the Offer, and may file amendments thereto. The Schedule TO and any amendments thereto, including exhibits, may be inspected at, and copies may be obtained from, the same places and in the manner set forth in Part 1 of Appendix III.

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SCHEDULE VIA

INFORMATION CONCERNING THE DIRECTORS AND EXECUTIVE OFFICERS OF AMERADA HESS

Set forth below is the name, present principal occupation or employment and material occupations, positions, offices or employments for the past five years of each member of the Board of Directors and each executive officer of Amerada Hess. The principal address of Amerada Hess and, unless indicated below, the current business address for each individual listed below is 1185 Avenue of the Americas, 40th Floor, New York, NY 10036, telephone number +1 212 997-8500. Each such person is, unless indicated below, a citizen of the United States. Executive officers, as defined in the Exchange Act, are identified by an asterisk.

| NAME ---- | PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS ----- |
|-----------------------------|--|
| John B. Hess*..... | Chairman of the Board, Chief Executive Officer of Amerada Hess since 1995; Director since 1978. |
| W.S.H. Laidlaw*(1)..... | President, Chief Operating Officer of Amerada Hess since 1995; Director since 1994. |
| J. Barclay Collins II*..... | Executive Vice President, General Counsel of Amerada Hess; Director since 1986. |
| John Y. Schreyer*..... | Executive Vice President, Chief Financial Officer; Director since 1990. |
| Alan A. Bernstein*..... | Senior Vice President. |
| F. Lamar Clark*..... | Senior Vice President. |
| John A. Gartman*(2)..... | Senior Vice President of Amerada Hess since 1997; Vice President of Public Service Electric and Gas Company in the area of energy marketing. |
| Neal Gelfand*..... | Senior Vice President. |
| Gerald A. Jamin*..... | Senior Vice President and Treasurer. |
| Lawrence H. Ornstein*..... | Senior Vice President. |
| Robert P. Strode*(2)..... | Senior Vice President of Amerada Hess since 1999; Senior Vice President for Exploration at Vastar Resources Inc. |

| | |
|---------------------------|--|
| | from 1997 to 1999; Vice President, Exploration at Atlantic Richfield Company from 1993 to 1997. |
| F. Borden Walker*(2)..... | Senior Vice President of Amerada Hess since 1996; General Manager in areas of gasoline marketing, convenience store development and advertising at Mobil Corporation. |
| Peter S. Hadley..... | Director of Amerada Hess since 1991; Former Senior Vice President of Metropolitan Life Insurance Company. |
| William R. Johnson..... | Director of Amerada Hess since 1996; Chairman of the Board since September 2000 and President and Chief Executive Officer of H.J. Heinz Company since 1998 after serving in various senior executive positions; Director of Cincinnati Financial Corporation PNC Bank. |
| William I. Spencer..... | Director of Amerada Hess since 1982; Former President and Chief Administrative Officer of Citicorp and Citibank, N.A. |
| Roger B. Oresman..... | Consulting Partner, Milbank, Tweed, Hadley & McCloy LLP; Director since 1969. |

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| NAME | PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS |
|------------------------|--|
| ---- | ----- |
| Nicholas F. Brady..... | Director of Amerada Hess since 1994; Chairman Darby Overseas Investments, Ltd.; Former Secretary of the United States Department of the Treasury; Former Chairman of the Board of Dillon, Read & Co., Inc.; Director of C2, Inc.; Director of H.J. Heinz Company; Director or Trustee of various Templeton mutual funds. |
| Thomas H. Kean..... | Director of Amerada Hess since 1990; President, Drew University; Former Governor of the State of New Jersey; Director of ARAMARK Corporation; Director of Bell Atlantic Corporation; Director of the CIT Group, Inc.; Director of United Healthcare Corporation. |
| Frank A. Olson..... | Director of Amerada Hess since 1998; Chief Executive Officer of the Hertz Corporation in 1998; Retired as Chief Executive Officer of the Hertz Corporation in 1999 and continues as non-executive Chairman of the Board; Director of Becton Dickinson and Company; Director of Fund America Enterprises Holdings, Inc. |
| Edith E. Holiday..... | Director of Amerada Hess since 1993; Attorney; Former Assistant to the President of the United States and Secretary of the Cabinet; Former General Counsel, United States Department of the Treasury; Director of Beverly Enterprises, Inc.; Director of Hercules, Incorporated; Director of H.J. Heinz Company; Director of RTI International Metals, Inc.; Director or trustee of various Franklin Templeton mutual funds. |
| Robert N. Wilson..... | Director of Amerada Hess since 1996; Vice Chairman of the Board of Directors of Johnson & Johnson; Director of United States Trust Corporation. |
| Robert F. Wright..... | Director of Amerada Hess since 1981; Former President and Chief Operating Officer of Amerada Hess. |

1 British citizen.

2 Except for Messrs. Walker, Gartman and Strode, each of the above officers has been employed by Amerada Hess or its subsidiaries in various managerial and executive capacities for more than five years.

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SCHEDULE VIB

INFORMATION CONCERNING THE DIRECTORS AND THE EXECUTIVE OFFICER OF LASMO

Set forth below is the name, present principal occupation or employment and material occupations, positions, offices or employments currently held of each member of the Board of Directors and the executive officer of LASMO. The

principal address of LASMO and, unless indicated below, the current business address for each individual listed below if 101 Bishopsgate, London, EC2M 3XH, telephone number +44 20 7892 9000. Each such person is, unless indicated below, a British citizen.

| NAME ---- | PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS ----- |
|----------------------------------|--|
| Antony Peverell Hichens..... | Appointed Chairman in May 2000. Joined the Board in 1995 and was appointed Deputy Chairman in April 1995. He is Chairman of David S. Smith (Holdings) plc and is Deputy Chairman of Candover Investments plc. |
| Joseph Darby..... | Joined LASMO in 1989 following the acquisition of Thomson North Sea where he was Chairman and Chief Executive Officer. Appointed Chief Executive in 1993. He is a non-executive director of John Mowlem & Company plc. |
| Paul Colbeck Murray..... | Joined LASMO in 1989 following the acquisition of Thomson North Sea. Appointed Corporate Development Director on 1 January 1998 and Group Finance Director on 1 January 1999. |
| Hugh Edward Norton..... | Senior Independent non-executive director since May 2000. Joined the Board in 1997. He spent 36 years with British Petroleum, where he held the position of Chief Executive, BP Exploration Company, before being appointed to the BP Board as a Managing Director. Other directorships include Inchcape plc and Standard Chartered PLC. |
| Dr Timothy Pienne Brennand..... | Independent non-executive director. Joined the Board in 1996. He spent some 33 years in Europe, Africa and the Far East for Shell, most recently as Chairman for Shell Hong Kong and China. On retiring from Shell in 1993, he spent three years as a director of Goal Petroleum plc. |
| Dr Roy Gregory Reynolds CMG..... | Independent non-executive director. Joined the Board in 1997. He spent 28 years with Shell, being appointed Managing Director of Shell UK Oil in 1988, a position he held until the end of 1991. From 1994 to end 1999, he was Chief Executive of the Commonwealth Development Corporation, now CDC Group plc. He is also a director of The Fleming Emerging Markets Investment Trust plc. |

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| NAME ---- | PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS ----- |
|--|--|
| Thierry Hughes Baudouin Jean-Baptiste de Rudder..... | Independent non-executive director. Joined the Board in 1999 following the acquisition of Monument Oil and Gas plc, where he was a non-executive director. He is Managing Director of Groupe Bruxelles Lambert and Electrafina and is also a director of Audiofina, Compagnie Nationale a Portefeuille, Societe Generale de Belgique, Thodia, Total Fina Elf and Tractebel. Belgian citizen. |
| Nigel Victor Turnbull..... | Independent non-executive director. Joined the Board in 1995. He was Finance Director of the Rank Group plc from 1987 to 1999. He is a Council Member of The Institute of Chartered Accountants of England & Wales. |
| Alan O'Brien..... | Joined LASMO in 1990. Prior to being appointed General Counsel and Company Secretary in April 1999 he worked in a number of LASMO offices, including Colombia and Italy, as a commercial and legal manager. |

APPENDIX VII

DESCRIPTION OF AMERADA HESS SHARES AND CHANGES
IN THE RIGHTS OF LASMO SECURITYHOLDERS

1. DESCRIPTION OF AMERADA HESS SHARES

As of 31 October 2000, 88,097,505 Amerada Hess Shares and 326,805 shares of \$1.50 Cumulative Convertible Preferred Stock were outstanding, out of a total authorized share capital of 220,000,000 shares consisting of 200,000,000 of Amerada Hess Shares and 20,000,000 shares of \$1.50 Cumulative Convertible Preferred Stock. All outstanding Amerada Hess Shares are fully paid and non-assessable.

The following is a brief description of certain rights of holders of Amerada Hess Shares. For a complete understanding of these rights, LASMO Securityholders are referred to the laws and applicable regulations of the State of Delaware, United States, the listing requirements of the NYSE and the restated certificate of incorporation of Amerada Hess.

(a) General

Amerada Hess is incorporated in the State of Delaware, United States and operates in accordance with the DGCL. The rights of Amerada Hess stockholders are determined by the DGCL, the securities and other legislation of the United States, Amerada Hess' restated certificate of incorporation and Amerada Hess' by-laws. The Amerada Hess Shares are traded on the NYSE.

(b) Certificates

Amerada Hess Shares are issued in registered form. Every holder of Amerada Hess Shares is entitled to a share certificate.

(c) Dividends

Holders of Amerada Hess Shares are entitled, subject to the prior rights, if any, of holders of shares of any series of preferred stock that the Board of Directors may establish, to such dividends as may be declared by the board of directors of Amerada Hess out of funds legally available for this purpose.

Under the terms of the most restrictive agreements pursuant to which indebtedness of Amerada Hess has been incurred, at 30 September 2000 Amerada Hess had \$1,253,123,000 of retained earnings free of restrictions relating to dividends.

(d) Meetings

Annual meetings of the Amerada Hess stockholders are held on the date designated by the by-laws of Amerada Hess. Written notice must be mailed to each stockholder entitled to vote not less than ten nor more than 60 days before the date of the meeting. The presence in person or by proxy of the holders of record of a majority of the issued and outstanding shares of Amerada Hess entitled to vote at such meeting constitutes a quorum for the transaction of business at meetings of the stockholders. Special meetings of the stockholders may be called for any purpose by the board of directors and shall be called by the chairman of the board or the secretary upon the written request, stating the purpose of such meeting, of the holders of a majority of the outstanding shares of all classes of capital stock entitled to vote at the meeting.

(e) Voting rights

The holders of Amerada Hess Shares are entitled to one vote for each share held on record. Holders of Amerada Hess Shares may vote by proxy. Except as may be otherwise provided by applicable law, the restated certificate of incorporation or the by-laws of Amerada Hess, all elections shall be had and all questions decided by a plurality of the votes cast by stockholders entitled to vote thereon at a duly held meeting of stockholders at which a quorum is present.

(f) Liquidation, dissolution or winding-up

In the event of a liquidation, dissolution or winding-up of Amerada Hess, the holders of Amerada Hess Shares are entitled to share rateably according to the number of shares held by them in all

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remaining assets available for distribution to the holders of Amerada Hess Shares after discharge of outstanding liabilities and payment of such liquidation preference, if any, of any series of preferred stock that the Amerada Hess board of directors may establish.

(g) Transfers

The Amerada Hess by-laws do not allow the board of directors to refuse to register transfers of shares. Registration is conditional upon surrender of share certificates in respect of Amerada Hess Shares, AHC shares or, if lost, furnishing an affidavit and indemnity in lieu thereof.

(h) Takeover Provisions

Certain provisions of the restated certificate of incorporation and by-laws of Amerada Hess may have the effect of delaying, deferring or preventing a change of control of Amerada Hess in connection with certain extraordinary corporate transactions. An article of the restated certificate of incorporation requires that business combinations, which term is defined to include certain mergers, asset sales, security issuances, recapitalisations and liquidations, involving Amerada Hess or any of its subsidiaries and certain acquiring persons (namely, a person, entity or specified group which beneficially owns or controls at least 20 per cent. of the voting stock of Amerada Hess) be approved by the holders of two-thirds of Amerada Hess' voting stock (not including shares held by an acquiring person with which or by or on whose behalf a business combination is proposed) unless such business combination either: (i) has been authorised by the board of directors prior to the time that the acquiring person involved in such business combination became an acquiring person, or (ii) will result in the receipt by the other stockholders of a specified minimum amount and form of payment for their shares.

The restated certificate of incorporation and the by-laws of Amerada Hess also provide for a board of directors divided as nearly equal as possible into three classes. In addition, the restated certificate of incorporation and the by-laws require (i) approval of holders of 80 per cent. of the voting stock to remove directors or to amend, alter or repeal the provisions as to the classified board and other related provisions, (ii) advance notice of, and a specified procedure for, shareholder nominations for director, (iii) the taking of stockholder action only at annual or special meetings (to be called only by the chairman of the board, the President or a majority of the board of directors) and prohibiting stockholder action by written consent, and (iv) the filling of vacancies on the board by remaining directors, though less than a quorum. Such provisions of the restated certificate of incorporation and the by-laws may make it more difficult for a person or entity to acquire and exercise control of the company and remove incumbent directors and officers.

(i) Delaware Anti-Takeover Law

Amerada Hess is subject to the provisions of Section 203 of the DGCL. In general, the law prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless (i) the corporation has elected in its certificate of incorporation not to be governed by Section 203 (Amerada Hess has not made such an election), (ii) the business combination was approved by the board of directors of the corporation before the other party to the business combination became an "interested stockholder", (iii) upon consummation of the transaction that made it an "interested stockholder", the "interested stockholder" owned at least 85 per cent. of the voting stock of the corporation outstanding at the commencement of the transaction (excluding voting stock held by directors who are also officers or held in employee benefit plans in which employees do not have a confidential right to tender or vote stock held by the plan) or (iv) the

business combination was approved by the board of directors of the corporation and ratified by at least two-thirds of the voting stock which the "interested stockholder" did not own. The three year prohibition also does not apply to certain business combinations proposed by the "interested stockholder" during the previous three years or who becomes an "interested stockholder" with the approval of a majority of the corporation's directors.

"Business combination" is defined generally to include mergers or consolidations between a Delaware corporation and an "interested stockholder", transactions with an "interested stockholder" involving the assets or stock of the corporation or its majority owned subsidiaries and transactions which increase an "interested stockholder's" percentage ownership of the stock. An

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"INTERESTED STOCKHOLDER" is defined as a person who, together with affiliates and associates, owns (or within the prior three years, did own) 15 per cent. or more of a corporation's voting stock. The application of Section 203 may also have the effect of delaying, deferring or preventing a change of control of the Amerada Hess.

(j) Other rights

Holders of Amerada Hess Shares have no pre-emption, redemption, conversion or other subscription rights.

(k) Registrar and Transfer Agents

The Registrar for the Amerada Hess Shares is Manufacturers Hanover Trust Company in New York, New York, and the transfer agents for the Amerada Hess Shares are Manufacturers Hanover Trust Company, First Fidelity Bank, N.A. (in Newark, New Jersey) and Royal Trust Company (in Montreal, Quebec and in Toronto, Ontario).

2. DIFFERENCES BETWEEN AMERADA HESS SHARES AND LASMO SHARES

The following is a summary comparison of material differences between the rights of an Amerada Hess stockholder and a LASMO Shareholder arising from the differences between the corporate laws of Delaware and of England and Wales, the governing instruments of the two companies, and the securities laws and regulations governing the two companies. However, it is not intended to be a complete description of the laws of Delaware or of England and Wales, nor of the other rules or laws referred to in this summary. For information as to where the governing instruments of Amerada Hess and LASMO may be obtained, see paragraph 1 of Appendix III and paragraph 1 of Appendix IV, respectively. You are encouraged to obtain and read these documents.

VOTING RIGHTS

(i) Amerada Hess Stockholders

Under Delaware law, unless the certificate of incorporation provides otherwise, each stockholder is entitled to one vote for each share of capital stock held by the stockholder.

Except as described herein, the certificate of incorporation of Amerada Hess does not alter the voting rights as provided under Delaware law.

Under Delaware law, a certificate of incorporation may provide that in elections of directors and other specified circumstances, stockholders are entitled to cumulative voting.

The certificate of incorporation of Amerada Hess does not provide for cumulative voting.

(ii) LASMO Shareholders

Under English law, unless the articles of association provide otherwise, a shareholder entitled to vote at a shareholders' meeting is entitled to one vote on a show of hands regardless of the number of shares he or she holds; provided, however, that any group of five ordinary shareholders (or a

lesser number if provided in the articles of association) and any shareholder representing at least ten per cent of the total voting rights (or a lower percentage if provided in the articles of association) has the statutory right to demand a vote by a poll, which means that each ordinary shareholder would be entitled to one vote for each ordinary share held by the shareholder. The articles of association of LASMO provide that two shareholders present in person or by proxy and entitled to vote may demand a poll.

Under English law, ordinary resolutions are decided on a show of hands and must be approved by at least a majority of the shareholders present in person, or by proxy if the memorandum and articles of association so permit, and voting at a meeting. If a poll is demanded, the resolution conducted on a poll must be approved by holders of at least a majority of the votes cast at the meeting. Both special and extraordinary resolutions require the affirmative vote of at least 75 per cent of the votes cast at the meeting.

Under English law, two shareholders present in person constitute a quorum for purposes of a general meeting, unless the company's articles of association specify otherwise. LASMO's articles

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of association specify a quorum of three shareholders, present in person or by proxy and entitled to vote.

Under English law, the voting rights of shareholders are regulated by a company's articles of association. LASMO's articles of association provide that every shareholder present at a general meeting shall have one vote on a show of hands. On a poll, every member who is present in person or by proxy shall have one vote for every 25p nominal amount of ordinary share capital of which he is the holder.

ACTION BY WRITTEN CONSENT

(i) Amerada Hess Stockholders

Under Delaware law, unless otherwise provided in the certificate of incorporation, stockholders may take any action required or permitted to be taken at a stockholders' meeting without a meeting if consented to in writing by the same number of votes that would be required if the action were to be taken at a meeting.

The Amerada Hess certificate of incorporation prohibits stockholder action by written consent.

(ii) LASMO Shareholders

Under English law, unless the company's articles of association provide otherwise, the consent in writing of all shareholders is required in order to approve, without a meeting, a matter requiring shareholder approval. LASMO's articles of association do not provide otherwise.

SHAREHOLDERS PROPOSALS AND SHAREHOLDER NOMINATIONS OF DIRECTORS

(i) Amerada Hess Stockholders

See "Special meetings of shareholders".

(ii) LASMO Shareholders

Under English law, shareholders may demand that a resolution be voted on at a general meeting if the demand is made:

- (1) by shareholders holding at least five per cent of the total voting rights at the meeting to which the requisition relates; or
- (2) by at least 100 shareholders holding shares on which there has been paid an average sum per shareholder of at least L100.

The shareholders must deposit the demand at the company's registered office at least six weeks before the general meeting to which it relates.

In general, resolutions to appoint directors must be put to shareholders on the basis of one resolution for each nominated director. A resolution including more than one director may be presented to be voted upon at a general meeting only if the shareholders have first unanimously approved so doing.

SOURCES AND PAYMENT OF DIVIDENDS

(i) Amerada Hess Stockholders

Under Delaware law, the board of directors, subject to any restrictions in the corporation's certificate of incorporation, may declare and pay dividends out of:

- (1) surplus of the corporation, which is defined as net assets less statutory capital; or
- (2) if no surplus exists, out of the net profits of the corporation for the fiscal year in which the dividend is declared and/or the preceding fiscal year;

provided, however, that if the capital of the corporation has been diminished to an amount less than the aggregate amount of capital represented by the issued and outstanding stock of all classes having preference upon the distribution of assets, the board may not declare and pay dividends out of the corporation's net profits until the deficiency in the capital has been repaired.

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(ii) LASMO Shareholders

Subject to the prior rights of holders of preferred shares, an English company may pay dividends on its ordinary shares only out of its distributable profits, defined as accumulated, realized profits less accumulated, realized losses, and not out of share capital, which includes share premiums, which are equal to the excess of the consideration for the issue of shares over the aggregate nominal amount of such shares. Amounts credited to the share premium account, however, may be used to pay up unissued shares which may then be distributed to shareholders in proportion to their holdings.

In addition, under English law, LASMO will not be permitted to make a distribution if, at the time, the amount of its net assets is less than the aggregate of its issued and paid-up share capital and undistributable reserves.

RIGHTS OF PURCHASE AND REDEMPTION

(i) Amerada Hess Stockholders

Under Delaware law, any corporation may purchase, redeem and dispose of its own shares, except that it may not purchase or redeem these shares if the capital of the corporation is impaired at the time or would become impaired as a result of the redemption, provided that if a corporation redeems its stock, immediately following any such redemption, the corporation must have outstanding one or more shares of one or more classes which shares together must have full voting power.

However, at any time, a corporation may purchase or redeem any of its shares which are entitled upon any distribution of assets to a preference over another class of its stock if these shares will be retired upon acquisition or redemption, thereby reducing the capital of the corporation.

The NYSE requires that prompt publicity be given and prompt notice be sent to the NYSE of action which will result in, or which looks toward, either the partial or full call for redemption of a listed security. NYSE rules provide that when a listed security is fully redeemed, trading is suspended as soon as the redemption funds become available to the holders of the security. When only a part of the listed securities are redeemed, the amount authorized to be listed is reduced by the amount redeemed as soon as the redemption funds become available to holders of the redeemed

securities.

(ii) LASMO Shareholders

Under English law, a company may issue redeemable shares if authorised by its memorandum and articles of association, subject to any conditions stated therein.

A company may purchase its own shares, including any redeemable shares, if the purchase:

- (1) is authorised by its memorandum and articles of association; and
- (2) (a) in the case of an open-market purchase, authority to make the market purchase has been given by any ordinary resolution of its shareholders; or
(b) in all other cases, has been approved by a special resolution.

A company may redeem or repurchase shares only if the shares are fully paid and, in the case of public companies, only out of:

- (1) distributable profits; or
- (2) the proceeds of a new issue of shares, made for the purpose of the repurchase or redemption.

The UK Listing Authority requires that where a company has issued shares which are listed on the London Stock Exchange and are convertible into a class of shares to be repurchased, the holders of the convertible shares must first pass an extraordinary resolution approving any repurchase at a separate class meeting.

The UK Listing Authority requires that purchases within a 12-month period of 15 per cent. or more of a company's share capital must be made through either a tender or partial offer to all shareholders, at a stated maximum or fixed price.

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Purchases within a 12-month period below the 15 per cent. threshold may be made through:

- (1) the open market, provided that the price is not more than five per cent. above the average of the middle-market quotations taken from the Official List for the five trading days before the purchase date; or
- (2) an off-market transaction negotiated with one or more shareholders subject to prior approval of the transaction by special resolution.

LASMO's articles of association authorise the issue of redeemable shares, subject to the Companies Act and with the sanction of a special resolution, and the purchase of its own shares, subject to and in accordance with the Companies Act and to any rights conferred on the holders of any class of shares.

GENERAL MEETINGS OF SHAREHOLDERS

(i) Amerada Hess Stockholders

The by-laws of Amerada Hess provide that the annual meeting of stockholders shall be held on a date and at a time fixed by the board of directors. Under Delaware law the board of directors may also determine the place of such meeting either within or without of the State of Delaware or may determine that such meeting shall not be held at any place and instead be held by means of remote communication.

(ii) LASMO Shareholders

LASMO's articles of association provide that annual general meetings shall be held at such time and place as the board of directors may determine, subject to the provisions of the Companies Act which require an annual general meeting to be held in each year and not more than 15 months to

elapse between the date of one annual general meeting of a company and that of the next.

SPECIAL MEETINGS OF SHAREHOLDERS

(i) Amerada Hess Stockholders

Delaware law provides that special meetings of stockholders may be called by:

- (1) the board of directors; or
- (2) any person or persons authorised by the corporation's certificate of incorporation or by-laws.

The by-laws of Amerada Hess provide that special meetings of the holders of any class or of all classes of Amerada Hess' capital stock may be called at any time by the board of directors, and shall be called only by the chairman of the board or the President, and shall be called by the Secretary at the request of the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors.

The Amerada Hess by-laws provide that written notice of each meeting of the stockholders, stating the date, hour, place and purpose or purposes thereof, shall be given, personally or by mail, to each stockholder entitled to vote at the meeting not less than ten or more than 60 days before the date of the meeting, except that notice of any special meeting shall be delivered or mailed not less than ten days before such meeting. If mailed, such notice shall be deposited in the US mail, postage prepaid, directed to the stockholder at his/her address as it appears on the records of Amerada Hess.

(ii) LASMO Shareholders

Under English law, an extraordinary general meeting of shareholders may be called by:

- (1) the board of directors; or
- (2) shareholders holding at least one-tenth of the paid-up capital of the company carrying voting rights at general meetings.

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The notice requirements for an ordinary resolution, an extraordinary resolution and a special resolution are as follows:

- (1) ordinary resolution -- 14 days' notice;
- (2) extraordinary resolution -- 14 days' notice; and
- (3) special resolution -- 21 days' notice.

Notwithstanding the foregoing notice requirements, 21 days' notice must be given for an annual general meeting and any resolutions to be proposed thereat.

LASMO's articles of association require 21 days' notice for a resolution appointing a director.

In addition, general meetings may be called upon shorter notice if:

- (1) in the case of an annual general meeting, all the shareholders who are permitted to attend and vote agree to the shorter notice; or
- (2) in the case of an extraordinary general meeting, a majority of the shareholders holding at least 95 per cent by nominal value of the shares which can be voted at the meeting so agree.

LASMO's articles of association state that any notice shall be exclusive of the day on which it is served, or deemed to be served, and of the day for which it is given.

"Extraordinary resolutions" are relatively unusual and are confined to matters out of the ordinary course of business, such as a proposal to wind up the affairs of the company.

"Special resolutions" generally involve proposals to:

- (1) change the name of the company;
- (2) alter its capital structure;
- (3) change or amend the rights of shareholders;
- (4) permit the company to issue new shares for cash without applying the shareholders' preemptive rights,
- (5) amend the company's objects, or purpose, clause in its memorandum of association;
- (6) amend the company's articles of association; or
- (7) carry out other matters for which the company's articles of association or the Companies Act prescribe that a "special resolution" is required.

All other proposals relating to the ordinary course of the company's business, such as the election of directors and transactions such as mergers, acquisitions and dispositions, are the subject of an "ordinary resolution".

APPRAISAL RIGHTS

(i) Amerada Hess Stockholders

Delaware law provides stockholders of a corporation involved in a merger the right to demand and receive payment of the fair value of their stock in certain mergers. However, appraisal rights are not available to holders of shares:

- (1) listed on a national securities exchange;
- (2) designated as a national market system security on an interdealer quotation system operated by the National Association of Securities Dealers, Inc.; or
- (3) held of record by more than 2,000 stockholders;

unless holders of stock are required to accept in the merger anything other than any one of the following or a combination thereof:

- (A) shares of stock or depositary receipts of the surviving corporation in the merger;
- (B) shares of stock or depositary receipts of another corporation that, at the effective date of the merger, will be either:

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- (a) listed on a national securities exchange;
 - (b) designated as a national market system security on an interdealer quotation system operated by the National Association of Securities Dealers, Inc.; or
 - (c) held of record by more than 2,000 holders; or
- (C) cash in lieu of fractional shares of the stock or depositary receipts received.

In addition, appraisal rights are not available to the holders of shares of the surviving corporation in the merger, if the merger does not require the approval of the stockholders of that corporation.

(ii) LASMO Shareholders

Under English law, shareholders do not generally have appraisal rights, as the concept is understood under Delaware law, and LASMO's articles of association do not contain any appraisal rights.

Certain limited rights exist where an offeror who, pursuant to a takeover offer for a company, has acquired or contracted to acquire not less than 90 per cent. in value of the shares to which the offer relates, seeks to acquire outstanding minority shareholdings pursuant to the compulsory acquisition provisions under the Companies Act.

Similarly, under a scheme of reconstruction under Section 110 of the UK Insolvency Act 1986, a shareholder can require the liquidator to abstain from carrying the resolution into effect, or to purchase his/her interest at a price agreed or determined by arbitration.

Additionally, any shareholder who complains that the affairs of the company are being conducted, or that the directors' powers are being exercised, in a manner unfairly prejudicial to him/her or some part of the shareholders (including himself/herself), or in disregard of his/her proper interests as a shareholder, may apply to the High Court in England for relief. If the High Court finds the complaint to be justified, it may exercise its discretion and order the purchase of the shares on such terms, including as to price, as the High Court may determine.

PREEMPTIVE RIGHTS

(i) Amerada Hess Stockholders

Under Delaware law, a stockholder is not entitled to preemptive rights to subscribe for additional issues of stock or any security convertible into stock unless they are specifically granted in the certificate of incorporation. Such rights are not provided in the Amerada Hess certificate of incorporation.

(ii) LASMO Shareholders

Under English law, the issue for cash of:

- (1) equity securities, being those which, with respect to dividends or capital, carry a right to participate beyond a specified amount; or
- (2) rights to subscribe for, or convert, into equity securities;

must be offered first to the existing equity shareholders in proportion to the respective nominal value of their holdings, unless a special resolution to the contrary has been passed by shareholders in a general meeting, or the articles of association provide otherwise.

It is customary for many English companies listed on the London Stock Exchange to pass a resolution on an annual basis to authorise the board of directors to disapply pre-emption rights in respect of a specified amount of share capital, generally five per cent. of issued share capital, without pre-emption rights.

AMENDMENT OF GOVERNING INSTRUMENTS

(i) Amerada Hess Stockholders

Under Delaware law, unless the certificate of incorporation requires a greater vote, an amendment to the certificate of incorporation requires:

- (1) the recommendation of the board of directors;

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- (2) the affirmative vote of a majority of the outstanding stock entitled to vote thereon; and
- (3) the affirmative vote of a majority of the outstanding stock of each class entitled to vote thereon as a class.

The certificate of incorporation of Amerada Hess provides that Amerada Hess

reserves the right to amend, alter, change or repeal any provision contained in the certificate of incorporation, in the manner prescribed by statute except that Article Fifth (relating to classification of directors, removal of directors, shareholder action and certain related matters) thereof may only be amended by the affirmative vote of holders of 80 per cent. of the outstanding voting power of all the then outstanding shares of capital stock entitled to vote and Article Ninth (relating to certain business combinations) may be amended by the affirmative vote of holders of two-thirds of the outstanding shares of capital stock entitled to vote. All rights conferred upon stockholders in the certificate of incorporation are granted subject to this reservation.

Under Delaware law, stockholders have the power to adopt, amend or repeal by-laws unless the certificate of incorporation gives those powers to the directors of the corporation.

The by-laws of Amerada Hess provide that any provision of the by-laws may be altered or repealed at any regular or special meeting of the stockholders or the board of directors if notice of the proposed alteration or repeal is set forth in the notice of such meeting, by the affirmative vote of a majority of the capital stock entitled to vote, except that certain provisions may be altered and repealed only by the affirmative vote of 80 per cent. of the holders of capital stock entitled to vote.

(ii) LASMO Shareholders

Under English law, shareholders have the power to amend:

- (1) the objects, or purpose, clause in a company's memorandum of association; and
- (2) any provisions of the company's articles of association;

by special resolution, subject to, in the case of amendments to the objects clause of the memorandum of association, the right of dissenting shareholders to apply to the courts to cancel the amendments within 21 days of the passing of the resolution.

Under English law, the board of directors is not authorised to change the memorandum or articles of association.

Amendments affecting the rights of the holders of any class of shares may, depending on the rights attached to the class and the nature of the amendments, also require approval by extraordinary resolution of the classes affected in separate class meetings.

LASMO's articles of association provide for the variation of class rights if sanctioned in writing either by holders of not less than 75 per cent. in nominal value of the issued shares in the class, or an extraordinary resolution of the class affected in a separate class meeting.

STOCK CLASS RIGHTS

(i) Amerada Hess Stockholders

Under Delaware law, any change to the rights of holders of the Amerada Hess Shares or any series of preferred stock would require an amendment to the Amerada Hess certificate of incorporation.

Delaware law provides that the holders of shares of a class or series shall be entitled to vote as a class upon a proposed amendment if the amendment will:

- (1) increase or decrease the authorised shares of the class or series;
- (2) increase or decrease the par value of the shares of the class or series; or
- (3) alter or change the powers, preferences or special rights of the shares of the class or series so as to affect them adversely.

Under its certificate of incorporation Amerada Hess has the right to issue shares of common stock as well as shares of preferred stock.

The shares of authorised common stock shall be identical in all respects and have equal rights and privileges. Without action by the stockholders, such shares of common stock may be issued by Amerada Hess from time to time for such consideration as may be fixed by the board of directors; provided, however, that such consideration shall not be less than par value. Any and all shares so issued, the full consideration for which has been paid or delivered shall be deemed fully paid stock non-assessable. No holder of shares of common stock shall be entitled as a matter of right, preemptive or otherwise, to subscribe for, purchase or receive any shares of the stock of Amerada Hess of any class, now or hereafter authorised, or any options or warrants for such stock or securities convertible into or exchangeable for such stock, or any shares held in the treasury of Amerada Hess.

The board of directors shall have the authority to issue the shares of the preferred stock from time to time on such terms and conditions as it may determine, and to divide the preferred plan into one or more classes or series and in connection with the creation of any such class or series to fix by the resolution or resolutions providing for the issue of shares thereof the designations, powers, preferences and relative participating, optional or other special rights of such class or series, and the qualifications, limitations, or restrictions thereof, to the full extent now or hereafter permitted by law. The number of authorised shares of preferred stock may be increased or decreased (but not below the number then outstanding) by the affirmative vote of the holders of a majority of the common stock, without a vote of the holders of the preferred plan, unless a vote of any such holders is required pursuant to the certificate or certificates establishing the series of preferred stock.

(ii) LASMO Shareholders

See "Amendment of governing instruments".

SHAREHOLDERS' VOTES ON CERTAIN TRANSACTIONS

(i) Amerada Hess Stockholders

Generally, under Delaware law, unless the certificate of incorporation provides for the vote of a larger portion of the stock, completion of a merger, consolidation, sale, lease or exchange of all or substantially all of a corporation's assets or dissolution requires:

- (1) the approval of the board of directors; and
- (2) approval by the vote of the holders of a majority of the outstanding stock or, if the certificate of incorporation provides for more or less than one vote per share, a majority of the votes of the outstanding stock of a corporation entitled to vote on the matter.

The Amerada Hess certificate of incorporation requires the affirmative vote of not less than two-thirds of the capital stock having voting power to authorize a sale, lease or exchange of all or substantially all of the property and assets of Amerada Hess. Also, the certificate requires the affirmative vote of two-thirds of the capital stock entitled to vote (other than the shares held by certain defined acquiring persons) to approve certain business combinations with such an acquiring person.

Under the rules of the NYSE, acquisitions involving the following require shareholder approval:

- (1) the issuance of stock to a substantial securityholder, a director or an officer; or
- (2) the issuance of additional shares of common stock of a listed company if:
 - (a) the common stock has, or will have upon issuance, voting power equal to or in excess of 20 per cent. of the voting power outstanding before the issuance of such stock; or
 - (b) the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20 per cent. of the number of shares of common stock outstanding before the issuance of such stock.

(ii) LASMO Shareholders

The Companies Act provides for schemes of arrangement, which are arrangements or compromises between a company and any class of shareholders or creditors and used in certain types

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of reconstructions, amalgamations, capital reorganisations or takeovers. These arrangements require the approval at a special meeting convened by order of the court, of:

- (1) a majority in number of shareholders or creditors representing 75 per cent. in value of the capital held by, or debt owed to, the class of shareholders or creditors, or class thereof present and voting, either in person or by proxy; and
- (2) the court.

Once approved and sanctioned, all shareholders and creditors of the relevant class are bound by the terms of the scheme. A scheme of reconstruction under Section 110 of the UK Insolvency Act 1986 may be made when a company is being wound-up voluntarily. Under the terms of such a scheme and with the sanction of a special resolution of the shareholders, the whole or part of the company's business or property is transferred to a second company. Any dissenting shareholder can require the liquidator to abstain from carrying the resolution into effect or to purchase his/her interest at a price agreed or determined by arbitration.

The Companies Act also provides:

- (1) that where a takeover offer is made for the shares of an English company; and
- (2) within four months of the date of the offer, the offeror has acquired or contracted to acquire at least nine-tenths in value of the shares of any class to which the offer relates;

the offeror may, within two months of reaching the nine-tenths level, require shareholders who do not accept the offer to transfer their shares on the terms of the offer. A dissenting shareholder may object to the transfer or its proposed terms by applying to the court within six weeks of the date on which notice of the transfer was given. In the absence of fraud or oppression, the court is unlikely to order that the acquisition not take effect, but it may specify terms of the transfer that it finds appropriate. A minority shareholder is also entitled in these circumstances, in the alternative, to require the offeror to acquire his/her shares on the terms of the offer.

Under the Listing Rules, shareholder approval:

- (1) is required for an acquisition or disposal by a listed company if, generally, the size of the company or business to be acquired or disposed of represents 25 per cent. or more of the size of the listed company; and
- (2) may also be required for an acquisition or disposal of assets between a listed company and related parties, including:
 - (a) directors of the company or its subsidiaries;
 - (b) holders of ten per cent. of the nominal value of any class of the company's, or any holding company's, or its subsidiary's shares having the right to vote; or
 - (c) any of their affiliates.

RIGHTS OF INSPECTION

(i) Amerada Hess Stockholders

Delaware law allows any stockholder:

- (1) to inspect:
 - (a) the corporation's stock ledger;
 - (b) a list of its stockholders; and
 - (c) its other books and records; and
- (2) to make copies or extracts of those materials during normal business hours; provided, however, that:
 - (a) the stockholder makes a written request under oath stating the purpose of his/her inspection; and
 - (b) the inspection is for a purpose reasonably related to the person's interest as a stockholder.

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The by-laws of Amerada Hess provide that the board of directors shall determine from time to time whether, when and under what conditions and regulations the accounts and books of Amerada Hess (except such as may by statute be specifically open to inspection) or any of them shall be open to the inspection of the stockholders and the stockholders' rights in this respect are and shall be restricted and limited accordingly.

(ii) LASMO Shareholders

Except when closed under the provisions of the Companies Act, the register and index of names of shareholders of an English company may be inspected during business hours:

- (1) without payment, by its shareholders; or
- (2) for a fee by any other person.

In both cases, the documents may be copied for a fee.

The shareholders of an English public company may also inspect, without charge, during business hours:

- (1) minutes of meetings of the shareholders and obtain copies of the minutes for a fee; and
- (2) service contracts of the company's directors, if the contracts have more than 12 months to run or require more than 12 months' notice to terminate.

In addition, the published annual accounts of a public company are required to be available for shareholders at a general meeting and a shareholder is entitled to a copy of these accounts.

STANDARD OF CONDUCT FOR DIRECTORS

(i) Amerada Hess Stockholders

The DGCL does not contain specific provisions setting forth the standard of conduct of a director. The scope of the fiduciary duties of directors is generally determined by the courts of the State of Delaware. In general, directors have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interest of the shareholders.

(ii) LASMO Shareholders

Under English law, a director has a fiduciary duty to act in a company's best interests. This duty includes obligations:

- (1) not to create an actual or potential conflict between his/her duty to the company and duties to any other person or his/her personal interests; and
- (2) to exercise his/her powers only in accordance with the memorandum and

articles of association of the company.

In addition, a director must exercise reasonable care and skill. The precise scope of this duty is unclear, but the test appears to be both subjective (i.e., was the director's conduct that of a reasonably diligent person who has the knowledge and experience of the director) and objective (i.e., was the director's conduct that of a reasonably diligent person having the knowledge and experience that a director should have).

The Companies Act contains restrictions on a company's power to make loans and confer other benefits to directors and persons connected with them.

CLASSIFICATION OF THE BOARD OF DIRECTORS

(i) Amerada Hess Stockholders

Delaware law permits the certificate of incorporation or a stockholder-adopted by-law to provide that directors be divided into one, two or three classes, with the term of office of one class of directors to expire each year.

The Amerada Hess certificate of incorporation provides for classification of its board of directors into three classes, as nearly equal in number as possible. Each class is elected to a term expiring at the annual meeting of stockholders held in the third year following the year of such election.

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(ii) LASMO Shareholders

There are no provisions under English law which govern the term of office of directors, although shareholder approval is required if a director's contract of employment is for a period of more than five years.

The Combined Code, which contains principles of good governance and a code of best practice and is appended to the Listing Rules, recommends that the notice period under directors' service contracts should ideally be set at one year or less.

LASMO articles of association provide that at every general meeting one third of the directors must retire. These retiring directors may be re-appointed by the meeting.

REMOVAL OF DIRECTORS

(i) Amerada Hess Stockholders

Delaware law provides that a director may be removed with or without cause by the holders of a majority in voting power of the shares entitled to vote at an election of directors, except that:

- (1) members of a classified board of directors may be removed only for cause, unless the certificate of incorporation provides otherwise; and
- (2) directors may not be removed in certain situations in the case of a corporation having cumulative voting.

Even though Amerada Hess has a classified board of directors, the by-laws of Amerada Hess provide that any director may be removed at any time, either for or without cause, but only by the affirmative vote of holders of at least 80 per cent. of the voting power of the shares of capital stock then entitled to vote.

Amerada Hess does not have cumulative voting.

(ii) LASMO Shareholders

Under the Companies Act, shareholders may remove a director without cause by ordinary resolution, irrespective of any provisions of the company's articles of association or service contract the director has with the company, provided, however, that 28 clear days' notice of the resolution is given to the company.

VACANCIES ON THE BOARD OF DIRECTORS

(i) Amerada Hess Stockholders

Under Delaware law, unless otherwise provided in the certificate of incorporation or the by-laws the following vacancies may be filled by a vote of a majority of the directors then in office:

1. vacancies on a board of directors; and
2. newly created directorships resulting from an increase in the authorized number of directors.

However, if the holders of any specific class of stock are entitled to elect directors, vacancies and newly created directorships of the class may only be filled by a majority of the directors elected by the class. In the case of a classified board, directors elected to fill vacancies or newly created directorships will hold office until the next election of the class for which the directors have been chosen.

(Except as otherwise provided in the rights of a class or series of preferred stock having preference over common stock under specified circumstances, the by-laws of Amerada Hess provide that vacancies created by death, resignation, removal or disqualification and newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of the directors remaining in office, although less than a quorum. Each director so chosen shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified).

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(ii) LASMO Shareholders

Under English law, shareholders may by ordinary resolution, at a meeting at which any director retires, appoint a person to be a director:

1. to fill a vacancy; or
2. to become an additional director, subject to any maximum provided in the company's articles of association.

The board of directors has the power to appoint a director to serve until the next general meeting of the company, whereupon the director concerned is required to retire, but will be eligible for re-election. However, the total number of directors shall not exceed any maximum number fixed in accordance with the company's articles of association.

LASMO's articles of association provide that the minimum number of directors shall be two and that there shall be no maximum, unless and until otherwise determined by the company by ordinary resolution.

LIABILITY OF DIRECTORS AND OFFICERS

(i) Amerada Hess Stockholders

Delaware law permits a corporation's certificate of incorporation to include a provision eliminating or limiting the personal liability of a director to the corporation and its stockholders for damages arising from a breach of fiduciary duty as a director. However, no provision can limit the liability of a director for:

- (1) any breach of his/her duty of loyalty to the corporation or its stockholders;
- (2) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- (3) intentional or negligent payment of unlawful dividends or stock purchases or redemptions; or
- (4) any transaction from which he/she derives an improper personal

benefit.

The Amerada Hess certificate of incorporation provides that a director of Amerada Hess shall not be personally liable to Amerada Hess or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability which would otherwise exist under applicable law (i) for any breach of the director's duty of loyalty to Amerada Hess and its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL (unlawful payment of dividend or unlawful stock purchase or redemption) or (iv) for any transaction from which the director derived any improper personal benefit.

If the DGCL is amended after approval by the stockholders of this provision in the certificate of incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. The certificate of incorporation also provide that any repeal or modification of this provision in the certificate of incorporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

(ii) LASMO Shareholders

English law does not permit a company to exempt any director, officer of the company or any person employed by the company as an auditor, from any liability arising from negligence, default, breach of duty or breach of trust against the company.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

(i) Amerada Hess Stockholders

Delaware law provides that a corporation may indemnify any officer or director who is made a party to any suit or proceeding on account of being a director, officer or employee of the corporation against expenses, including attorney's fees, judgments, fines and amounts paid in settlement

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reasonably incurred by him/her in connection with the action, through, among other things, a majority vote of a quorum consisting of directors who were not parties to the suit or proceeding if the officer or director:

- (1) acted in good faith and in a manner he/she reasonably believed to be in the best interests of the corporation; and
- (2) in a criminal proceeding, had no reasonable cause to believe his/her conduct was unlawful.

The by-laws of Amerada Hess contain specific authority for indemnification by the corporation of current and former directors, officers, employees or agents of the corporation.

Amerada Hess maintains policies of insurance under which Amerada Hess and its directors and officers are insured subject to specified exclusions and deductibles and maximum amounts against loss arising from any claim which may be made against Amerada Hess or any director or officer of Amerada Hess by reason of any breach of duty, neglect, error, misstatement, omission or act done or alleged to have been done while acting in their respective capabilities.

(ii) LASMO Shareholders

English law does not permit a company to indemnify:

- (1) a director or officer of the company; or
- (2) any person employed by the company as an auditor;

against any liability arising from negligence, default, breach of duty or breach of trust against the company, except that indemnification is allowed for liabilities incurred in proceedings in which:

- (1) judgment is entered in favour of the director or officer, or the director or officer is acquitted; or
- (2) the director or officer is held liable, but the court finds that he/she acted honestly and reasonably and that relief should be granted.

The Companies Act enables companies to purchase and maintain insurance for directors, officers and auditors against liabilities arising from negligence, default, breach of duty or breach of trust against the company.

LASMO's articles of association authorise the company to purchase and maintain such insurance for any directors, officers or auditors of the company.

See also "Liability of directors and officers".

SHAREHOLDER SUITS

(i) Amerada Hess Stockholders

Under Delaware law, a stockholder may initiate a derivative action to enforce a right of a corporation if the corporation fails to enforce the right itself. The complaint must:

- (1) state that the plaintiff was a stockholder at the time of the transaction of which the plaintiff complains or that the plaintiff's shares thereafter devolved on the plaintiff by operation of law; and
- (2) (a) allege with particularity the efforts made by the plaintiff to obtain the action the plaintiff desires from the directors and the reasons for the plaintiff's failure to obtain the action; or
(b) state the reasons for not making the effort.

Additionally, the plaintiff must remain a stockholder through the duration of the derivative suit. The action will not be dismissed or compromised without the approval of the Delaware Court of Chancery.

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(ii) LASMO Shareholders

While English law only permits a shareholder to initiate a lawsuit on behalf of the company in limited circumstances, the Companies Act permits a shareholder whose name is on the register of shareholders of the company to apply for a court order:

- (1) when the company's affairs are being or have been conducted in a manner unfairly prejudicial to the interests of all or some shareholders, including the shareholder making the claim; or
- (2) when any act or omission of the company is or would be so prejudicial.

A court has wide discretion in granting relief, and may authorize civil proceedings to be brought in the name of the company by a shareholder on terms that the court directs. Except in these limited circumstances, English law does not generally permit class action lawsuits by shareholders on behalf of the company, or on behalf of other shareholders.

CERTAIN PROVISIONS RELATING TO SHARE ACQUISITIONS

(i) Amerada Hess Stockholders

Section 203 of the DGCL prohibits "business combinations", including mergers, sales and leases of assets, issuances of securities and similar transactions by a corporation or a subsidiary with an "interested stockholder" who beneficially owns 15 per cent. or more of a corporation's voting stock, within three years after the person or entity becomes an interested stockholder, unless:

- (1) prior to the time at which the stockholder became an interested

stockholder, the business combination or the transaction that caused the person to become an interested stockholder is approved by the board of directors of the corporation;

- (2) after completion of the transaction in which the person becomes an interested stockholder, the interested stockholder holds at least 85 per cent. of the voting stock of the corporation not including (i) shares held by officers and directors of interested stockholders and (ii) shares held by specified employee benefit plans; or
- (3) after the person becomes an interested stockholder, the business combination is approved by the board and holders of at least two thirds of the outstanding voting stock, excluding shares held by the interested stockholder.

(ii) LASMO Shareholders

In the case of a company listed on the London Stock Exchange, shareholder approval must be obtained for certain acquisitions or disposals of assets involving directors, substantial shareholders or their associates. In addition, takeovers of public companies, whether or not listed on the London Stock Exchange, are regulated by the City Code, which is:

- (1) comprised of non-statutory rules unenforceable at law; and
- (2) administered by the Panel, a body consisting of representatives of City of London financial and professional institutions, which oversees the conduct of takeovers.

The City Code provides that when:

- (1) any person acquires, whether by a series of transactions over a period of time or not, shares which, together with shares held or acquired by persons acting in concert with him/her, represent 30 per cent or more of the voting rights of a public company; or
- (2) any person, together with persons acting in concert with him/her, holds at least 30 per cent. but not more than 50 per cent. of the voting rights and that person, or any person acting in concert with him/her, acquires any additional shares which increase his/her percentage of the voting rights;

the person must generally make an offer for all of the equity shares of the company, whether voting or nonvoting, and any class of voting non-equity shares of the company held by that person or any person acting in concert with him/her, for cash, or accompanied by a cash alternative, at not less than the highest price paid by the person or these persons for the relevant shares during the 12 months preceding the date of the offer.

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ANTI-TAKEOVER MEASURES

(i) Amerada Hess Stockholders

Under Delaware law, directors generally have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interests of the stockholders.

Nevertheless, a Delaware court will generally apply a policy of judicial deference to board of directors decisions to adopt anti-takeover measures in the face of a potential takeover where the directors are able to show that:

- (1) they had reasonable grounds for believing that there was a danger to corporate policy and effectiveness from an acquisition proposal; and
- (2) the board action taken was reasonable in relation to the threat posed.

(ii) LASMO Shareholders

Under English law, directors of a company have a fiduciary duty to take

only those actions which are in the interests of the company. Generally, anti-takeover measures are not actions which fall within this category.

Under the City Code, a company is prohibited from taking any action without the approval of its shareholders at a general meeting after:

- (1) a bona fide offer has been communicated to its board of directors; or
- (2) its board of directors has reason to believe that a bona fide offer might be imminent;

if that action could effectively result in the offer being frustrated or in the shareholders being denied an opportunity to decide on its merits.

DISCLOSURE OF INTERESTS

(i) Amerada Hess Stockholders

Acquirers of common stock are subject to disclosure requirements under Section 13(d) (1) of the Exchange Act and Rule 13d-1 thereunder, which provide that any person who becomes the beneficial owner of more than five per cent of the outstanding common stock of Amerada Hess must, within ten days after such acquisition:

- (1) file a Schedule 13D with the SEC disclosing specified information:
and
- (2) send a copy of the Schedule 13D to Amerada Hess and to each securities exchange on which the security is traded.

(ii) LASMO Shareholders

The Companies Act provides that anyone who acquires a material interest or becomes aware that he/she has acquired a material interest in three per cent. or more of any class of shares of a public company's issued share capital carrying rights to vote at general shareholder meetings must notify that company in writing of his/ her interest within two days. Thereafter, any increase or decrease of a whole percentage or decrease which reduces the interest to below three per cent. must be notified in writing to the company.

In addition, the Companies Act provides that a public company may, by notice in writing, require a person whom the company knows or reasonably believes to be or to have been within the three preceding years, interested in the company's issued voting share capital, to:

- (1) confirm whether this is or is not the case; and
- (2) if this is the case, to give further information that the company requires relating to his/her interest and any other interest in the company's shares of which he/she is aware.

The disclosure must be made within a reasonable period as specified in the relevant notice, which may be as short as one or two days.

When the notice is served by a company on a person who is, or was, interested in shares of the company and that person fails to give the company any information required by the notice within the

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time specified in the notice, the company may apply to the court for an order directing that the shares in question be subject to restrictions prohibiting, among other things:

- (1) any transfer of the shares;
- (2) the exercise of voting rights;
- (3) the issue of further shares; and
- (4) other than a liquidation, dividends and other payments.

These restrictions may also void any agreement to transfer the shares.

LIMITATIONS ON ENFORCEABILITY OF CIVIL LIABILITIES UNDER US FEDERAL SECURITIES LAWS

Ability to bring suits, enforce judgments and enforce US law

(i) Amerada Hess Stockholders

Amerada Hess is a US company incorporated under the laws of Delaware. All but one of its directors and officers are residents of the United States, and Amerada Hess has substantial assets located in the United States. As a result, US investors generally can initiate lawsuits in the United States against Amerada Hess and its directors and officers and can enforce lawsuits based on US federal securities laws in US courts.

(ii) LASMO Shareholders

LASMO is an English company located in the United Kingdom. Many of the directors and officers of LASMO are residents of the United Kingdom and not the United States. A large portion of the assets of LASMO and its directors and officers are located outside of the United States. As a result, US investors may find it difficult, in a lawsuit based on the civil liability provisions of the US federal securities laws, to:

- (1) effect service within the United States upon LASMO and the directors and officers of LASMO located outside the United States;
- (2) enforce in US courts or outside the United States judgments obtained against those persons in US courts;
- (3) enforce in US courts judgments obtained against those persons in courts in jurisdictions outside the United States; and
- (4) enforce against those persons in the United Kingdom, whether in original actions or in actions for the enforcement of judgments of US courts, civil liabilities based solely upon the US federal securities laws.

"Short swing" profits

(i) Amerada Hess Stockholders

Directors and officers of Amerada Hess are governed by rules under the Exchange Act that may require directors and officers to forfeit to Amerada Hess any "short swing" profits realized from purchases and sales, as determined under the Exchange Act and the rules thereunder, of Amerada Hess equity securities.

(ii) LASMO Shareholders

Directors and officers of LASMO are not subject to the Exchange Act's "short swing" profit rules because LASMO is currently a foreign private issuer under the Exchange Act, which is not subject to these rules.

However, directors of LASMO are currently subject to applicable UK legislation prohibiting insider dealing. In addition, the directors have to comply with the Model Code of the UK Listing Authority, which provides that the considerations taken into account by directors when deciding whether or not to deal in shares of the company of which they are a director, must not be of a short-term nature. The Model Code also places additional restrictions on trading during periods prior to announcement of a company's results.

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PROXY STATEMENTS AND REPORTS

(i) Amerada Hess Stockholders

Under the Exchange Act proxy rules, Amerada Hess must comply with notice and disclosure requirements relating to the solicitation of proxies for stockholder meetings.

(ii) LASMO Shareholders

As a foreign private issuer, LASMO is not subject to the Exchange Act proxy rules. However, LASMO is governed by the Companies Act and the Listing Rules regulating notices of shareholder meetings, which provide that notice of a shareholder meeting must be accompanied by:

- (1) a shareholder circular containing an explanation of the purpose of the meeting; and
- (2) the recommendations of the board with respect to actions to be taken.

In addition, LASMO sends LASMO ordinary shareholders a copy of its annual report and accounts, or a summary thereof.

In addition, under the Listing Rules, LASMO is required to send to shareholders details relating to certain acquisitions, dispositions, takeovers, mergers and offers, either made by, or to respect of, the company, depending on their size and importance.

REPORTING REQUIREMENTS

(i) Amerada Hess Stockholders

As a US public company, Amerada Hess must file with the SEC, among other reports and notices:

- (1) an annual report on Form 10-K within 90 days after the end of each fiscal year;
- (2) quarterly reports on Form 10-Q within 45 days after the end of each of the first three fiscal quarters of each year; and
- (3) current reports on Form 8-K upon the occurrence of important corporate events.

(ii) LASMO Shareholders

Under English law, LASMO must file the following documents, inter alia, with Companies House:

- (1) annual accounts and report, seven months after the end of the relevant accounting period (this period is reduced to six months under the Listing Rules);
- (2) annual return, within 28 days after the date to which it is made up;
- (3) forms 288 noting the resignation and appointment of directors and secretary, within 14 days of the date of the change;
- (4) auditors' notice of resignation, within 14 days of the company's receipt of such notice; and
- (5) copies of all special and extraordinary resolutions passed by the company, within 15 days of the date the resolution was passed.

LASMO is also required to notify the London Stock Exchange of:

- (1) any major new developments relating to its business which are not public knowledge and may lead to a substantial movement in its stock price;
- (2) notifications received by it from persons holding an interest in three per cent. or more of any class of the company's share capital;
- (3) any changes in its board of directors;
- (4) any purchase or redemption by it of its own equity securities;
- (5) interests of directors in its shares or debentures; and
- (6) changes in its capital structure.

The Listing Rules also require LASMO to publish an interim report within four months of the end of each half year.

LASMO also has certain reporting obligations as a foreign private issuer under US securities laws.

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APPENDIX VIII

CERTAIN PROVISIONS OF THE COMPANIES ACT

Set out below is an extract from the Companies Act:

PART IXA

TAKEOVER OFFERS

428. TAKEOVER OFFERS

- (1) In this Part of this Act "takeover offer" means an offer to acquire all the shares, or all the shares of any class or classes, in a company (other than shares which at the date of the offer are already held by the offeror), being an offer on terms which are the same in relation to all the shares to which the offer relates or, where those shares include shares of difference classes, in relation to all the shares of each class.
- (2) In subsection (1) "shares" means shares which have been allotted on the date of the offer but a takeover offer may include among the shares to which it relates all or any shares that are subsequently allotted before a date specified in or determined in accordance with the terms of the offer.
- (3) The terms offered in relation to any shares shall for the purpose of this section be treated as being the same in relation to all the shares or, as the case may be, all the shares of a class to which the offer relates notwithstanding any variation permitted by subsection (4).
- (4) A variation is permitted by this subsection where -
 - (a) the law of a country or territory outside the United Kingdom precludes an offer of consideration in the form or any of the forms specified in the terms in question or precludes it except after compliance by the offeror with conditions with which he is unable to comply or which he regards as unduly onerous; and
 - (b) the variation is such that the persons to whom an offer of consideration in that form is precluded are able to receive consideration otherwise than in that form but of substantially equivalent value.
- (5) The reference in subsection (1) to shares already held by the offeror includes a reference to shares which he has contracted to acquire but that shall not be construed as including shares which are the subject of a contract binding the holder to accept the offer when it is made, being a contract entered into by the holder either for no consideration and under seal or for no consideration other than a promise by the offeror to make the offer.
- (6) In the application of subsection (5) to Scotland the words "and under seal" shall be omitted.
- (7) Where the terms of an offer make provision for their revision and for acceptances on the previous terms to be treated as acceptances on the revised terms, the revision shall not be regarded for the purposes of this Part of this Act as the making of a fresh offer and references in this Part of this Act to the date of the offer shall accordingly be construed as references to the date on which the original offer was made.
- (8) In this Part of this Act the "offeror" means, subject to section 430D, the person making a takeover offer and the "company" means the company whose shares are the subject of the offer.

429. RIGHT OF OFFEROR TO BUY OUT MINORITY SHAREHOLDERS

- (1) If, in a case in which a takeover offer does not relate to shares of

different classes, the offeror has by virtue of acceptance of the offer acquired or contracted to acquire not less than nine-tenths in value of the shares to which the offer relates he may give notice to the holder of any shares to which the offer relates which the offeror has not acquired or contracted to acquire that he desires to acquire those shares.

- (2) If, in a case in which a takeover offer relates to shares of different classes, the offeror has by virtue of acceptances of the offer acquired or contracted to acquire not less than nine-tenths in

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value of the shares of any class to which the offer relates, he may give notice to the holder of any shares of that class which the offeror has not acquired or contracted to acquire that he desires to acquire those shares.

- (3) No notice shall be given under subsection (1) or (2) unless the offeror has acquired or contracted to acquire the shares necessary to satisfy the minimum specified in that subsection before the end of the period of four months beginning with the date of the offer and no such notice shall be given after the end of the period of two months beginning with the date on which he has acquired or contracted to acquire shares which satisfy that minimum.
- (4) Any notice under this section shall be given in the prescribed manner; and when the offeror gives the first notice in relation to an offer he shall send a copy of it to the company together with a statutory declaration by him in the prescribed form stating that the conditions for the giving of the notice are satisfied.
- (5) Where the offeror is a company (whether or not a company within the meaning of this Act) the statutory declaration shall be signed by a director.
- (6) Any person who fails to send a copy of a notice or statutory declaration as required by subsection (4) or makes such a declaration for the purposes of that subsection knowing it to be false or without having reasonable grounds for believing it to be true shall be liable to imprisonment or a fine, or both, and for continued failure to send the copy or declaration, to a daily default fine.
- (7) If any person is charged with an offence for failing to send a copy of a notice as required by subsection (4) it is a defence for him to prove that he took reasonable steps for securing compliance with that subsection.
- (8) Where during the period within which a takeover offer can be accepted the offeror acquires or contracts to acquire any of the shares to which the offer relates but otherwise than by virtue of acceptances of the offer, then, if -
- (a) the value of the consideration for which they are acquired or contracted to be acquired ("the acquisition consideration") does not at that time exceed the value of the consideration specified in the terms of the offer; or
- (b) those terms are subsequently revised so that when the revision is announced the value of the acquisition consideration, at the time mentioned in paragraph (a) above, no longer exceeds the value of the consideration specified in those terms,

the offeror shall be treated for the purposes of this section as having acquired or contracted to acquire those shares by virtue of acceptances of the offer; but in any other case those shares shall be treated as excluded from those to which the offer relates.

430. EFFECT OF NOTICE UNDER SECTION 429

- (1) The following provisions shall, subject to section 430C, have effect where a notice is given in respect of any shares under section 429.
- (2) The offeror shall be entitled and bound to acquire those shares on the terms of the offer.

- (3) Where the terms of an offer are such as to give the holder of any shares a choice of consideration the notice shall give particulars of the choice and state:
- (a) that the holder of the shares may within six weeks from the date of the notice indicate his choice by a written communication sent to the offeror at an address specified in the notice; and
 - (b) which consideration specified in the offer is to be taken as applying in default of his indicating a choice as aforesaid;

and the terms of the offer mentioned in subsection (2) shall be determined accordingly.

- (4) Subsection (3) applies whether or not any time-limit or the other conditions applicable to the choice under the terms of the offer can still be complied with; and if the consideration chosen by the holders of the shares:
- (a) is not cash and the offeror is no longer able to provide it; or

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- (b) was to have been provided by a third party who is no longer bound or able to provide it,
- the consideration shall be taken to consist of an amount of cash payable by the offeror which at the date of the notice is equivalent to the chosen consideration.
- (5) At the end of six weeks from the date of the notice the offeror shall forthwith:
- (a) send a copy of the notice to the company; and
 - (b) pay or transfer to the company the consideration for the shares to which the notice relates.
- (6) If the shares to which the notice relates are registered the copy of the notice sent to the company under subsection (5)(a) shall be accompanied by an instrument of transfer executed on behalf of the shareholder by a person appointed by the offeror; and on receipt of that instrument the company shall register the offeror as the holder of those shares.
- (7) If the shares to which the notice relates are transferable by the delivery of warrants or other instruments the copy of the notice sent to the company under subsection (5)(a) shall be accompanied by a statement to that effect, and the company shall on receipt of the statement issue the offeror with warrants or other instruments in respect of the shares and those already in issue in respect of the shares shall become void.
- (8) Where the consideration referred to in paragraph (b) of subsection (5) consists of shares or securities to be allotted by the offeror the reference in that paragraph to the transfer of the consideration shall be construed as a reference to the allotment of the shares or securities to the company.
- (9) Any sum received by a company under paragraph (b) of subsection (5) and any other consideration received under that paragraph shall be held by the company on trust for the person entitled to the shares in respect of which the sum or other consideration was received.
- (10) Any sum received by a company under paragraph (b) of subsection (5), and any dividend or other sum accruing from any other consideration received by a company under that paragraph, shall be paid into a separate bank account, being an account the balance on which bears interest at an appropriate rate and can be withdrawn by such notice (if any) as is appropriate.
- (11) Where after reasonable enquiry made at such intervals as are reasonable the person entitled to any consideration held on trust by virtue of subsection (9) cannot be found and twelve years have elapsed since the consideration was received or the company is wound up the consideration

(together with any interest, dividend or other benefit that has accrued from it) shall be paid into court.

- (12) In relation to a company registered in Scotland, subsections (13) and (14) shall apply in place of subsection (11).
- (13) Where after reasonable enquiry made at such intervals as are reasonable the person entitled to any consideration held on trust by virtue of subsection (9) cannot be found and twelve years have elapsed since the consideration was received or the company is wound up:
- (a) the trust shall terminate;
 - (b) the company or, as the case may be, the liquidator shall sell any consideration other than cash and any benefit other than cash that has accrued from the consideration; and
 - (c) a sum representing -
 - (i) the consideration so far as it is cash;
 - (ii) the proceeds of any sale under paragraph (b) above; and
 - (iii) any interest, dividend or other benefit that has accrued from the consideration,

shall be deposited in the name of the Accountant of Court in a bank account such as is referred to in subsection (10) and the receipt for the deposit shall be transmitted to the Account of Court.

- (14) Section 58 of the Bankruptcy (Scotland) Act 1985 (so far as consistent with this Act) shall apply with any necessary modifications to sums deposited under subsection (13) as that section applies to sums deposited under section 57(1)(a) of that Act.

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- (15) The expenses of any such enquiry as is mentioned in subsection (11) or (13) may be defrayed out of the money or other property held on trust for the person or persons to whom the enquiry relates.

430A. RIGHT OF MINORITY SHAREHOLDER TO BE BOUGHT OUT BY OFFEROR

- (1) If a takeover offer relates to all the shares in a company and at any time before the end of the period within which the offer can be accepted:
- (a) the offeror has by virtue of acceptances of the offer acquired or contracted to acquire some (but not all) of the shares to which the offer relates; and
 - (b) those shares, with or without any other shares in the company which he has acquired or contracted to acquire, amount to not less than nine-tenths in value of all the shares in the company, the holder of any shares to which the offer relates who has not accepted the offer may by a written communication addressed to the offeror require him to acquire those shares.
- (2) If a takeover offer relates to shares of any class or classes and at any time before the end of the period within which the offer can be accepted:
- (a) the offeror has by virtue of acceptances of the offer acquired or contracted to acquire some (but not all) of the shares of any class to which the offer relates; and
 - (b) those shares, with or without any other shares of that class which he has acquired or contracted to acquire, amount to not less than nine-tenths in value of all the shares of that class,

the holder of any shares of that class who has not accepted the offer may by a written communication addressed to the offeror require him to acquire those shares.

- (3) Within one month of the time specified in subsection (1) or, as the case

may be, subsection (2) the offeror shall give any shareholder who has not accepted the offer notice in the prescribed manner of the rights that are exercisable by him under that subsection; and if the notice is given before the end of the period mentioned in that subsection it shall state that the offer is still open for acceptance.

- (4) A notice under subsection (3) may specify a period for the exercise of the rights conferred by this section and in that event the rights shall not be exercisable after the end of that period; but no such period shall end less than three months after the end of the period within which the offer can be accepted.
- (5) Subsection (3) does not apply if the offeror has given the shareholder a notice in respect of the shares in question under section 429.
- (6) If the offeror fails to comply with subsection (3) he and, if the offeror is a company, every officer of the company who is in default or to whose neglect the failure is attributable, shall be liable to a fine and for continued contravention, to a daily default fine.
- (7) If an offeror other than a company is charged with an offence for failing to comply with subsection (3) it is a defence for him to prove that he took all reasonable steps for securing compliance with that subsection.

430B. EFFECT OF REQUIREMENT UNDER SECTION 430A

- (1) The following provisions shall, subject to section 430C, have effect where a shareholder exercises his rights in respect of any shares under section 430A.
- (2) The offeror shall be entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.
- (3) Where the terms of an offer are such as to give the holder of shares a choice of consideration the holder of the shares may indicate his choice when requiring the offeror to acquire them and the notice given to the holder under section 430A(3) -
 - (a) shall give particulars of the choice and of the rights conferred by this subsection; and

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- (b) may state which consideration specified in the offer is to be taken as applying in default of his indicating a choice;and the terms of the offer mentioned in subsection (2) shall be determined accordingly.
 - (4) Subsection (3) applies whether or not any time-limit or other conditions applicable to the choice under the terms of the offer can still be complied with; and if the consideration chosen by the holder of the shares -
 - (a) is not cash and the offeror is no longer able to provide it; or
 - (b) was to have been provided by a third party who is no longer bound or able to provide it,the consideration shall be taken to consist of an amount of cash payable by the offeror which at the date where the holder of the shares requires the offeror to acquire them is equivalent to the chosen consideration.
- #### 430C. APPLICATIONS TO THE COURT
- (1) Where a notice is given under section 429 to the holder of any shares the court may, on an application made by him within six weeks from the date on which the notice was given -
 - (a) order that the offeror shall not be entitled and bound to acquire the shares; or
 - (b) specify terms of acquisition different from those of the offer.

- (2) If an application to the court under subsection (1) is pending at the end of the period mentioned in subsection (5) of section 430 that subsection shall not have effect until the application has been disposed of.
- (3) Where the holder of any shares exercises his rights under section 430A the court may, on an application made by him or the offeror, order that the terms on which the offeror is entitled and bound to acquire the shares shall be such as the court thinks fit.
- (4) No order for costs or expenses shall be made against a shareholder making an application under subsection (1) or (3) unless the court considers -
 - (a) that the application was unnecessary, improper or vexatious; or
 - (b) that there has been unreasonable delay in making the application or unreasonable conduct on his part in conducting the proceedings on the application.
- (5) Where a takeover offer has not been accepted to the extent necessary for entitling the offeror to give notices under subsection (1) or (2) of section 429 the court may, on the application of the offeror, make an order authorising him to give notices under that subsection if satisfied -
 - (a) that the offeror has after reasonable enquiry been unable to trace one or more of the persons holding shares to which the offer relates;
 - (b) that the shares which the offeror has acquired or contracted to acquire by virtue of acceptances of the offer, together with the shares held by the person or persons mentioned in paragraph (a), amount to not less than the minimum specified in that subsection; and
 - (c) that the consideration offered is fair and reasonable;but the court shall not make an order under this subsection unless it considers that it is just and equitable to do so having regard, in particular, to the number of shareholders who have been traced but who have not accepted the offer.

430D. JOINT OFFERS

- (1) A takeover offer may be made by two or more persons jointly and in that event this Part of this Act has effect with the following modifications.
- (2) The conditions for the exercise of the rights conferred by sections 429 and 430A shall be satisfied by the joint offerors acquiring or contracting to acquire the necessary shares jointly (as respects acquisitions by virtue of acceptances of the offer) and either jointly or separately (in other cases); and, subject to the following provisions, the rights and obligations of the offeror under those

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sections and sections 430 and 430B shall be respectively joint rights and joint and several obligations of the joint offerors.

- (3) It shall be a sufficient compliance with any provision of those sections requiring or authorising a notice or other document to be given or sent by or to the joint offerors that it is given or sent by or to any of them; but the statutory declaration required by section 429(4) shall be made by all of them and, in the case of a joint offeror being a company, signed by a director of that company.
- (4) In sections 428, 430(8) and 430E references to the offeror shall be construed as references to the joint offerors or any of them.
- (5) In sections 430(6) and (7) references to the offeror shall be construed as references to the joint offerors or such of them as they may determine.
- (6) In sections 430(4)(a) and 430B(4)(a) references to the offeror being no longer able to provide the relevant consideration shall be construed as references to none of the joint offerors being able to do so.

- (7) In section 430C references to the offeror shall be construed as references to the joint offerors except that any application under subsection (3) or (5) may be made by any of them and the reference in subsection (5) (a) to the offeror having been unable to trace one or more of the persons holding shares shall be construed as a reference to none of the offerors having been able to do so.

430E. ASSOCIATES

- (1) The requirement in section 428(1) that a takeover offer must extend to all the shares, or all the shares of any class or classes, in a company shall be regarded as satisfied notwithstanding that the offer does not extend to shares which associates of the offeror hold or have contracted to acquire; but, subject to subsection (2), shares which any such associate holds or has contracted to acquire, whether at the time when the offer is made or subsequently, shall be disregarded for the purposes of any reference in this Part of this Act to the shares to which a takeover offer relates.
- (2) Where during the period within which a takeover offer can be accepted any associate of the offeror acquires or contracts to acquire any of the shares to which the offer relates, then, if the condition specified in subsection 8(a) or (b) of section 429 is satisfied as respects those shares they shall be treated for the purposes of that section as shares to which the offer relates.
- (3) In section 430(A) (1) (b) and (2) (b) the reference to shares which the offeror has acquired or contracted to acquire shall include a reference to shares which any associate of his has acquired or contracted to acquire.
- (4) In this clause "associate", in relation to an offeror, means -
- (a) a nominee of the offeror;
 - (b) a holding company, subsidiary or fellow subsidiary of the offeror or a nominee of such a holding company, subsidiary or fellow subsidiary;
 - (c) a body corporate in which the offeror is substantially interested;
or
 - (d) any person who is, or is a nominee of, a party to an agreement with the offeror for the acquisition of, or of an interest in, the shares which are the subject of the takeover offer, being an agreement which includes provisions imposing obligations or restrictions such as are mentioned in section 204(2) (a).
- (5) For the purposes of subsection (4) (b) a company is a fellow subsidiary of another body corporate if both are subsidiaries of the same body corporate but neither is a subsidiary of the other.
- (6) For the purposes of subsection (4) (c) an offeror has a substantial interest in a body corporate if -
- (a) that body or its directors are accustomed to act in accordance with his directions or instructions; or
 - (b) he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that body.

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- (7) Subsections (5) and (6) of section 204 shall apply to subsection (4) (d) above as they apply to that section and subsections (3) and (4) of section 203 shall apply for the purposes of subsection (6) above as they apply for the purposes of subsection (2) (b) of that section.
- (8) Where the offeror is an individual his associates shall also include his spouse and any minor child or step-child of his.

430F. CONVERTIBLE SECURITIES

- (1) For the purposes of this Part of this Act securities of a company shall be treated as shares in the company if they are convertible into or

entitle the holder to subscribe for such shares; and references to the holder of shares or a shareholder shall be construed accordingly.

- (2) Subsection (1) shall not be construed as requiring any securities to be treated -
- (a) as shares of the same class as those into which they are convertible or for which the holder is entitled to subscribe; or
 - (b) as shares of the same class as other securities by reason only that the shares into which they are convertible or for which the holder is entitled to subscribe are of the same class.

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APPENDIX IX

DEFINITIONS

The following definitions apply throughout this Offer Document, unless the context otherwise requires:

| | |
|--------------------------------|---|
| "ACCEPTANCE CONDITION" | the Condition set out in paragraph (a) of Part A of Appendix I to this document; |
| "ACCEPTANCE FORM" | the Form of Acceptance and, with respect to LASMO ADSs only, the Letter of Transmittal and the Notice of Guaranteed Delivery; |
| "ADS" | an American Depositary Share; |
| "AGENT'S MESSAGE" | a message transmitted by a Book-Entry Transfer Facility to, and received by, the US Depositary and forming part of a Book-Entry Confirmation that states that such Book-Entry Facility has received an express acknowledgement from the participant in such Book-Entry Facility tendering the interests in LASMO ADSs that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that Amerada Hess may enforce such agreement against the participant; |
| "AMERADA HESS" | Amerada Hess Corporation, a Delaware corporation; |
| "AMERADA HESS GROUP" | Amerada Hess and its subsidiary undertakings and, where the context permits, each of them; |
| "AMERADA HESS SHARE" | a share of common stock of Amerada Hess with par value of \$1.00; |
| "ANNOUNCEMENT" | the press announcement relating to the Offer dated 6 November 2000; |
| "BOE" | barrel of oil equivalent which is either a barrel of oil or 6Mcf of natural gas; |
| "BOOK-ENTRY CONFIRMATION" | the confirmation of a book-entry transfer of LASMO ADSs into the US Depositary's account at a Book-Entry Transfer Facility; |
| "BOOK-ENTRY TRANSFER FACILITY" | each of The Depositary Trust Company and any other book-entry transfer facility, collectively referred to as the "BOOK-ENTRY TRANSFER FACILITIES"; |
| "BUSINESS DAY" | any day, other than Saturday, Sunday or a US federal holiday or UK public holiday and shall consist of the time period from 12.01 am until and including 12.00 midnight (New York City time); |
| "CASH FLOW PER SHARE" | net income before capital gains plus minorities, deferred tax, depreciation and amortisation on a per share basis; |

"CERTIFICATED" OR
 "CERTIFICATED
 FORM" in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form;

"CITY CODE" The City Code on Takeovers and Mergers;

"CLOSING DATE" 3:00 pm (London time), 10:00 am (New York City time) on -- 2001 or any later time and/or date which Amerada Hess may from time to time (at its discretion in accordance with the City Code or with the consent of the Panel and in accordance with the Exchange Act) have announced as the time and date at which the Offer will cease to be open for acceptance unless (a) all the Conditions are at that time satisfied, fulfilled or, to the extent permitted, waived or (b) at or before that time and date Amerada Hess specifies a later time and date for the satisfaction, fulfilment or, to the extent permitted, waiver of the Conditions;

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"CLOSING PRICE" the closing middle market quotation of a LASMO Share as derived from the Daily Official List or the last reported sale price of an Amerada Hess Share as reported on the New York Stock Exchange;

"COMPANIES ACT" the United Kingdom Companies Act 1985, as amended;

"CONDITIONS" the conditions of the Offer set out in Part A of Appendix I to this document and "CONDITION" means any one of them;

"CREST" the relevant systems (as defined in the Regulations) operated by CRESTCo;

"CRESTCO" CRESTCo Limited;

"CREST MANUAL" the manual issued by CRESTCo from time to time;

"CREST MEMBER" a person who has been admitted by CRESTCo as a system-member (as defined in the Regulations);

"CREST PARTICIPANT" a person who is, in relation to CREST, a system-participant (as defined in the Regulations);

"CREST SPONSOR" a person who is, in relation to CREST, a sponsoring system-participant (as defined in the Regulations);

"CREST SPONSORED MEMBER" a CREST member admitted to CREST as a sponsored member under the sponsorship of a CREST sponsor;

"DAILY OFFICIAL LIST" the Daily Official List of the London Stock Exchange;

"DGCL" Delaware General Corporation Law;

"DIRECTOR UNDERTAKINGS" irrevocable undertakings given by each of the directors of LASMO to Amerada Hess and Goldman Sachs, as discussed in paragraph 6 of Appendix VI;

"DISTRIBUTOR" has the meaning set forth in Rule 902 under the Securities Act;

"ELIGIBLE INSTITUTION" a financial institution which is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Program, or the Stock Exchange Medallion Program;

"EXCHANGE ACT" the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

"FORM OF ACCEPTANCE" the form of acceptance relating to the Offer for use by holders of LASMO Shares;

"GOLDMAN SACHS" Goldman Sachs International;

"GUARANTEED DELIVERY PROCEDURES" has the meaning given to that term in paragraph 12(h) of Part B of Appendix I to this document;

"HOLDER OF LASMO ADSS" a holder of LASMO ADRs and/or a holder of LASMO ADSs;

"HSR ACT" the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

"INFORMATION AGENT" D.F. King & Co., Inc.;

"INITIAL OFFER PERIOD" the period during which a LASMO Securityholder who has accepted or tendered into the Offer will be able to withdraw his or her acceptance or tender, being the period from the date of this document until the earlier of (a) the time and date (not being before 3.00pm (London time), 10.00am (New York City time) on -- January 2001) on which all the Conditions are satisfied, fulfilled or, to the extent permitted, waived and (b) the time and date on which the Offer lapses;

"INTERNAL REVENUE CODE" The United States Internal Revenue Code of 1986, as amended;

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"IRREVOCABLE UNDERTAKINGS" undertakings given by Electrafina S.A. and Schroder Investment Management Limited to Amerada Hess and Goldman Sachs, as discussed in paragraph 6 of Appendix VI;

"LASMO" LASMO plc;

"LASMO ADRS" American Depositary Receipts evidencing interests in LASMO ADSs;

"LASMO ADSS" American Depositary Shares of LASMO, each representing 3 LASMO Shares;

"LASMO EQUITY PLAN" the LASMO Equity Plan;

"LASMO GROUP" LASMO and its subsidiary undertakings and, where the context permits, each of them;

"LASMO SECURITIES" LASMO Shares and LASMO ADSs;

"LASMO SECURITYHOLDERS" holders of LASMO Securities;

"LASMO SHAREHOLDERS" holders of LASMO Shares;

"LASMO SHARE OPTION SCHEMES" the LASMO Share Option Scheme dated 1984, the Monument 1996 Share Option Scheme, the LASMO International Share Option Plan, the Monument Oil and Gas Share Option Scheme dated 1987, the LASMO Share Appreciation Rights Plan and the LASMO SAYE Plan;

"LASMO SHARES" the ordinary shares of 25p each in the capital of LASMO (including those represented by ADSs but not, for the avoidance of doubt, such ADSs)

unconditionally allotted or issued at the date of this document and any further such shares which are unconditionally allotted or issued while the Offer remains open for acceptances or on or before such earlier time and/or date as Amerada Hess may, subject to the City Code, US securities laws and/or with the consent of the Panel, decide;

"LETTER OF TRANSMITTAL" the letter of transmittal relating to the Offer for use by holders of LASMO ADSs;

"LIBOR" the London Interbank Offered Rate;

"LISTING RULES" the Listing Rules of the UK Listing Authority;

"LOAN NOTES" the floating rate unsecured loan notes of Amerada Hess to be issued pursuant to the Loan Note Alternative, having the rights and being subject to the restrictions summarised in Appendix II;

"LOAN NOTE ALTERNATIVE" the arrangements pursuant to which LASMO Shareholders (other than US persons and certain overseas shareholders) who validly accept the Offer may elect to receive Loan Notes instead of some or all of the cash consideration to which they would otherwise be entitled under the Offer;

"LOAN NOTE INSTRUMENT" the loan note instrument constituting the Loan Notes, the terms of which are summarised in Appendix II to this document;

"LONDON STOCK EXCHANGE" the London Stock Exchange plc;

"MCF" one thousand cubic feet;

"MEMBER ACCOUNT ID" the identification code or number attached to any member account in CREST;

"METHODPLAN" Methodplan Limited, a subsidiary of LASMO;

"METHODPLAN SHARES" LASMO Shares beneficially owned by Methodplan;

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"MIX AND MATCH ELECTION" an election available to accepting LASMO Securityholders to vary the proportion of new Amerada Hess Shares and cash receivable in consequence of or under the Offer to the extent that other LASMO Securityholders make opposite elections;

"NOTEHOLDER" a holder of Loan Notes;

"NOTICE OF GUARANTEED DELIVERY" the Notice of Guaranteed Delivery relating to the Offer for use by holders of LASMO ADSs;

"NYSE" The New York Stock Exchange;

"OFFER" the recommended offer made by Goldman Sachs, on behalf of Amerada Hess, outside of the United States and by Amerada Hess on its own behalf in the United States, to acquire the LASMO Securities, on the terms and conditions set out in this document and the relevant Acceptance Form including, where the context so requires, any subsequent revision, variation, extension or renewal of, or election available under, such offer;

"OFFER PERIOD" has the meaning set out in the City Code;

"OFFICIAL LIST" the Official List of the UK Listing Authority;

| | |
|--|---|
| "PANEL" | the Panel on Takeovers and Mergers, the body which regulates takeover offers in the UK; |
| "PARTICIPANT ID" | the identification code or membership number used in CREST to identify a CREST member or other CREST participant; |
| "REGISTRATION STATEMENT" | the Registration Statement on Form S-4, of which this Offer Document forms a part, relating to the Amerada Hess Shares offered as consideration pursuant to the Offer and filed by Amerada Hess with the SEC under the Securities Act; |
| "REGULATION" | has the meaning given to it in Appendix I, Part A paragraph (c); |
| "REGULATIONS" | the Uncertificated Securities Regulations 1995 (SI 1995 No. 95/ 3272); |
| "RELEVANT LASMO SHARES" | has the meaning given to that term in paragraph 11(d) of Part B to Appendix I; |
| "SEC" | the United States Securities and Exchange Commission; |
| "SECURITIES ACT" | the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder; |
| "SUBSEQUENT OFFER PERIOD" | the period commencing immediately after the end of the Initial Offer Period (being the date on which all the Conditions are satisfied, fulfilled or, to the extent permitted, waived) during which the Offer will remain open for acceptance; |
| "SUBSIDIARY, SUBSIDIARY UNDERTAKING, ASSOCIATED UNDERTAKING" AND "UNDERTAKING" | shall have the meanings given by the Companies Act (but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A thereof); |
| "TTE INSTRUCTION" | a transfer to escrow instruction as defined by the CREST Manual issued by CRESTCo; |
| "UK GAAP" | UK generally accepted accounting practices and principles; |
| "UK LISTING AUTHORITY" | The Financial Services Authority in its capacity as competent authority under the Financial Services Act 1986; |
| "UK RECEIVING AGENT" | Computershare Services PLC; |
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| "UNCERTIFICATED" OR "UNCERTIFICATED FORM" | in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST; |
| "US DEPOSITARY" | The Bank of New York; |
| "US GAAP" | US generally accepted accounting practices and principles; |
| "US HOLDER" | a holder of LASMO Securities that is (i) a citizen or resident of the United States, (ii) a partnership or corporation created or organized in or under the laws of the United States or any State |

thereof (including the District of Columbia), (iii) an estate the income of which is subject to US federal income taxation regardless of its source or (iv) a trust if such trust validly elects to be treated as a United States person for US federal income tax purposes or if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons have the authority to control all of the substantial decisions of such trust. A "Non-US holder" is a beneficial owner of LASMO Shares, LASMO ADSs, Amerada Hess shares, or Loan Notes, as the case may be, that is not a US holder.

"US PERSON" has the same meaning as set forth in Rule 902 under the US Securities Act;

"WIDER AMERADA HESS GROUP" Amerada Hess and its subsidiaries, subsidiary undertakings and associated undertakings (including any joint venture, partnership, firm or company in which any member of the Amerada Hess Group is interested) and any other undertaking in which Amerada Hess and such subsidiaries, subsidiary undertakings and associated undertakings (aggregating their interests) have a substantial interest;

"WIDER LASMO GROUP" LASMO and its subsidiaries, subsidiary undertakings and associated undertakings (including any joint venture, partnership, firm or company in which any member of the LASMO Group is interested) and any other undertaking in which LASMO or any such subsidiaries, subsidiary undertakings or associated undertakings (aggregating their interests) have a substantial interest;

"L" OR "POUNDS STERLING" OR "PENCE" OR "P" the lawful currency of the United Kingdom;

"\$" OR "US DOLLARS" OR "CENTS" OR "C" the lawful currency of the United States.

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ACCEPTANCES IN RESPECT OF LASMO SHARES

Duly completed Forms of Acceptance, accompanied by certificates in respect of LASMO Shares and/or other documents of title, should be sent or delivered to the UK Receiving Agent or the US Depository, as appropriate, at one of the addresses set out below.

THE UK RECEIVING AGENT FOR THE OFFER IS:

COMPUTERSHARE SERVICES PLC

For information call:

0870 7030056

By mail or by hand:

PO Box 859
The Pavilions
Bridgwater Road
Bristol BS99 1XZ

By hand
(during normal business hours only):
7th Floor, Jupiter House
Triton Court
14 Finsbury Square
London EC2A 1BR

ACCEPTANCES IN RESPECT OF LASMO ADSS

Manually signed facsimile copies of the Letter of Transmittal will be accepted. Duly completed Letters of Transmittal, accompanied by LASMO ADRs in respect of LASMO ADSs and any other required documents should be sent or delivered by each holder of LASMO ADSs to the US Depository at one of the addresses set out below.

THE US DEPOSITARY FOR THE OFFER IS:

THE BANK OF NEW YORK

By Mail:
Tender & Exchange
Department
P.O. Box 11248
Church Street Station
New York, New York
10286-1248

By Facsimile Transmission:
(for Eligible Institutions
Only)
(212) 815-6213

By Hand or Overnight Courier:
Tender & Exchange
Department
101 Barclay Street
Receive and Deliver Window
New York, New York 10286

for Confirmation Only
Telephone:
(800) 507-9357

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FURTHER INFORMATION

Any questions or requests for assistance or additional copies of this Offer Document, the Form of Acceptance, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to D.F. King & Co., Inc., the Information Agent, at the addresses and telephone numbers listed below or to the US Depository or the UK Receiving Agent at their respective addresses and telephone numbers mentioned above. You may also contact your local broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Offer.

THE INFORMATION AGENT FOR THE OFFER IS:
D.F. KING & CO., INC

UNITED KINGDOM
2 London Wall Buildings,
2nd Floor
London Wall
London EC2M 5PP
Freephone: 0800 169 6962
Collect: +44 (0)20 7920 9700

UNITED STATES
77 Water Street,
20th Floor
New York,
New York 10005
Toll-Free: +1 (800) 628 8536
Collect: +1 (212) 269 5550

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Amerada Hess Corporation is a Delaware corporation subject to the applicable provisions of the Delaware General Corporation Law (the "DGCL") related to the limitation of director liability, indemnification of directors and officers and insurance against director and officer liability maintained by a corporation on behalf of directors and officers.

The DGCL permits a corporation's certificate of incorporation to eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director provided that the relevant provision does not eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to the corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) for unlawful payment of a dividend or approval of an unlawful stock purchase or redemption or (d) for any transaction from which the director derived an improper personal benefit.

The DGCL permits a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the relevant conduct was unlawful.

In any threatened, pending or completed action or suit by or in the right of a corporation, the DGCL permits a corporation to indemnify any person who was or is a party or is threatened to be made a party to any such action or suit by reason of the fact that such person acted in any of the capacities set forth above against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made in respect of any claim or issue as to which such person shall have been adjudged liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action was brought determines on application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the Court of Chancery or such other court deems proper.

The DGCL requires a corporation to indemnify a director or officer who has been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in the previous two paragraphs or in defense of any claim, issue or matter therein against expenses actually and reasonably incurred in connection therewith. Corporations may pay expenses incurred by an officer or director in defending any proceeding in advance of the final disposition of the matter on receipt of an undertaking by or on behalf of such person to repay such amount if it is ultimately determined that the person is not entitled to indemnity. The indemnification provided for by the DGCL is not exclusive of any other rights to which the indemnified party may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Amerada Hess Corporation's Restated Certificate of Incorporation and By-Laws provide for the indemnification by Amerada Hess Corporation of each director and officer of Amerada Hess Corporation to the fullest extent permitted by the DGCL.

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ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

| EXHIBIT NUMBER ----- | DESCRIPTION OF DOCUMENTS ----- |
|----------------------------|--|
| 3.1 | Restated Certificate of Incorporation of Registrant. Incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1988. |
| 3.2 | By-Laws of Registrant. Incorporated by reference to Exhibit 3(2) of Form 10-K of Registrant for the fiscal year ended December 31, 1985. |
| 5 | Opinion of White & Case LLP regarding the validity of the securities being registered. |
| 8.1 | Opinion of White & Case LLP regarding United States federal income taxation. |
| 8.2 | Opinion of Freshfields Bruckhaus Deringer regarding United Kingdom taxation. |
| 23.1 | Consent of Ernst & Young LLP, auditors for Amerada Hess |

- Corporation.
- 23.2 Consent of Ernst & Young, auditors for LASMO plc.
- 23.3 Consent of White & Case LLP (included in the opinion filed as Exhibit 5 to this Registration Statement).
- 24.1 Power of Attorney of certain officers and directors of Amerada Hess Corporation (included on the signature pages hereof).
- 99.1 Long Form Press Release, dated as of November 6, 2000. The Long Form Press Release was filed by Registrant on Form 8-K on November 6, 2000 and is incorporated herein by reference.
- 99.2 Short Form Press Release, dated as of November 6, 2000. The Short Form Press Release was filed by Registrant on Form 8-K on November 6, 2000 and is hereby incorporated by reference.
- 99.3 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Joseph Darby. Incorporated by reference to Exhibit 3 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.4 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Thierry Hughes Baudouin Jean-Baptiste de Rudder. Incorporated by reference to Exhibit 4 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.5 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Paul Colbeck Murray. Incorporated by reference to Exhibit 5 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.6 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Roy Gregory Reynolds. Incorporated by reference to Exhibit 6 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.7 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Nigel Victor Turnbull. Incorporated by reference to Exhibit 7 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.8 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Timothy Pienne Brennand. Incorporated by reference to Exhibit 8 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.9 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Hugh Edward Norton. Incorporated by reference to Exhibit 9 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.10 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Antony Peverell Hichens. Incorporated by reference to Exhibit 10 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.11 Inducement Agreement dated as of November 6, 2000 by and among Registrant and LASMO plc. Incorporated by reference to Exhibit 11 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.12 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International and Electrafina S.A. Incorporated by reference to Exhibit 12 to the Schedule 13D filed by Registrant on November 15, 2000.

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| EXHIBIT NUMBER ----- | DESCRIPTION OF DOCUMENTS ----- |
|----------------------------|--|
| 99.13 | Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International and Schroder Investment Management Limited. Incorporated by reference to Exhibit 13 to the Schedule 13D filed by Registrant on November 15, 2000. |
| 99.14 | Amended and Restated Credit Agreement dated as of November 14, 2000 among Amerada Hess Corporation, the Lenders Party |

- thereto and Goldman Sachs Credit Partners L.P. as joint book runner, joint lead arranger and sole syndication agent, Chase Securities, Inc. as joint book runner and joint lead arranger and The Chase Manhattan Bank, N.A., as administrative agent in respect of \$1,000,000,000 Revolving Credit Facility ("Facility A").
- 99.15 Amended and Restated Credit Agreement dated as of November 14, 2000 among Amerada Hess Corporation, the Lenders Party thereto and Goldman Sachs Credit Partners L.P. as joint book runner, joint lead arranger and sole syndication agent, Chase Securities, Inc. as joint book runner and joint lead arranger and The Chase Manhattan Bank, N.A., as administrative agent in respect of \$2,000,000,000 Revolving Credit Facility ("Facility B").
- 99.16 Form of Letter of Transmittal.
- 99.17 Form of Acceptance.
- 99.18 Form of Notice of Guaranteed Delivery.
- 99.19 Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- 99.20 Form of Letter to Clients.
- 99.21 Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- 99.22 Form of summary newspaper advertisement in The Wall Street Journal.
- 99.23 Form of newspaper advertisement in The Financial Times.

ITEM 22. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement;

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the

termination of the offering.

(4) If the registrant is a foreign private issuer, to file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, provided, that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Act or Rule 3-19 of this chapter if such financial statements and information are contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Form F-3.

(5) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(6) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(7) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(8) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(9) That every prospectus: (i) that is filed pursuant to paragraph (8) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate

jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 7th day of December, 2000.

AMERADA HESS CORPORATION

By: /s/ J. BARCLAY COLLINS II

Name: J. Barclay Collins II
Title: Executive Vice President and
General Counsel

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

| SIGNATURE ----- | TITLE ----- | DATE ----- |
|--|--|------------------|
| /s/ JOHN B. HESS* ----- John B. Hess | Director, Chairman of the Board and Chief Executive Officer (Principal Executive Officer) | December 7, 2000 |
| /s/ W.S.H. LAIDLAW* ----- W.S.H. Laidlaw | Director, President and Chief Operating Officer | December 7, 2000 |
| /s/ NICHOLAS F. BRADY* ----- Nicholas F. Brady | Director | December 7, 2000 |
| /s/ J. BARCLAY COLLINS II* ----- J. Barclay Collins II | Director | December 7, 2000 |
| /s/ PETER S. HADLEY* ----- Peter S. Hadley | Director | December 7, 2000 |
| /s/ EDITH E. HOLIDAY* ----- Edith E. Holiday | Director | December 7, 2000 |
| /s/ WILLIAM R. JOHNSON* ----- William R. Johnson | Director | December 7, 2000 |
| /s/ THOMAS H. KEAN* ----- Thomas H. Kean | Director | December 7, 2000 |
| /s/ FRANK A. OLSON* ----- Frank A. Olson | Director | December 7, 2000 |
| /s/ ROGER B. ORESMAN* ----- Roger B. Oresman | Director | December 7, 2000 |
| /s/ JOHN Y. SCHREYER* ----- John Y. Schreyer | Director, Executive Vice President and Chief Financial Officer (Principal Accounting and Financial Officer) | December 7, 2000 |

| SIGNATURE ----- | TITLE ----- | DATE ----- |
|--|----------------|------------------|
| /s/ WILLIAM I. SPENCER* ----- William I. Spencer | Director | December 7, 2000 |
| /s/ ROBERT N. WILSON* ----- Robert N. Wilson | Director | December 7, 2000 |
| /s/ ROBERT F. WRIGHT* ----- Robert F. Wright | Director | December 7, 2000 |

* By: /s/ J. BARCLAY COLLINS II

J. Barclay Collins II
Attorney-in-fact

EXHIBIT INDEX

| EXHIBIT NUMBER ----- | DESCRIPTION OF DOCUMENTS ----- |
|----------------------------|---|
| 3.1 | Restated Certificate of Incorporation of Registrant. Incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1988. |
| 3.2 | By-Laws of Registrant. Incorporated by reference to Exhibit 3(2) of Form 10-K of Registrant for the fiscal year ended December 31, 1985. |
| 5 | Opinion of White & Case LLP regarding the validity of the securities being registered. |
| 8.1 | Opinion of White & Case LLP regarding United States federal income taxation. |
| 8.2 | Opinion of Freshfields Bruckhaus Deringer regarding United Kingdom taxation. |
| 23.1 | Consent of Ernst & Young LLP, auditors for Amerada Hess Corporation. |
| 23.2 | Consent of Ernst & Young, auditors for LASMO plc. |
| 23.3 | Consent of White & Case LLP (included in the opinion filed as Exhibit 5 to this Registration Statement). |
| 24.1 | Power of Attorney of certain officers and directors of Amerada Hess Corporation (included on the signature pages hereof). |
| 99.1 | Long Form Press Release, dated as of November 6, 2000. The Long Form Press Release was filed by Registrant on Form 8-K on November 6, 2000 and is incorporated herein by reference. |
| 99.2 | Short Form Press Release, dated as of November 6, 2000. The Short Form Press Release was filed by Registrant on Form 8-K on November 6, 2000 and is hereby incorporated by reference. |
| 99.3 | Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Joseph Darby. Incorporated by reference to Exhibit 3 to the Schedule 13D filed by Registrant on November 15, 2000. |
| 99.4 | Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Thierry Hughes Baudouin Jean-Baptiste de Rudder. Incorporated by reference to Exhibit 4 to the Schedule 13D filed by Registrant on November 15, 2000. |

- 99.5 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Paul Colbeck Murray. Incorporated by reference to Exhibit 5 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.6 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Roy Gregory Reynolds. Incorporated by reference to Exhibit 6 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.7 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Nigel Victor Turnbull. Incorporated by reference to Exhibit 7 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.8 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Timothy Pienne Brennand. Incorporated by reference to Exhibit 8 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.9 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Hugh Edward Norton. Incorporated by reference to Exhibit 9 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.10 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International, LASMO plc and Antony Peverell Hichens. Incorporated by reference to Exhibit 10 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.11 Inducement Agreement dated as of November 6, 2000 by and among Registrant and LASMO plc. Incorporated by reference to Exhibit 11 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.12 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International and Electrafina S.A. Incorporated by reference to Exhibit 12 to the Schedule 13D filed by Registrant on November 15, 2000.

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EXHIBIT
NUMBER

DESCRIPTION OF DOCUMENTS

- 99.13 Letter Agreement dated as of November 6, 2000 by and among Registrant, Goldman Sachs International and Schroder Investment Management Limited. Incorporated by reference to Exhibit 13 to the Schedule 13D filed by Registrant on November 15, 2000.
- 99.14 Amended and Restated Credit Agreement dated as of November 14, 2000 among Amerada Hess Corporation, the Lenders Party thereto and Goldman Sachs Credit Partners L.P. as joint book runner, joint lead arranger and sole syndication agent, Chase Securities, Inc. as joint book runner and joint lead arranger and The Chase Manhattan Bank, N.A., as administrative agent in respect of \$1,000,000,000 Revolving Credit Facility ("Facility A").
- 99.15 Amended and Restated Credit Agreement dated as of November 14, 2000 among Amerada Hess Corporation, the Lenders Party thereto and Goldman Sachs Credit Partners L.P. as joint book runner, joint lead arranger and sole syndication agent, Chase Securities, Inc. as joint book runner and joint lead arranger and The Chase Manhattan Bank, N.A., as administrative agent in respect of \$2,000,000,000 Revolving Credit Facility ("Facility B").
- 99.16 Form of Letter of Transmittal.
- 99.17 Form of Acceptance.
- 99.18 Form of Notice of Guaranteed Delivery.
- 99.19 Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- 99.20 Form of Letter to Clients.
- 99.21 Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

- 99.22 Form of summary newspaper advertisement in The Wall Street
Journal.
99.23 Form of newspaper advertisement in The Financial Times.

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(LOGO)
U43243

WHITE & CASE LLP
LIMITED LIABILITY PARTNERSHIP

1155 Avenue of the Americas
New York, New York 10036-2787

TELEPHONE: (1-212) 819-8200
FACSIMILE: (1-212) 354-8113

December 7, 2000

Amerada Hess Corporation
1185 Avenue of the Americas
New York, NY 10036

Ladies and Gentlemen:

We have acted as special counsel for Amerada Hess Corporation, a Delaware corporation ("Amerada Hess"), in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), of the Registration Statement on Form S-4 (No. 333-50258) (the "Registration Statement") relating to the proposed issuance of up to 17,200,000 shares of common stock, par value \$1.00 per share, of Amerada Hess ("Amerada Hess Shares"), which are proposed to be issued by Amerada Hess in connection with the offer by Amerada Hess for (i) all issued and to be issued ordinary shares of 25p each ("LASMO Shares") of LASMO plc ("LASMO") for (pound)98.29 in cash and 1 new Amerada Hess Share for every 78.7 LASMO Shares and (ii) all American Depositary Shares of LASMO ("LASMO ADSs"), each representing three LASMO Shares and evidenced by American Depositary Receipts for (pound)294.87 in cash and 3 new Amerada Hess Shares for every 78.7 LASMO ADSs.

We have examined such certificates of public officials, certificates of corporate agents and certificates of officers of Amerada Hess, and the originals (or copies thereof certified to our satisfaction) of such corporate documents and records of Amerada Hess, and such other documents, records and papers as we have deemed relevant in order to give the opinions hereinafter set forth. In this connection we have assumed the genuineness of signatures on and the authenticity of all documents so examined. Also, we have relied upon such certificates of public officials, corporate agents and officers of Amerada Hess and such other certificates with respect to the accuracy of material factual matters contained therein which were not independently established.

Based upon the foregoing, we are of the opinion that, when the Registration Statement has become effective under the Securities Act, the Amerada Hess Shares will have been duly authorized and, upon issuance, will be validly issued, fully paid and non-assessable.

We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York and the federal laws of the United States of America.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement relating to the Amerada Hess Shares. We also consent to the reference to us under the caption "Legal Matters" in the Offer Document forming part of the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission.

Very truly yours,

/s/ White & Case LLP

WHITE & CASE LLP
LIMITED LIABILITY PARTNERSHIP
1155 Avenue of the Americas
New York, New York 10036-2787
TELEPHONE: (1-212) 819-8200
FACSIMILE: (1-212) 354-8113

December 7, 2000

Board of Directors of Amerada Hess Corporation

re: Cash and Share Offer for Shares of LASMO plc

Dear Sirs:

We have acted as United States counsel to Amerada Hess Corporation ("Amerada Hess"), a corporation organized under the laws of Delaware, in connection with their offer to acquire all of the issued and outstanding share capital of LASMO plc, a corporation organized under the laws of England (the "Offer"). At your request, we are rendering our opinion concerning the principal United States federal income tax consequences of the Offer. In connection therewith, we reviewed copies of the Registration Statement (as defined below).

This opinion letter is based on the Internal Revenue Code of 1986, as amended, the Treasury Regulations issued thereunder and administrative and judicial interpretations thereof, in each case, as in effect and available on the date hereof. We assume that the obligations contained in the operative documents for the Offer described in the Offer Document forming a part of the Registration Statement to which this opinion is filed as an exhibit (the "Registration Statement") will be performed in accordance with the terms described therein.

Based on the foregoing and subject to the assumptions, qualifications and limitations contained therein, we hereby confirm our opinion contained in the Offer Document under the caption "United States Federal Income Taxation."

We have not considered and render no opinion on any aspect of law other than as expressly set forth above.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and the reference to us under the caption "United States Federal Income Taxation" in the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended.

Very truly yours,

/s/ White & Case LLP

[Letterhead of Freshfields Bruckhaus Deringer]

The Board of Directors
 Amerada Hess Corporation
 1185 Avenue of the Americas
 New York, New York 10036

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DOC ID LQ003725.309/1+

OUR REF MT/RFJK

YOUR REF

CLIENT MATTER NO. 114116-0001

7 December 2000

Dear Sirs

CASH AND SHARE OFFER FOR SHARES OF LASMO PLC

We have acted as English counsel to Amerada Hess Corporation ("Amerada Hess"), a corporation organized under the laws of Delaware, in connection with their offer to acquire all of the issued and outstanding share capital of LASMO plc, a corporation organized under the laws of England (the "Offer"). At your request, we are rendering our opinion concerning the principal United Kingdom tax consequences of the Offer. In connection therewith, we reviewed copies of the Registration Statement (as defined below).

This opinion letter is based on the currently applicable tax law of the United Kingdom and the current published practice of the Inland Revenue. We assume that the obligations contained in the operative documents for the Offer described in the Offer Document forming a part of the Registration Statement to which this opinion is filed as an exhibit (the "Registration Statement") will be performed in accordance with the terms described therein.

Based on the foregoing and subject to the assumptions, qualifications and limitations contained therein, we hereby confirm our opinion contained in the Offer Document under the caption "United Kingdom Taxation".

We have not considered and render no opinion on any aspect of law other than as expressly set forth above.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and the reference to us under the caption "United Kingdom Taxation" in the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended.

Yours faithfully

/s/ Freshfields Bruckhaus Deringer

CONSENT

We consent to the reference to our firm under the caption "Experts" in the Registration Statement on Form S-4 and related Offer Document of Amerada Hess Corporation for the registration of 17,200,000 shares of its common stock and to the incorporation by reference therein of our report dated February 24, 2000, with respect to the financial statements and schedule of Amerada Hess Corporation included in its Annual Report on Form 10-K for the year ended December 31, 1999, filed with the Securities and Exchange Commission and included in its Annual Report to Shareholders, and incorporated by reference in this Registration Statement.

/s/ Ernst & Young LLP
New York, New York
December 7, 2000

CONSENT

We consent to the reference to our firm under the caption "Experts" in the Registration Statement on Form S-4 and the related Offer Document of Amerada Hess Corporation for the registration of 17,200,000 shares of its common stock and to the incorporation by reference therein of our report dated March 1, 2000, with respect to the financial statements and schedule of LASMO plc included in its Annual Report on Form 20-F for the year ended December 31, 1999, filed with the Securities and Exchange Commission.

/s/ Ernst & Young
London, England
December 7, 2000

AMENDED AND RESTATED
CREDIT AGREEMENT

DATED AS OF

NOVEMBER 14, 2000

AMONG

AMERADA HESS CORPORATION,

THE LENDERS PARTY HERETO,

AND

GOLDMAN SACHS CREDIT PARTNERS L.P.,
AS JOINT BOOK RUNNER, JOINT LEAD ARRANGER AND SOLE SYNDICATION AGENT

CHASE SECURITIES INC.,
AS JOINT BOOK RUNNER AND JOINT LEAD ARRANGER

AND

THE CHASE MANHATTAN BANK,
AS ADMINISTRATIVE AGENT

\$1,000,000,000 REVOLVING CREDIT FACILITY

"FACILITY A"

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EXHIBITS:

| | |
|-------------|---|
| Exhibit A | Form of Assignment and Acceptance |
| Exhibit B | Form of Notes |
| Exhibit C-1 | Form of Opinion of White & Case |
| Exhibit C-2 | Form of Opinion of Counsel to the Company |

AMENDED AND RESTATED CREDIT AGREEMENT, dated as of November 14, 2000 (the "Agreement"), among AMERADA HESS CORPORATION, a Delaware corporation (the "Company"), the LENDERS party hereto, and GOLDMAN SACHS CREDIT PARTNERS L.P., as Joint Book Runner and Joint Lead Arranger and Sole Syndication Agent, (in such capacity, the "Syndication Agent"), CHASE SECURITIES INC., as Joint Book Runner and Joint Lead Arranger and THE CHASE MANHATTAN BANK ("Chase"), as Administrative Agent (in such capacity the "Administrative Agent").

W I T N E S S E T H :

WHEREAS, the Company intends to acquire (the "Acquisition") the whole of the ordinary share capital of LASMO Plc (the "Target") pursuant to the Offer (as hereinafter defined);

WHEREAS, the Company and GSCP as sole Lender, Syndication Agent, Book Runner, Lead Arranger and Administrative Agent, entered into a Credit Agreement dated as of November 6, 2000 (the "Prior Facility A Credit Agreement") to provide liquidity support for the Company's commercial paper program and/or for financing for the cash purchase price of the Acquisition and otherwise for general corporate purposes;

WHEREAS, the Company and GSCP desire to amend and restate the Prior Facility A Credit Agreement to add Chase as a Lender and to appoint Chase as the Administrative Agent hereunder; and

WHEREAS, the Lenders are willing to establish such credit facilities on and subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree to amend and restate the Prior Facility A Credit Agreement as follows:

ARTICLE I.

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Acceptance Condition" means the condition of the Offer relating to the minimum level of acceptances of the Offer as set forth in the Announcement.

"Accommodation Guaranty Indebtedness" shall have the meaning ascribed to it in Article VII(e).

"Acquisition" has the meaning ascribed to it in the Preamble.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" has the meaning ascribed to it in the Preamble.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate, respectively.

"Amended and Restated Effective Date" means the date on which the conditions set forth in Section 4.01. A are satisfied.

"Announcement" means the public announcement of the Offer by the issuance of the Press Release.

"Announcement Date" means the date of the Announcement.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Applicable Facility Fee Rate" means, for any day, with respect to Facility Fees payable hereunder, the applicable rate per annum set forth below

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based upon reference to the Public Debt Rating as set forth below:

| Public Debt Rating S&P/Moody's | Applicable Facility Fee Rate |
|-----------------------------------|---------------------------------|
| Level I > A- or A3 - | 0.075% |
| Level II BBB+ or Baal | 0.100% |
| Level III BBB or Baa2 | 0.125% |
| Level IV BBB- or Baa3 | 0.175% |
| Level V < BBB- or Baa3 | 0.350% |

"Applicable Margin" means, for any day, with respect to any Eurodollar Revolving Loan, the applicable rate per annum set forth below under the caption

"Eurodollar Spread" based upon reference to the Public Debt Rating as set forth below:

| Public Debt Rating S&P/Moody's | Eurodollar Spread |
|-----------------------------------|-------------------|
| Level I > A- or A3 - | 0.425% |
| Level II BBB+ or Baa1 | 0.525% |
| Level III BBB or Baa2 | 0.750% |
| Level IV BBB- or Baa3 | 0.825% |
| Level V < BBB- or Baa3 | 1.150% |

"Applicable Utilization Fee Rate" means, for any day, with respect to Utilization Fees payable hereunder, the applicable rate per annum set forth below based upon reference to the Public Debt Rating as set forth below:

| Public Debt Rating S&P/Moody's | Applicable Utilization Fee Rate |
|-----------------------------------|------------------------------------|
| Level I > A- or A3 - | 0.050% |
| Level II BBB+ or Baa1 | 0.075% |
| Level III BBB or Baa2 | 0.125% |
| Level IV BBB- or Baa3 | 0.125% |
| Level V < BBB- or Baa3 | 0.250% |

"Assessment Rate" means, for any day, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well-capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C.F.R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in dollars at the offices of such member in the United States; provided that if, as a result of any change in any law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Administrative Agent to be representative of the cost of such insurance to the Lenders.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Availability Period" means the period from and including the Closing Date to but excluding the earlier of the Maturity Date and the date of

termination of the Commitments.

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"Base CD Rate" means the sum of (a) the Three-Month Secondary CD Rate multiplied by the Statutory Reserve Rate plus (b) the Assessment Rate.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrowing" means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect or (b) a Competitive Loan or group of Competitive Loans of the same Type made on the same date and as to which a single Interest Period is in effect.

"Borrowing Request" means a request by the Company for Revolving Loans in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City and London are authorized or required by law to remain closed; provided that the term "Business Day" shall also exclude when used in connection with a Eurodollar Loan, any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Lease" means, with respect to any Person which is the lessee thereunder, any lease or charter of property, real or personal, which would, in accordance with GAAP, be recorded as an asset under a capital lease on a balance sheet of such Person.

"Capitalized Lease Obligation" means, with respect to any Person on any date, the amount which would, in accordance with GAAP, be recorded as an obligation under a Capital Lease on a balance sheet of such Person as lessee under such Capital Lease as at such date. For all purposes of this Agreement, Capitalized Lease Obligations shall be deemed to be Debt secured by a Lien.

"Certain Funds Committed Amount" means \$600,000,000 or such lesser amount which when aggregated with (i) all other Offer Borrowings previously advanced and (ii) the aggregate cash consideration paid to accepting Target shareholders pursuant to the Offer which was funded from a source of funds other than Offer Borrowings or borrowings under the Facility B Credit Agreement, equals \$600,000,000. It is hereby acknowledged and agreed for the avoidance of doubt, notwithstanding anything herein to the contrary, that no provision of this Agreement relating to the Certain Funds Committed Amount (including without limitation Sections 2.01(c), 2.08 and the final two paragraphs of Article VII) is intended to or shall increase the Commitments. Following the Offer Termination Date, the Certain Funds Committed Amount shall be zero.

"Certain Funds Period" means the period commencing on the Announcement Date and ending on the earliest to occur of:

(a) the date on which the Offer lapses (having not been declared unconditional in all respects) or is withdrawn or is referred as provided for in paragraphs (c) or (d) of Appendix I of the Press Release;

(b) the date falling 15 days after the Offer Termination Date;

(c) the date falling 29 days after the Announcement Date if the Offer Document has not by then been posted, or such longer period consented to by the Panel but, in any event, no later than 45 days after the Announcement Date; and

(d) the earlier of, the date falling 7 1/2 months after the Announcement Date and 60 days after the date on which the Company becomes entitled to effect Compulsory Acquisition in respect of the Shares.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.13(b), by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or

issued after the date of this Agreement.

"City Code" means the City Code on Takeovers and Mergers applicable to the Offer.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Competitive Loans.

"Clean-up Period" means the period commencing on the Closing Date and ending on the date that is 120 days thereafter.

"Closing" means the satisfaction of all of the conditions specified in Section 4.02.

"Closing Date" means the date on which the Closing occurs.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans, as such commitment may be (a) reduced from time to time pursuant to Section 2.07 and (b) reduced or increased from time to

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time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable.

"Companies Act" means the Companies Act of 1985, as in force in the United Kingdom as amended from time to time.

"Company" has the meaning ascribed to it in the Preamble.

"Company Capitalization Ratio" means, on any date, the ratio, expressed as a percentage, of (i) Total Consolidated Debt of the Company and its Consolidated Subsidiaries on such date to (ii) Total Capitalization of the Company and its Consolidated Subsidiaries on such date.

"Company Subsidiary Debt Ratio" means, on any date, the ratio, expressed as a percentage, of (i) Total Consolidated Subsidiary Debt less, (ii) the sum of (x) to the extent included in determining Total Consolidated Subsidiary Debt, the outstanding Scheduled Debt (but excluding any refinancing thereof that would constitute Total Consolidated Subsidiary Debt), plus (y) an amount equal to 30% of any Scheduled Debt of Target and its Subsidiaries that is refinanced (including through an exchange offer) through the issuance of the Company of Debt that is not Total Consolidated Subsidiary Debt, to (iii) Total Consolidated Assets of Company on such date.

"Competitive", when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, are being made in accordance with Section 2.04.

"Competitive Bid" means an offer by a Competitive Loan Lender to make a Competitive Loan in accordance with Section 2.04.

"Competitive Bid Rate" means, with respect to any Competitive Bid, the Margin or the Fixed Rate, as applicable, offered by the Competitive Loan Lender making such Competitive Bid.

"Competitive Bid Request" means a request by the Company for Competitive Bids in accordance with Section 2.04.

"Competitive Loan Lenders" means Lenders from time to time designated as Competitive Loan Lenders by the Company by written notice to the Administrative Agent (which notice the Administrative Agent shall transmit to each such Competitive Lender).

"Compulsory Acquisition" means the compulsory acquisition procedure under Part XIII A of the Companies Act.

"Consolidated Current Liabilities" means, with respect to any Person

on any date, all amounts which, in conformity with GAAP, would be classified as current liabilities on a consolidated balance sheet of such Person and its Consolidated Subsidiaries as at such date.

"Consolidated Intangibles" means, with respect to any Person on any date, all assets of such Person and its Consolidated Subsidiaries, determined on a consolidated basis, that would, in conformity with GAAP, be classified as intangible assets on a consolidated balance sheet of such Person and its Consolidated Subsidiaries as at such date, including, without limitation, unamortized debt discount and expense, unamortized organization and reorganization expense, costs in excess of the fair market value of acquired companies, patents, trade or service marks, franchises, trade names, goodwill and the amount of all write-ups in the book value of assets resulting from any revaluation thereof (other than revaluations arising out of foreign currency valuations in conformity with GAAP).

"Consolidated Net Tangible Assets" means, with respect to any Person on any date, the amount equal to (a) the amount that would, in conformity with GAAP, be included as assets on the consolidated balance sheet of such Person and its Consolidated Subsidiaries as at such date minus (b) the sum of (i) Consolidated Intangibles of such Person at such date and (ii) Consolidated Current Liabilities of such Person at such date.

"Consolidated Subsidiaries" means, with respect to any Person on any date, all Subsidiaries and other entities whose accounts are consolidated with the accounts of such Person as of such date in accordance with the principles of consolidation reflected in the audited financial statements of such Person as of such date delivered in accordance with Section 5.01.

"Continuing Directors" has the meaning ascribed to it in Article VII.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Debt" means with respect to any Person (i) indebtedness for borrowed money (including, without limitation, indebtedness evidenced by debt securities); (ii) obligations to pay the deferred purchase price of property or

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services, except trade accounts payable in the ordinary course of business; (iii) Capitalized Lease Obligations, in the case of each of the foregoing clauses (i) through (iii), for which such Person or any of its Consolidated Subsidiaries shall be liable as primary obligor or under any Guaranty of any such indebtedness or other such obligations of an entity not included in such Person's consolidated financial statements and (iv) any such indebtedness or other such obligations of any entity not included in such Person's consolidated financial statements secured in any manner by any Lien upon any assets of such Person or any of its Consolidated Subsidiaries; provided that for purposes of the computation of any Debt under this Agreement there shall be no duplication of any item of primary or other indebtedness or other obligation referred to herein above, whether such item reflects the indebtedness or other obligation of such Person or any of its Consolidated Subsidiaries or of any entity not included in such Person's consolidated financial statements; and provided, further, that when computing Debt of the Company under this Agreement the first \$100,000,000 in the aggregate for which the Company and its Consolidated Subsidiaries shall be liable under any Guaranty of any such indebtedness or other such obligations of an entity not included in the Company's consolidated financial statements shall be excluded from the computation of Debt of the Company.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"dollars" or "\$" refers to lawful money of the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.01. B are satisfied (or waived in accordance with Section 9.02).

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or the release of any materials into the environment.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company or any of its Consolidated Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurodollar", when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate (or, in the case of a Competitive Loan, the LIBO Rate).

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Company hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Company is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Company under Section 2.17(b)) or any foreign branch or Affiliate of a Lender caused by such Lender to make a Loan under Section 2.02(b), any withholding tax that is imposed by the United States of America on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement or such foreign branch or Affiliate is caused to make such a Loan or is attributable to such Foreign Lender's or such foreign branch's or Affiliate's failure or inability to comply with Section 2.15(e), except to the extent that such Foreign Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Company with respect to such withholding tax pursuant to Section 2.15(a).

"Existing Credit Agreement" means the Credit Agreement, dated as of May 20, 1997, among the Company, Amerada Hess Limited, Amerada Hess Norge A/S, Amerada Hess A/S, the other subsidiary borrowers and lenders party thereto, and The Chase Manhattan Bank, as administrative agent thereunder.

"Facility B Certain Funds Committed Amount" shall have the meaning ascribed to the term "Certain Funds Committed Amount" in the Facility B Credit Agreement.

"Facility B Credit Agreement" means the \$2,000,000,000 Amended and Restated Revolving Credit Facility, dated as of the date hereof, among the Company, the lenders party thereto, Goldman Sachs Credit Partners L.P., as joint

book runner, joint lead arranger and sole syndication agent, Chase Securities Inc., as joint book runner and joint lead arranger and The Chase Manhattan Bank, as administrative agent.

"Facility Fee" has meaning ascribed to it in Section 2.10(a).

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means, with respect to the Company, the chief financial officer, principal accounting officer, treasurer or controller of the Company.

"Fixed Rate" means, with respect to any Competitive Loan (other than a Eurodollar Competitive Loan), the fixed rate of interest per annum specified by the Lender making such Competitive Loan in its related Competitive Bid.

"Fixed Rate Loan" means a Competitive Loan bearing interest at a Fixed Rate.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Company is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP" means for all purposes hereof generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranty" by any Person means any direct or indirect undertaking to assume, guaranty, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any obligation of any other Person, excluding endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitee" shall have the meaning ascribed to it in Section 9.03.

"Information" shall have the meaning ascribed to it in Section 9.12.

"Interest Election Request" means a request by the Company to convert or continue a Revolving Borrowing in accordance with Section 2.06.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day during such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Fixed Rate Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Fixed Rate Borrowing with an Interest Period of more than 90 days' duration (unless otherwise specified in the applicable Competitive Bid Request), each day prior to the last day of such Interest Period that occurs at intervals of 90 days' duration after the first day of such Interest Period, and any other dates that are specified in the applicable Competitive Bid Request as Interest Payment Dates with respect to such Borrowing.

"Interest Period" means (a) with respect to any Eurodollar Borrowing,

the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is 7 days (if generally available), one, two, three or six months thereafter, as the Company may elect and (b) with respect to any Fixed Rate Borrowing, the period (which shall not be less than 7 days or more than 360 days) commencing on the date of such Borrowing and ending on the date specified in the applicable Competitive Bid Request; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any

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Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) except with respect to any Competitive Loan Lender which otherwise agrees, any Interest Period that otherwise would extend beyond the Maturity Date applicable to any Lender shall end on the Maturity Date applicable to such Lender. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"LIBO Rate" means, with respect to each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined by the Administrative Agent to be the offered rate for deposits in dollars with a term comparable to such Interest Period that appears on the Telerate Page at approximately 11:00 a.m., London time, two Business Days prior to the beginning of such Interest Period; provided, however, that if at any time for any reason such offered rate does not appear on the Telerate Page, "LIBO Rate" shall mean, with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum equal to the average (rounded upward to the nearest 1/100 of 1%) of the respective rates notified to the Administrative Agent by each of the Reference Bank as the rate at which such Reference Lender is offered deposits in dollars at or about 11:00 a.m., London time, two Business Days prior to the beginning of such Interest Period in the London interbank market for delivery on the first day of such Interest Period for the number of days comprised therein.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing), any conditional sale or other title retention agreement, or any lease in the nature thereof.

"Loan Documents" means, collectively, this Agreement and all other agreements, instruments and documents executed in connection herewith and therewith, in each case as the same may be amended, restated, modified or otherwise supplemented from time to time.

"Loans" means the loans made by the Lenders to the Company pursuant to this Agreement.

"Margin" means, with respect to any Competitive Loan bearing interest at a rate based on the LIBO Rate, the marginal rate of interest, if any, to be added to or subtracted from the LIBO Rate to determine the rate of interest applicable to such Loan, as specified by the Lender making such Loan in its related Competitive Bid.

"Margin Stock" shall have the meaning provided in Regulation U of the Board.

"Material Adverse Effect" means (a) when used in any representation and warranty or covenant of the Company on and as of the Effective Date, any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on (i) the business, assets, property or financial condition of the Company and its Consolidated Subsidiaries taken as a whole, or (ii) the validity or enforceability of this Agreement or the rights

and remedies of the Administrative Agent and the Lenders hereunder and (b) when used in any representation and warranty or covenant of the Company on any date after the Effective Date, any change in the consolidated financial condition or operations of the Company and its Consolidated Subsidiaries from that set forth in the consolidated balance sheet of the Company dated as of December 31, 1999 that is likely to materially and adversely affect the Company's ability to comply with Section 6.01 or to perform its other obligations to the Lenders under this Agreement.

"Material Indebtedness" means Debt (other than the Loans) of the Company in an aggregate principal amount exceeding \$10,000,000.

"Maturity Date" means the date which falls 364 days after the date hereof.

"Moody's" means Moody's Investors Service, Inc.

"Note" has the meaning ascribed to it in Section 2.08(e).

"Offer" means the offer for the Shares described in the Offer Document.

"Offer Borrowings" means each Borrowing used or to be used by the Company to fund the purchase by Company of the Shares pursuant to (i) acceptances of the Offer and (ii) Part XIII A of the Companies Act.

"Offer Document" means the document to be delivered to the shareholders of Target containing the offer for the Shares, as the same may be amended, revised or renewed.

"Offer Termination Date" means, in relation to the Offer, the earliest date (as notified by the Company to the Administrative Agent in writing) on

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which all of the following have occurred:

(a) all payments in respect of acceptances of the cash element of the Offer have been made in full;

(b) no further such acceptances are possible; and

(c) all procedures under sections 428 - 430(f) of the Companies Act which are capable of being implemented have been completed and all payments under those procedures required to be made by the Company have been made in full.

"Other Borrowings" means all Borrowings other than Offer Borrowings, being Borrowings to fund (i) the working capital and general corporate needs of the Company and its Subsidiaries and (ii) fees and expenses related to the Acquisition.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"Outstanding Approvals" means all material authorizations from Governmental Authorities the obtaining of which are conditions in the Offer.

"Panel" means the U.K. Panel on Takeovers and Mergers.

"Participant" has the meaning ascribed to it in Section 9.04.

"Permitted Encumbrances" means with respect to the Company:

(a) Liens imposed by law for taxes that are not yet due or are being contested in good faith by appropriate proceedings and as to which appropriate reserves have been set aside in accordance with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, and repairmen's Liens, Liens for crew's wages or salvage (or making deposits to release such Liens) and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in good faith by appropriate proceedings and as to

which appropriate reserves have been set aside in accordance with GAAP;

(c) Liens on standard industry terms imposed by charter parties or under contracts of affreightment;

(d) Liens arising out of judgments or awards against the Company or any of its Consolidated Subsidiaries with respect to which the Company or such Subsidiary at the time shall currently be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(e) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(f) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds or performance bonds, margin posted to secure payment or performance under futures, forwards or Swap Agreements, and other obligations of a like nature, in each case in the ordinary course of business;

(g) easements, zoning restrictions, rights-of-way and similar encumbrances on real property and imperfections of titles imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Company or any of its Consolidated Subsidiaries;

(h) Liens on any oil and/or gas properties or other mineral interests of the Company or any of its Consolidated Subsidiaries, whether developed or undeveloped, arising (i) as security for the Company's or such Subsidiary's costs and expenses incurred by it in connection with the exploration, development or operation of such properties, in favor of a person who is conducting the exploration, development or operation of such properties, or (ii) in connection with farmout, dry hole, bottom hole, communitization, unitization, pooling and operating agreements and/or other agreements of like general nature incident to the acquisition, exploration, development and operation of such properties or as required by regulatory agencies having jurisdiction in the premises; and

(i) overriding royalties, royalties, production payments, net profits interests or like interests to be paid out of production from oil and/or gas properties or other mineral interests of the Company or any of its Consolidated Subsidiaries, or to be paid out of the proceeds from the sale of any such production;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Debt.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

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"Press Release" means the United Kingdom press release of the Company, dated as of the Announcement Date in the form and substance previously approved by the Syndication Agent, and by which the Offer is or is to be announced.

"Prior Facility A Credit Agreement" shall have the meaning ascribed to it in the Recitals.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Reference Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Public Debt Rating" means, the ratings (whether explicit or, if not explicit, implied) assigned by S&P and Moody's to Company's senior unsecured non-credit enhanced long term debt. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Facility Fee Rate, Applicable Margin and the Applicable Utilization Fee Rate

shall be determined by reference to the available rating; (b) if neither S&P nor Moody's shall have in effect a Public Debt Rating, the Applicable Facility Fee Rate, Applicable Margin and the Applicable Utilization Fee Rate will be set in accordance with Level V under the definition of "Applicable Facility Fee Rate", "Applicable Margin" or "Applicable Utilization Fee Rate", as the case may be; (c) if the ratings established by S&P and Moody's shall fall within different levels, the Applicable Facility Fee Rate, the Applicable Margin and the Applicable Utilization Fee Rate shall be based upon the higher of such ratings, provided that if the lower of such ratings is more than one level below the higher of such ratings, the Applicable Facility Fee Rate, Applicable Margin and the Applicable Utilization Fee Rate shall be determined by reference to the level that is one level above such lower rating, provided, further, that if either of the ratings established by S&P or Moody's shall fall within Level V, the Applicable Facility Fee Rate, the Applicable Margin and the Applicable Utilization Fee Rate will be set in accordance with Level V under the definition of "Applicable Facility Fee Rate", "Applicable Margin" or "Applicable Utilization Fee Rate", as the case may be; (d) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (e) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Reference Bank" means The Chase Manhattan Bank, or such other bank or banks as may from time to time be designated by the Company and approved by the Administrative Agent.

"Register" has the meaning ascribed to it in Section 9.04.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Lenders" means, (a) at any time prior to the termination of the Commitments pursuant to Article VII, Lenders having Commitments representing at least 51% of the aggregate Commitments at such time (provided that, for purposes of declaring the Loans to be due and payable pursuant to Article VII, the outstanding Competitive Loans of the Lenders shall be included in their respective Commitments in determining the Required Lenders) and (b) for all purposes after the termination of the Commitments pursuant to Article VII, Lenders having outstanding Loans representing at least 51% of the aggregate outstanding principal amount of Loans.

"Revolving Credit Exposure" means, with respect to any Lender at any time, the outstanding principal amount of such Lender's Revolving Loans.

"Revolving Loan" means a Loan made pursuant to Section 2.03.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"SEC" shall mean the Securities and Exchange Commission.

"Scheduled Debt" has the meaning ascribed to it in Section 3.10(a).

"Scheduled Target Liens" has the meaning ascribed to it in Section 3.10(b).

"Shares" means the outstanding share capital of Target to which the Offer relates as defined in the Press Release.

"Significant Subsidiary" shall mean, with respect to any Person on any date, a Consolidated Subsidiary of such Person that as of such time satisfies the definition of a "significant subsidiary" contained as of the date hereof in Regulation S-X of the SEC.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject (a) with respect to the Base CD Rate, for new negotiable nonpersonal time deposits in dollars of over \$100,000 with maturities approximately equal to three months and

(b) with respect to the Adjusted LIBO Rate, for eurodollar funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

"Swap Agreement" means any interest rate, currency or commodity swap agreement or other interest rate, currency or commodity price protection agreement capable of financial settlement only.

"Swap Payment Obligation" means, with respect to any Person, an obligation of such Person to pay money, either in respect of a periodic payment or upon termination, to a counterparty under a Swap Agreement, after giving effect to any netting arrangements between such Person and such counterparty and such Person's rights of set-off in respect of such obligation provided for in such Swap Agreement.

"Syndication Agent" has the meaning ascribed to it in the Preamble.

"Target" has the meaning ascribed to it in the Preamble.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Telerate Page" means the display designated as Page 3750 on the Dow Jones Markets System (or such other page as may replace such page on such service for the purpose of displaying the rates at which dollar deposits are offered by leading banks in the London interbank deposit market).

"Three-Month Secondary CD Rate" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day is not a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day is not a Business Day, on the next preceding Business Day) by the Administrative Agent from three negotiable certificate of deposit dealers of recognized standing selected by it.

"Total Capitalization", of any Person on any date, means the sum of (i) Total Consolidated Debt of such Person on such date and (ii) shareholders' equity of such Person on such date, determined on a consolidated basis in accordance with GAAP.

"Total Consolidated Assets", of any Person on any date, means the total assets of such Person and its Consolidated Subsidiaries on such date, determined on a consolidated basis in accordance with GAAP.

"Total Consolidated Debt", of any Person on any date, means all Debt of such Person and its Consolidated Subsidiaries on such date, determined on a consolidated basis in accordance with GAAP.

"Total Consolidated Subsidiary Debt" means Total Consolidated Debt excluding Debt of the Company with respect to which no Subsidiary of the Company is contractually obligated.

"Total Exposure" means, with respect to any Lender at any time, the sum of (i) the Revolving Credit Exposure of such Lender and (ii) the aggregate outstanding principal amount of such Lender's Competitive Loans.

"Transactions" means each of the execution, delivery and performance by the Company of this Agreement, the borrowing of Loans hereunder and the consummation of the Offer and the Acquisition.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the Alternate Base Rate or, in the case of a Competitive Loan or Borrowing, the LIBO Rate or a Fixed Rate.

"Utilization Fee" has the meaning ascribed to it in Section 2.10(b).

"Whitewash Procedure" means the procedure to be undertaken pursuant to the Companies Act in order to make use of the private company exemption to

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prohibitions against financial assistance thereunder.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's permitted successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP². Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Company notifies the Administrative Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such amendment is rejected or such provision is amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein and, in particular during the Certain Funds Period with respect to

Offer Borrowings, the penultimate paragraph of Article VII, each Lender agrees to make Revolving Loans to the Company from time to time during the Availability Period in an aggregate principal amount not exceeding the amount of such Lender's Commitment; provided, that after giving effect to each Revolving Credit Loan (a) no Lender's Revolving Credit Exposure shall exceed such Lender's Commitment, (b) the sum of the Total Exposures of all the Lenders shall not exceed the sum of the Commitments of all Lenders or (c) in the case only of Loans constituting Other Borrowings during the Certain Funds Period, the sum of the total Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans plus the Certain Funds Committed Amount shall not exceed the total Commitments of all Lenders. Within the foregoing limits and subject to the terms and conditions set forth herein, the Company may borrow, prepay and reborrow Revolving Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders, ratably in accordance with their respective Commitments. Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.04. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments and Competitive Bids of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.12, (i) each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Company may request in accordance herewith and shall be in dollars and (ii) each Competitive Borrowing shall be comprised entirely of Eurodollar Loans or Fixed Rate Loans as the Company may request in accordance herewith and shall be in dollars. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Company to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Each Competitive

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Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 outstanding Eurodollar Revolving Borrowings.

(d) Notwithstanding any other provision of this Agreement, the Company shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Revolving Borrowings. To request a Revolving Borrowing, the Company shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of any ABR Borrowing, not later than 11:00 a.m., New York City time, on the Business Day of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or teletcopy to the Administrative Agent at its office set forth in Section 9.01 of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Company. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest

Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Company's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.05.

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Company shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Bid Procedure for Competitive Loans. (a) Subject to the terms and conditions set forth herein, from time to time during the Availability Period the Company may request Competitive Bids and may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Loans; provided, that (i) after giving effect to each Competitive Loan the sum of the Total Exposures of all the Lenders shall not exceed the sum of the Commitments of all Lenders, (ii) during the Certain Funds Period, the Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans plus the Certain Funds Committed Amount shall not exceed the total Commitments of all Lenders and (iii) Competitive Loans shall not be made for purposes of Offer Borrowings. To request Competitive Bids, the Company shall notify the Administrative Agent at its office set forth in Section 9.01 of such request by telephone, (i) in the case of a Eurodollar Competitive Borrowing, not later than 11:00 a.m., New York City time, four Business Days before the date of the proposed Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing. Each such telephonic Competitive Bid Request shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Competitive Bid Request in a form approved by the Administrative Agent and signed by the Company. Each such telephonic and written Competitive Bid Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be a Eurodollar Borrowing or a Fixed Rate Borrowing;

(iv) the Interest Period to be applicable to such Borrowing, which shall be a period contemplated by the definition of the term "Interest Period";

(v) the maturity date of such Borrowing, which shall be no less than seven and no more than 360 days from the requested drawdown date of such Borrowing; and

(vi) the location and number of the Company's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.05.

Promptly following receipt of a Competitive Bid Request in accordance with this Section, the Administrative Agent shall notify the Competitive Loan Lenders of the details thereof by telecopy, inviting the Competitive Loan Lenders to submit Competitive Bids.

(b) Each Competitive Loan Lender may (but shall not have any obligation to) make one or more Competitive Bids to the Company in response to a Competitive Bid Request. Each Competitive Bid by a Competitive Loan Lender must be in a form approved by the Administrative Agent and must be received by the Administrative Agent at its office set forth in Section 9.01 by telecopy, (i) in the case of a Eurodollar Competitive Borrowing, not later than 9:30 a.m., New York City time, three Business Days before the date of the proposed Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the proposed date of such Competitive Borrowing. Competitive

Bids that do not conform substantially to the form approved by the Administrative Agent may be rejected by the Administrative Agent, and the Administrative Agent shall notify the applicable Competitive Loan Lender of such rejection as promptly as practicable. Each Competitive Bid shall specify (i) the principal amount (which shall be a minimum of \$5,000,000 and an integral multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested by the Company) of the Competitive Loan or Loans that the Competitive Loan Lender is willing to make, (ii) the Competitive Bid Rate or Rates at which the Competitive Loan Lender is prepared to make such Loan or Loans (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) and (iii) the Interest Period applicable to each such Loan and the last day thereof.

(c) The Administrative Agent shall promptly notify the Company by telecopy of the Competitive Bid Rate and the principal amount specified in each Competitive Bid and the identity of the Lender that shall have made such Competitive Bid.

(d) Subject only to the provisions of this paragraph, the Company may accept or reject any Competitive Bid. The Company shall notify the Administrative Agent by telephone, confirmed by telecopy in a form approved by the Administrative Agent, whether and to what extent it has decided to accept or reject each Competitive Bid, (i) in the case of a Eurodollar Competitive Borrowing, not later than 10:30 a.m., New York City time, three Business Days before the date of the proposed Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:30 a.m., New York City time, on the proposed date of such Competitive Borrowing; provided that (i) the failure of the Company to give such notice shall be deemed to be a rejection of each Competitive Bid, (ii) the Company shall not accept a Competitive Bid made at a particular Competitive Bid Rate if the Company rejects a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Company shall not exceed the aggregate amount of the requested Competitive Borrowing specified in the related Competitive Bid Request, (iv) to the extent necessary to comply with clause (iii) of this proviso, the Company may accept Competitive Bids at the same Competitive Bid Rate in part, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid, and (v) except pursuant to clause (iv) above, no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000; provided further that if a Competitive Loan must be in an amount less than \$5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner determined by the Company. A notice given by the Company pursuant to this paragraph shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Lender by telecopy whether or not its Competitive Bid has been accepted (and, if so, the amount and Competitive Bid Rate so accepted), and each successful bidder will thereupon become bound, subject to the terms and conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted.

(f) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such Competitive Bid directly to the Company at least one quarter of an hour earlier than the time by which the other Competitive Loan Lenders are required to submit their Competitive Bids to the Administrative Agent pursuant to paragraph (b) of this Section.

SECTION 2.05. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; such transfers shall be made by (x) 12:00 Noon, New York City time in the case of Borrowings other than ABR Borrowings and (y) 2:00 PM, New York City time in the case of ABR Borrowings on the date such Loan is made. The Administrative Agent will make such amounts available to the Company by promptly crediting the amounts so received, in like funds, to an account of the Company designated by the Company in the applicable Borrowing Request or Competitive Bid Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such

Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Company a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Company severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for

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each day from and including the date such amount is made available to the Company to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Company, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.06. Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Company may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Company may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Competitive Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Company shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Company were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or teletype to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Company.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Company shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Company fails to deliver a timely Interest Election Request with respect to a Eurodollar Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent,

at the request of the Required Lenders, so notifies the Company, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Revolving Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.07. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the earliest to occur of (i) the Maturity Date, (ii) the date on which the Offer lapses (having not been declared unconditional in all respects) or is withdrawn, or is referred as provided in paragraphs (c) or (d) of Appendix I of the Press Release and (iii) the date falling twenty nine days after the Announcement Date if the Offer Document has not by then been posted, or such longer period consented to by the Panel but, in any event, no later than 60 days after the Announcement Date.

(b) The Company may at any time terminate, or from time to time reduce, the aggregate amount of the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$10,000,000 and not less than \$50,000,000, (ii) the Company shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.09, the sum of the Total Exposures of all the Lenders would exceed the total Commitments and (iii) during the Certain Funds Period, the Company shall not terminate or reduce the Commitments below the sum of the aggregate principal amount of then outstanding Other Borrowings and the Certain Funds Committed Amount.

(c) The Company shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at

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least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Company pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Company may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders based on their respective Commitments.

SECTION 2.08. Repayment of Loans; Evidence of Debt. (a) The Company hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan made to the Company on the Maturity Date and (ii) to the Administrative Agent for the account of each Competitive Loan Lender the then unpaid principal amount of each Competitive Loan made by such Competitive Loan Lender to the Company on the last day of the Interest Period applicable to such Loan.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Company to such Lender resulting from each Loan made by such Lender to the Company, including the amounts of principal and interest payable and paid to such Lender by the Company from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Company to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall, absent manifest error, be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Company to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Company shall prepare, execute and deliver

to such Lender a non-negotiable promissory note substantially in the form attached as Exhibit B (a "Note") payable to the order of such Lender (or, if requested by such Lender, to such Lender and its permitted registered assigns). Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more Notes payable to the order of the payee named therein (or, if such Note is a registered Note, to such payee and its permitted registered assigns).

SECTION 2.09. Prepayment of Loans. (a) The Company shall have the right at any time and from time to time to prepay any Borrowing made by it in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section; provided that the Company shall not have the right to prepay any Competitive Loan without the prior consent of the Lender thereof.

(b) The Company shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Revolving Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment and (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.07, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.07. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.11.

SECTION 2.10. Fees. (a) The Company agrees to pay to the Administrative Agent for the account of each Lender a facility fee, (the "Facility Fee") which shall accrue at the Applicable Facility Fee Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the date hereof to but excluding the date on which such Commitment terminates; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued Facility Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any Facility Fees accruing after the date on which the Commitments terminate shall be payable on demand. All Facility Fees shall be

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computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) For any day that the aggregate principal amount of the Loans outstanding exceeds 33% of the aggregate Commitments, Company shall pay to the Administrative Agent for the account of each Lender a utilization fee (the "Utilization Fee") equal to the Applicable Utilization Fee Rate times the aggregate outstanding Revolving Loans on such date. The Utilization Fee shall accrue, to the extent applicable, at all times from the Closing Date until the Maturity Date and shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof.

(c) The Company agrees to pay to the Administrative Agent and each of the Lenders, for their own accounts, fees payable in the amounts and at the times separately agreed upon between the Company and such other parties.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to each of the Lenders, in the case of fees payable to it) for distribution, in the case of Facility Fees and/or Utilization Fees, to the Lenders. Absent manifest error, fees paid shall not be refundable under any circumstances.

SECTION 2.11. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to (i) in the case of a Eurodollar Revolving Loan, the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin or (ii) in the case of a Eurodollar Competitive Loan, the LIBO Rate for the Interest Period in effect for such Borrowing plus (or minus, as applicable) the Margin applicable to such Loan.

(c) Each Fixed Rate Loan shall bear interest at a rate per annum equal to the Fixed Rate applicable to such Loan.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Company hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion and (iv) all accrued interest shall be payable upon termination of the Commitments.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate, shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.12. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders (or, in the case of a Eurodollar Competitive Loan, the Lender that is required to make such Loan) that because of a change in circumstances affecting the eurodollar market generally the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Company and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Company and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective, (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing and (iii) any request by the Company for a Eurodollar Competitive Borrowing shall be ineffective; provided that (A) if the circumstances giving rise to such notice do not affect all the Lenders, then requests by the Company for Eurodollar

(B) if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.13. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans or Fixed Rate Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or Fixed Rate Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Company will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by, such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Company will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Company shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than three months prior to the date that such Lender notifies the Company of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided, further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the three-month period referred to above shall be extended to include the period of retroactive effect thereof.

(e) Notwithstanding the foregoing provisions of this Section, a Lender shall not be entitled to compensation pursuant to this Section in respect of any Competitive Loan if the Change in Law that would otherwise entitle it to such compensation shall have been publicly announced prior to submission of the Competitive Bid pursuant to which such Loan was made.

SECTION 2.14. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan or Fixed Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.09(b) and is revoked in accordance herewith), (d) the failure to borrow any Competitive Loan after accepting the Competitive Bid to make such Loan, or (e) the assignment of any Eurodollar Loan or Fixed Rate Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Company pursuant to Section 2.17, then, in any such event, the Company shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment,

conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the Adjusted LIBO Rate for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for dollar deposits from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.15. Taxes. (a) Any and all payments by or on account of any

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obligation of the Company hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Company shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Company shall make such deductions and (iii) the Company shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Company shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Company shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Company to a Governmental Authority, the Company shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Company is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall, upon request of the Company, deliver to the Company (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Company, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

SECTION 2.16. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Company shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.13, 2.14 or 2.15, or otherwise) prior to 12:00 Noon, New York City time, on the date when due in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, except that payments pursuant to Sections 2.13, 2.14, 2.15 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient

promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal or interest on any of its Revolving Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Company pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Company or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Company consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Company rights of set-off and

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counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Company in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Company will not make such payment, the Administrative Agent may assume that the Company has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Company has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(b) or 2.16(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.17. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.13, or if the Company is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13 or 2.15, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Lender in

connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.13, or if the Company is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, or if any Lender defaults in its obligation to fund Loans hereunder, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement (other than any outstanding Competitive Loans held by it) to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Company shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans (other than Competitive Loans), accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or payments required to be made pursuant to Section 2.15, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

ARTICLE III.

Representations and Warranties

The Company represents and warrants to each of the Lenders as follows (which representations and warranties will be deemed made by the Company on the date of each Borrowing by the Company hereunder, the date of conversion or continuation of any Interest Period with respect to any Loan pursuant to Section 2.06 and each Interest Payment Date in respect of any ABR Loan); provided, that each representation or warranty made by the Company in respect of Target or any of its Subsidiaries on any date up to the expiration of the Clean-up Period shall be subject to qualification that such representation or warranty is true and accurate insofar as the Company was aware as of the date of this Agreement:

SECTION 3.01. Corporate Existence and Power; Compliance with Law. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. The Company is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, does not constitute a Material Adverse Effect.

SECTION 3.02. Corporate Authority. The execution, delivery and performance by the Company of this Agreement and each Note executed by the Company have been duly authorized by all necessary corporate action and are within the Company's corporate power, do not require the approval of the shareholders of the Company, and will not violate any provision of law or of its certificate of incorporation or other constitutive document or by-laws, or result in the breach of or constitute a default or require any consent under, or result in the creation of any lien, charge or encumbrance upon any property or assets of the Company pursuant to, any indenture or other agreement or

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instrument to which the Company is a party or by which the Company or its property may be bound or affected. The execution, delivery and performance by the Company of this Agreement and each Note executed by the Company do not require any license, consent or approval of or advance notice to or advance filing with any governmental agency or regulatory authority or any other third party, or if required, any such license, consent or approval shall have been obtained and any such notice or filing shall have been made.

SECTION 3.03. Enforceability. This Agreement is, and each Note when delivered by the Company hereunder will be, duly executed and delivered by the Company and does or will constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms except as enforceability may be limited by general principles of equity

and bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by moratorium laws from time to time in effect.

SECTION 3.04. Financial Condition. The audited consolidated financial statements of the Company for the fiscal year ended December 31, 1999, reported on by Ernst & Young, LLP, heretofore furnished to the Lenders fairly present in all material respects the consolidated financial condition of the Company and its Consolidated Subsidiaries as at the date thereof and the results of their operations for the period covered thereby. The unaudited interim consolidated financial statements of the Company for the quarterly period ended September 30, 2000, heretofore furnished to the Lenders fairly present in all material respects the consolidated financial condition of the Company and its Consolidated Subsidiaries as at the date thereof and the results of their operations for the period covered thereby (subject to normal year-end audit adjustments). Said financial statements were prepared in accordance with GAAP. Since December 31, 1999, there has been no Material Adverse Effect.

SECTION 3.05. Litigation. There are no suits or proceedings (including proceedings by or before any arbitrator, government commission, board, bureau or other administrative agency) pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Consolidated Subsidiaries that constitute a Material Adverse Effect.

SECTION 3.06. ERISA. The Company has fulfilled its obligations under the minimum funding standards of ERISA and the Code with respect to each employee benefit plan of the Company subject to such standards and is in compliance in all material respects with the applicable provisions of ERISA, and has not incurred any liability to the PBGC or any employee benefit plan of the Company under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

SECTION 3.07. Environmental Matters. Each of the Company and its Consolidated Subsidiaries has obtained all permits, licenses and other authorizations which are required under all Environmental Laws, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water or land), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemical, or industrial, toxic or hazardous substances or wastes, except to the extent failure to have any such permit, license or authorization does not constitute a Material Adverse Effect. The Company and its Consolidated Subsidiaries are in compliance with all terms and conditions of all required permits, licenses and authorizations, and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables, contained in those laws or contained in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply does not constitute a Material Adverse Effect.

SECTION 3.08. Federal Regulations. No part of the proceeds of any Loans will be used for any purpose which violates the provisions of the Regulations of the Board including, without limitation, Regulations T, U and X of the Board as in effect from time to time.

SECTION 3.09. Investment and Holding Company Status. Neither the Company nor any of its Consolidated Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.10. Scheduled Debt and Scheduled Target Liens (a) Schedule 3.10(a) sets out all of the Debt for borrowed money of the Consolidated Subsidiaries of Company (on a pro forma basis after giving effect to the Acquisition) as of the date hereof which the Company, having made all due inquiry is, at the date hereof, aware (the "Scheduled Debt").

(b) Schedule 3.10(b) sets out all of the Liens (other than Permitted Encumbrances) (the "Scheduled Target Liens") of the Target and its Subsidiaries securing the Scheduled Debt applicable to the Target and its Subsidiaries of which the Company having made all due inquiry is, at the date hereof, aware.

Conditions

SECTION 4.01. A. Conditions to Amended and Restated Effective Date. The obligations of the Lenders to make Revolving Loans to the Company shall not

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become effective until the date on which each of the following conditions are satisfied or waived in accordance with Section 9.02:

(a) The Syndication Agent and the Administrative Agent shall have received at least one executed counterpart of this Agreement, together with arrangements satisfactory to the Syndication Agent and the Administrative Agent for additional executed counterparts, sufficient in number for distribution to the Lenders and the Company together with all Exhibits thereto; and

(b) The Syndication Agent and the Administrative Agent shall have received, on behalf of itself and the Lenders, a favorable written opinion of each of (i) White & Case LLP, special United States counsel for the Company, substantially to the effect set forth in Exhibit C-1 and (ii) the General Counsel for the Company to the effect set forth in Exhibit C-2.

SECTION 4.01. B. Announcement Date and Effectiveness of Commitments. The obligations of the Lenders to make Revolving Loans to the Company shall not become effective until the date on which each of the following conditions is satisfied or waived in accordance with Section 9.02 (and the Administrative Agent's written confirmation (which confirmation shall be given promptly following satisfaction of the final condition) that the following conditions are satisfied shall be conclusive evidence thereof for purposes of this Section 4.01):

(a) The Syndication Agent and the Administrative Agent shall have received all of the following, each of which shall be originals unless otherwise specified, each properly executed by each party thereto, each dated no more than four Business Days prior to the Announcement Date and each in form and substance reasonably satisfactory to the Syndication Agent and the Administrative Agent and their legal counsel (unless otherwise provided, or, in the case of the date of any of the following, unless the Syndication Agent and the Administrative Agent otherwise agrees or directs):

The Syndication Agent and the Administrative Agent shall have received (x) documents and certificates relating to the organization, existence and good standing of the Company; (y) a certificate of the Secretary of the Company dated the Announcement Date and certifying (A) that attached thereto is a true and complete copy of the articles or certificate of incorporation, the by-laws or memorandum and articles of association and other organizational documents of Company as in effect on the Announcement Date and at all times since the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors or a committee of the board of directors of the Company, as applicable, authorizing the execution, delivery and performance of the Loan Documents to which such person is a party (including, the borrowings hereunder), and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation of the Company have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (x) above, and (D) as to the incumbency and specimen signature of each officer authorized, to the extent applicable, to act with respect to the Loan Documents and each of the other documents related thereto; and (z) a certificate of another officer as to the incumbency and specimen signature of the Secretary executing the certificate pursuant to clause (y) above.

(b) The Syndication Agent and the Administrative Agent's fees payable and other amounts due and payable on or prior to the Announcement Date shall have been paid.

(c) No material action, suit, proceeding or investigation shall be pending against the Company; no law, regulation, judgment or court order shall be applicable that constrains, prevents or imposes materially adverse conditions upon the Offer or the making of the Loans; and the Company shall have received all governmental and material third party approvals and consents necessary in

connection with the Transactions (other than the Outstanding Approvals) and all such approvals and consents shall be in full force and effect.

(d) As of the Announcement Date, since December 31, 1999, no circumstance or event shall have occurred and be continuing that constitutes a Material Adverse Effect.

(e) The reasonable costs and expenses of the Syndication Agent and the Administrative Agent in connection with the preparation of the Loan Documents payable pursuant to Section 9.03 and for which invoices have been presented shall have been paid.

(f) The representations and warranties of the Company contained in Article III shall be true and correct in all material respects as of the Announcement Date.

(g) The Syndication Agent and the Administrative Agent shall have received copies, certified as being true and complete copies by an authorized officer of the Company, of the Press Release (in sufficient quantity for each Lender).

(h) The Syndication Agent and the Administrative Agent shall have received evidence that the resolutions of the board of directors of the Company and Target necessary to launch the Offer have been obtained.

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(i) There shall not exist any Default or Event of Default on the Announcement Date.

(j) The Syndication Agent and the Administrative Agent shall have received, in each case satisfactory to the Required Lenders and the Syndication Agent and the Administrative Agent, (i) historical audited financial statements of the Company and the Target, (ii) unaudited interim consolidated financial statements of the Company for the fiscal quarter period ended September 30, 2000, (iii) summary financial information of the Target for the semi-annual period ended June 30, 2000, (iv) pro forma consolidated balance sheet of the Company after giving effect to the Acquisition, (v) 2000 projected year end financial statements (after giving effect to the Acquisition) and (vi) four-year projections of the Company and its Subsidiaries after giving effect to the Acquisition.

(k) The Syndication Agent and the Administrative Agent shall have received, and the Syndication Agent and the Administrative Agent and the Required Lenders shall be satisfied with such financial, business and other information regarding the Target and its Subsidiaries relating to the Transactions as it shall have reasonably requested, including, without limitation, all matters related to insurance, ERISA, labor, intellectual property, taxes and environmental liabilities relating to the Target and its Subsidiaries.

(l) The Syndication Agent and the Administrative Agent shall have received evidence, satisfactory to it and the Required Lenders, that any actions of the shareholders of the Company required to implement the Offer have been taken or confirmation from the Company that no such action is required.

Notwithstanding any of the foregoing to the contrary, the Syndication Agent and the Administrative Agent acknowledge and agree that as of November 6, 2000 the Company has satisfied all of the conditions precedent set forth above in Section 4.01.B.

SECTION 4.02. Conditions to Closing. The obligations of the Lenders to make the initial Revolving Loans on the Closing Date is subject to the Announcement Date having occurred, and the satisfaction of the following conditions precedent (unless the Required Lenders shall agree otherwise) on or before the date which is the last day of the Certain Funds Period (and the Administrative Agent's written confirmation (which confirmation shall be given promptly upon satisfaction of the relevant conditions) that the following conditions are satisfied shall be conclusive evidence for purposes of this Section 4.02:

(a) The Syndication Agent and the Administrative Agent shall have received a copy, certified as being a true and complete copy by an authorized

officer of the Company, of the Offer Document reflecting the terms of the Press Release in all material respects.

(b) The Syndication Agent and the Administrative Agent shall have received evidence that the Offer has been declared or become unconditional in all respects together with an officer's certificate that, except as otherwise provided in clause (f) below, no material term or condition of the Offer has been waived except to the extent approved by Required Lenders.

(c) The Syndication Agent and the Administrative Agent shall have received evidence from the administrative agent under the Existing Credit Agreement that all loans outstanding under the Existing Credit Agreement shall have been repaid, all commitments thereunder shall have been terminated and the Existing Credit Agreement itself shall have been cancelled by delivery to the administrative agent under the Existing Credit Facility of a termination notice in a form and substance satisfactory to the Syndication Agent and the Administrative Agent at least three Business Days prior to the Closing Date.

(d) All fees and other amounts due and payable by the Company under the Loan Documents prior to the Closing Date (including pursuant to any fee letter signed by Company and including all expenses in respect of which invoices have been presented) shall have been paid in full.

(e) To the extent requested at least 3 Business Days prior to the Closing Date, notes in the form of Exhibit B executed by the Company in favor of any requesting Lender with respect to Revolving Loans, each in a principal amount equal to that Lender's Commitment.

(f) The condition in paragraph (g) of Appendix 1 to the Press Release and the conditions to the Offer relating to the obtaining of all Outstanding Approvals necessary in connection with the Offer shall have been satisfied, and the Company shall not have waived any such condition (or treated any such condition as satisfied), or agree to any arrangement with the relevant regulatory authorities in order to satisfy any such conditions, unless, in each case, the Syndication Agent and the Administrative Agent shall have received an officer's certificate from the Company confirming that such treatment will not have a Material Adverse Effect.

SECTION 4.03. Conditions to Offer Borrowings. The obligation of each Lender to make any Revolving Loan consisting of any Offer Borrowing is subject to (i) the Announcement Date and the Closing Date having occurred (or having occurred simultaneously therewith), (ii) the Certain Funds Period not having ended and to (iii) the following conditions precedent, each of which shall be satisfied prior to the making of any Offer Borrowing (unless the Required Lenders shall agree otherwise):

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(a) Prior to or contemporaneously with such Offer Borrowing, Company shall have received acceptances for or acquired and/or agreed to acquire, whether pursuant to the Offer or otherwise, Shares carrying in aggregate at least 75% of each class of the voting shares of Target.

(b) No Default or Event of Default pursuant to subsections (a), (b), (d) (i), (g) or (h) of Article VII in respect of the Company and its Subsidiaries (but not Target and its Subsidiaries) or (in so far as it relates to a breach of any of Sections 3.02, 3.03, 3.08 or 3.09) subsection (c) of Article VII, in respect of the Company and its Subsidiaries (but not Target and its Subsidiaries) shall have occurred and be continuing.

(c) The Company shall not have varied any other material term or condition of the offer for the Shares as set forth in the Announcement, except as otherwise provided in Section 4.02(f) or approved by the Required Lenders.

SECTION 4.04. Conditions to All Other Borrowings. The obligation of each Lender to make a Loan to the Company on the occasion of any Other Borrowing is subject to the Announcement Date and the Closing Date having occurred and to the satisfaction of the following conditions:

(a) The representations and warranties of the Company set forth in this Agreement shall be true and correct on and as of the date of such Borrowing.

(b) At the time of and immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing.

During the Certain Funds Period the aggregate amount of Other Borrowings shall not exceed the difference between the aggregate Commitments and the Certain Funds Committed Amount.

Each Borrowing by the Company shall be deemed to constitute a representation and warranty by the Company on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, the Company covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Company will furnish to each Lender:

(a) as soon as available and in any event within 100 days after the end of each of its fiscal years, a copy of the Company's Form 10-K for such fiscal year filed with the Securities and Exchange Commission containing a consolidated balance sheet as at the close of such fiscal year, statements of consolidated income and retained earnings and a statement of consolidated cash flows for such year, setting forth in comparative form the corresponding figures for the preceding fiscal year and certified by Ernst & Young, LLP, or other independent public accountants selected by the Company and satisfactory to the Lenders (and, in the event any such financial statements shall no longer be required to be included in the Company's Form 10-K, the Company shall nevertheless furnish such financial statements);

(b) as soon as available and in any event within 60 days after the end of each of the first three quarters of each of its fiscal years, a copy of the Company's Form 10-Q for each such quarter filed with the Securities and Exchange Commission containing a consolidated balance sheet as at the end of such quarter, a statement of consolidated income and a statement of consolidated cash flows for such period, prepared on a basis consistent with the corresponding period of the preceding fiscal year, except as disclosed in said financial statements or otherwise disclosed to the Lenders in writing, and certified by a Financial Officer of the Company, subject however, to year-end and audit adjustments (and, in the event such financial statements of the Company shall no longer be required to be included in Form 10-Q, the Company shall nevertheless furnish such financial statements);

(c) within 120 days after the end of each fiscal year of the Company, a certificate of the independent public accountants referred to in paragraph (a) above as to whether, course of their examination of the Company's financial statements, they obtained any knowledge of any Default, insofar as such Default involves accounting matters;

(d) within 120 days after the end of each fiscal year of the Company and within 60 days after the end of each of the first three quarters of each fiscal year of the Company, a statement, signed by a Financial Officer of the Company, setting forth the computations of the Company Capitalization Ratio and the Company Subsidiary Debt Ratio as of the end of each such fiscal year and each such quarter;

(e) promptly after the sending or filing thereof, copies of all proxy statements, financial statements and regular or special reports (other than reports on Form 10-K and Form 10-Q but including those on Form 8-K) and registration statements under the Securities Act of 1933, as amended (other than those on Form S-8 or any successor form relating to the registration of securities offered pursuant to any employee benefit plan) which the Company sends to its stockholders or files with the Securities and Exchange Commission

(or any successor governmental authority);

(f) as soon as available and in any event within 120 days after the end of each fiscal year of the Company, a consolidating balance sheet of the

Company and its Consolidated Subsidiaries as at the close of such fiscal year and consolidating statements of income and retained earnings of the Company and its Consolidated Subsidiaries for such year; and

(g) from time to time such further information regarding the business, affairs and financial condition of the Company and its Subsidiaries as the Lenders shall reasonably request.

SECTION 5.02. Notices of Material Events. The Company will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Company or any Affiliate thereof that constitutes a Material Adverse Effect; and

(c) any other development that constitutes a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Company setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Company will, and will cause each of its Consolidated Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises necessary to the conduct of its business, except, in the case of the legal existence of any such Consolidated Subsidiary or any such right, license, permit, privilege or franchise, where the failure to so preserve, renew and keep in full force and effect does not constitute a Material Adverse Effect; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04. Compliance with Contractual Obligations. The Company will, and will cause each of its Consolidated Subsidiaries to comply with all its Contractual Obligations except to the extent that failure to comply therewith does not, in the aggregate, constitute a Material Adverse Effect.

SECTION 5.05. Insurance. The Company will, and will cause each of its Consolidated Subsidiaries to, maintain in full force and effect such policies of insurance in such amounts issued by insurers of recognized responsibility covering the properties and operations of the Company and its Consolidated Subsidiaries as is customarily maintained by corporations engaged in the same or similar business in the localities where the properties and operations are located, including but not limited to insurance in connection with the disposal, handling, storage, transportation or generation of hazardous materials; provided, however, that nothing shall prevent the Company or any of its Consolidated Subsidiaries from effecting workers' compensation or similar insurance in respect of operations in any state or other jurisdiction through an insurance fund operated by such state or jurisdiction or from maintaining a system or systems of self-insurance covering its properties or operations as provided above to the extent that such self-insurance is customarily effected by corporations engaged in the same or similar businesses similarly situated and is otherwise prudent in the circumstances.

SECTION 5.06. Compliance with Laws. The Company will, and will cause each of its Consolidated Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, does not constitute a Material Adverse Effect.

SECTION 5.07. Use of Proceeds. The proceeds of the Loans will be applied by the Company:

(a) to repay amounts outstanding under the Existing Credit Agreement and to refinance amounts outstanding from time to time under the Company's commercial paper program;

(b) for financing of the Offer and the purchase of the Shares pursuant to the Compulsory Acquisition;

(c) to meet part of the working capital and general corporate requirements of the Company and its Subsidiaries; and

(d) to pay fees, expenses and transaction costs in connection with the Acquisition.

No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X of the Board as in effect from time to time.

SECTION 5.08. Offer.

(a) Promptly upon the occurrence of any lapse or withdrawal of the Offer or the end of the Certain Funds Period or the date the Offer is declared

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unconditional as to acceptances or wholly unconditional or finally closed in accordance with the City Code, the Company will give notice to the Administrative Agent (who shall notify the Lenders) that the same has occurred.

(b) Promptly upon satisfaction of the condition specified in Section 429 (1) or (2) of Companies Act for giving a notice under that Section in respect of any Shares and the Offer becoming or being declared unconditional in all respects, the Company shall (a) implement the procedures set out in Section 429 et seq. of the Companies Act to acquire any outstanding Shares and (b) use all commercially reasonable endeavors to acquire 100 per cent of the Shares as promptly as practicable.

(c) The Company covenants and agrees that without the prior written agreement of the Syndication Agent and the Administrative Agent the Company will not (i) issue or cause to be issued (or permit any other Affiliate of the Company to issue) any press release or other written public statement, the relevant portion of the text of which has not been previously approved by the Syndication Agent and the Administrative Agent (which such approval shall not be unreasonably withheld or delayed), which makes reference to this Agreement or to some or all of the Lenders in relation to this Agreement unless the public statement is required by applicable law, the City Code or any stock exchange or is in connection with any judicial proceeding concerning this Agreement (in which case the Company shall notify the Syndication Agent and the Administrative Agent and the Lenders as soon as practicable upon becoming aware that the public statement is required) (provided that the Syndication Agent, the Administrative Agent and the Lenders acknowledge that, pursuant to the City Code, (X) a summary of the principal terms of this Agreement will be disclosed in the Offer Document, and (Y) this Agreement will be available for public inspection while the Offer remains open for acceptance) or (ii) take or permit to be taken any step as a result of which the cash portion of the offer price stated in the Offer Document is, or may be required to be, increased beyond the level agreed between the Company, the Syndication Agent and the Administrative Agent from time to time.

(d) The Company covenants and agrees that, in respect of the Offer, it will comply with the City Code (subject to any applicable waivers by the Panel), the Financial Services Act 1986, the Companies Act and all other applicable laws relevant to the Offer in all material respects.

(e) Unless to do so would be a breach of any other provision of this Section 5.08, the Company covenants and agrees that it will from time to time keep the Syndication Agent and the Administrative Agent informed as to the status and progress of the Offer and, in particular, will from time to time upon request give to the Syndication Agent and the Administrative Agent reasonable details as to the current level of acceptances of the Offer and such other matters relevant to the Offer as the Syndication Agent and the Administrative Agent may reasonably request.

(f) The Company covenants and agrees, in any event, to give notice to lapse the Offer in the event that 120 days after Announcement Date the Offer has not been declared wholly unconditional as to acceptances, unless the Required Lenders agree in their absolute discretion to extend such period.

(g) The Company covenants and agrees to procure that, as soon as legally and practically possible after the date the Offer becomes or is declared unconditional in all respects the Target shall be removed from the Official List of the London Stock Exchange Limited and re-registered as a private company.

SECTION 5.09. Financial Assistance. The Company shall use its best efforts after the consummation of the Acquisition to cause Target and its Subsidiaries to comply with Section 151 et seq. of the Companies Act, including by following the Whitewash Procedure in order to facilitate the transfer of available cash from Target and its Subsidiaries to the Company.

ARTICLE VI.

Negative Covenants

The Company covenants and agrees with the Lenders that until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder by the Company have been paid in full:

SECTION 6.01. Financial Covenant. The Company shall not permit the Company Capitalization Ratio to exceed 62.5%.

SECTION 6.02. Liens. The Company will not, and will not permit any of its Consolidated Subsidiaries to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Company or any of its Consolidated Subsidiaries existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Company or any of its Consolidated Subsidiaries and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the

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acquisition thereof by the Company or any of its Consolidated Subsidiaries or existing on any property or asset of any Person that becomes a Consolidated Subsidiary after the date hereof prior to the time such Person becomes a Consolidated Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Consolidated Subsidiary, (ii) such Lien shall not apply to any other property or assets of the Company or any of its Consolidated Subsidiaries and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Consolidated Subsidiary, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens securing or consisting of Debt of the Company and its Consolidated Subsidiaries incurred to finance the acquisition of fixed or capital assets; provided that (i) such Liens shall be created substantially simultaneously with such acquisition, (ii) such Liens securing such Debt do not at any time encumber any property other than the property financed by such Debt and (iii) the principal amount of Debt secured by any such Lien shall at no time exceed 100% of the original purchase price of such assets (in the case of a purchase) or fair value of such property at the time it was acquired (in all other cases);

(e) Liens to secure Debt of the Company and its Consolidated Subsidiaries not otherwise permitted by this Section 6.02, to the extent that the aggregate Debt secured thereby does not exceed 15% of the Consolidated Net Tangible Assets of the Company and its Consolidated Subsidiaries;

(f) Liens on assets of any Consolidated Subsidiary of the Company securing indebtedness owed to the Company or any other Consolidated Subsidiary of the Company.

SECTION 6.03. Fundamental Changes. (a) The Company will not consolidate with or merge into any other Person, or permit any Person to merge or consolidate into it, or make any sale or other disposition of all or substantially all of its assets to, or acquire substantially all of the assets of, any other Person, or liquidate or dissolve unless:

(i) the survivor of any such merger or consolidation or the purchaser or acquiror of such assets shall be a corporation incorporated under the laws of one of the States of the United States and not more than 25% of the voting stock (assuming the conversion of all convertible securities and exercise of all options, rights or warrants) of such survivor or such purchaser shall be owned by such other Person or its owners and shareholders;

(ii) such survivor or such purchaser (if not the Company) shall expressly assume the obligations of the Company under this Agreement pursuant to documentation in form and substance satisfactory to the Administrative Agent; and

(iii) at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing and the Company shall have furnished the Administrative Agent with evidence of compliance with the provisions of this Section 6.03.

(b) The Company will not, and will not permit any of its Consolidated Subsidiaries to, engage to any material extent in any business other than energy-related businesses.

SECTION 6.04. Restrictive Agreements. The Company will not, and will not permit any of its Consolidated Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of any Significant Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Company.

SECTION 6.05. Future Subsidiary Guaranties. The Company will not permit any Subsidiary to Guaranty any other Debt of the Company unless such Subsidiary simultaneously executes a guaranty agreement in a form and substance reasonably satisfactory to the Administrative Agent for the Guaranty of the payment of the obligations hereunder; provided, however, that the Company shall not be obligated to provide any such Guaranty if the provision of such Guaranty would result in an adverse Tax consequence to the Company or its Subsidiaries.

SECTION 6.06. Company Subsidiary Debt Ratio. The Company shall not permit the Company Subsidiary Debt Ratio to exceed 3.50%.

SECTION 6.07. Existing Credit Agreement. During the period from the Announcement Date through the Closing Date, the Company shall not borrow any amount either individually or in the aggregate under the Existing Credit Agreement that exceeds the the difference between the aggregate Commitments hereunder plus the aggregate commitments under the Facility B Credit Agreement less, an amount equal to the sum of (i) the Certain Funds Committed Amount and (ii) the Facility B Certain Funds Committed Amount.

ARTICLE VII.

Events of Default

If any of the following events ("Events of Default") shall occur:

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(a) the Company shall be in default in the payment when due of any principal of any Loan on the maturity date thereof;

(b) the Company shall be in default for five days in the payment when due of any interest on any Loan or any other amount (other than principal) due hereunder;

(c) any representation or warranty made or deemed made by the Company in Article III or in any certificate of the Company furnished to the Syndication Agent and the Administrative Agent or any Lender hereunder shall prove to have been incorrect, when made or deemed made, in any material respect; provided, however, that no such representation or warranty contained in Section 3.04 or 3.05 shall be deemed to have been incorrect when made by the Company by reason of any facts or circumstances disclosed in any financial statements or reports furnished under Section 5.01 and received by the Lenders not later than 45 days prior to, or otherwise specifically disclosed in writing to the Lenders at least

15 days prior to, the date such representation and warranty is made or deemed to be made in connection with the entering into of this Agreement or in connection with the making of a Loan to the Company or the occasion of any Borrowing as contemplated in Section 4.02;

(d) the Company shall be in default in the performance of (i) the covenants contained in Sections 5.07, 5.08, 6.02, 6.03, 6.04, 6.05, 6.06 (except, during the Certain Funds Period, to the extent that such default of Section 6.06 is a result of Debt of Target and its Subsidiaries) and 6.07 for five consecutive days after such default shall have become known to the Company, (ii) the covenant contained in Sections 6.01 for five consecutive days after such default shall have become known to the Company, or (iii) any other covenant, condition or agreement contained in this Agreement for 30 consecutive days after such default shall have become known to the Company;

(e) any obligation of the Company in respect of any Material Indebtedness now or hereafter outstanding shall become due by its terms whether by acceleration or otherwise and shall not be paid, extended or refunded or any default or event of default shall occur in respect of any such obligation and shall continue for a period of time sufficient to cause or permit the acceleration of maturity thereof, or the Company shall fail to pay any Swap Payment Obligation of the Company in excess of \$10,000,000 when due and payable (whether by acceleration or otherwise), unless the Company is contesting such Swap Payment Obligation in good faith by appropriate proceedings and has set aside appropriate reserves relating thereto in accordance with GAAP; provided that in the case of any guaranties, endorsements and other contingent obligations in respect of any such obligation for borrowed money of an entity other than the Company (all of the foregoing being herein called "Accommodation Guaranty Indebtedness"), a default with respect to any evidence of Accommodation Guaranty Indebtedness of the Company or under any agreement under which any such evidence of Accommodation Guaranty Indebtedness may be outstanding shall constitute an Event of Default hereunder only if there shall have been a default in the performance by the Company of its obligations with respect to such Accommodation Guaranty Indebtedness and such default shall continue for more than 30 days after a holder or beneficiary of such Accommodation Guaranty Indebtedness shall have demanded the performance of such obligation;

(f) final judgment for the payment of money in excess of \$10,000,000 shall be rendered against the Company and the same shall remain undischarged for a period of 60 days during which the judgment shall not be on appeal or execution thereof shall not be effectively stayed;

(g) Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition, the Target or any Significant Subsidiary of the Target) shall (i) apply for or consent to the appointment of a receiver, trustee, administrator or liquidator of itself or of all or a substantial part of its assets, (ii) be unable, or admit in writing its inability or failure, to pay its debts generally, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent, (v) commence any case, proceeding or other action under any existing or future law relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any insolvency law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding, or (vi) take corporate action for the purpose of effecting any of the foregoing;

(h) any case, proceeding or other action shall be instituted in any court of competent jurisdiction, against Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition the Target or any Significant Subsidiary of the Target), seeking in respect of such Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition the Target or any Significant Subsidiary of the Target) adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, administration, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, administrator, liquidator or the like of such Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition the Target or any Significant Subsidiary of the Target) or of all or any substantial part of its assets, or other like relief in respect of such Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition the Target or any Significant Subsidiary of the Target) under any bankruptcy or insolvency law and such case, proceeding or other action

results in an entry of an order for relief or any such adjudication or

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appointment or if such case, proceeding or other action is being contested by such Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition the Target or any Significant Subsidiary of the Target) in good faith, the same shall continue undismissed, or unstayed and in effect, for any period of 60 consecutive days; or

(i) at any time subsequent to December 31, 1999 and prior to the Maturity Date, Continuing Directors shall fail to constitute at least a majority of the Board of Directors of the Company; for the foregoing purpose, the term "Continuing Directors" means those persons who were directors of the Company on December 31, 1999 and any person whose election or nomination for election as a director of the Company at any time subsequent thereto was approved by at least a majority of the persons who were then Continuing Directors;

then, and in every such event (other than an event described in clause (g) or (h) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent shall, at the request of the Required Lenders, by notice to the Company, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of any of the Company accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; and in case of any event with respect to the Company described in clause (g) or (h) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Company accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; provided, that notwithstanding any other provision of the Loan Documents, during the Certain Funds Period, the Administrative Agent and the Lenders (or any of them or any other party) shall not be entitled to (i) terminate or reduce the Commitments below the sum of the Certain Funds Committed Amount, (ii) rescind this Agreement or exercise any right of set off or counterclaim in respect of Offer Borrowings only nor (iii) declare the Loans due and payable (or due and payable on demand) or accelerate any principal amounts outstanding hereunder howsoever described, in whole or in part arising on the basis of an Event of Default unless an Event of Default described in subsection (a), (b), (d)(i), (g) or (h) in respect of the Company or (in so far as it relates to a breach of any of Sections 3.02, 3.03, 3.08 or 3.09) subsection (c) in respect of the Company shall have occurred and be continuing.

Notwithstanding anything to the contrary in the preceding paragraph, during the Clean-up Period, neither the Administrative Agent nor any Lender may (i) terminate or reduce the Commitments, (ii) rescind this Agreement or exercise any right of set off or counterclaim in respect of Borrowings hereunder or (iii) declare the Loans to be due and payable (or due and payable on demand) or accelerate any principal amounts outstanding hereunder, howsoever described, as a result solely of one or more Defaults or Events of Defaults described in paragraphs (c), (d) or (e) of this Article VII; provided that the event or circumstance giving rise to such Default or Event of Default, (i) directly relates to Target or any of its Subsidiaries (or any of their businesses, assets or liabilities), (ii) is capable of being cured or remedied during the Clean-up Period and (iii) arose prior to the Closing Date; provided, further, that the Administrative Agent and the Lenders shall be entitled to exercise any and all rights and remedies granted to them hereunder and under the Loan Documents with respect to an occurrence or continuation of any such Default or Event of Default after the expiration of the Clean-up Period. It is understood and agreed that no Event of Default will be deemed to have occurred by reason of (i) a breach of Section 6.01 or 6.02(e) resulting solely from a change in GAAP after the Effective Date or (ii) a breach of any of the provisions of this Agreement resulting solely from a change in the reporting requirements of the SEC.

It is understood and agreed that, as soon as the Certain Funds Period ends, all the rights, remedies and entitlements of the Administrative Agent and the Lenders shall be available even though they have not been exercised or

available during the Certain Funds Period.

ARTICLE VIII.

The Administrative Agent

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any of its Subsidiaries thereof or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or

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other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders, and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders or all the Lenders to the extent required by Section 9.02 or in the absence of its own gross negligence or wilful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Company or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may

resign at any time by notifying the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint one of the Lenders a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and in consultation with the Company, appoint one of the Lenders as a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Company to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Syndication Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Syndication Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

The Syndication Agent shall not have any duties or responsibilities hereunder in its capacity as such (except as expressly set forth herein) and shall be entitled to the same rights and privileges afforded to the Administrative Agent, in its capacity as such under Article VIII.

ARTICLE IX.

Miscellaneous

SECTION 9.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be

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delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Company, to Amerada Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036, Attention of Treasurer (Telecopy No. (212) 536-8617);

(b) if to the Syndication Agent, to Goldman Sachs Credit Partners L.P., 85 Broad Street, New York, New York 10004, Attention of Stephen King (Telecopy No. (212) 357-0932), with a copy to Barbara Aaron (Telecopy No. (212) 357-4597).

(c) if to the Administrative Agent, to The Chase Manhattan Bank, One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of LuAnn DeStefano (Telecopy No. (212) 552-5777).

(d) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. Waivers: Amendments. (a) No failure or delay by the Syndication Agent and the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or

discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Syndication Agent and the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Company therefrom shall in any event be effective unless the same shall be permitted by this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Company and the Required Lenders or by the Company and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees or any other amount payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.16(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, or (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 9.03. Expenses; Indemnity: Damage Waiver. (a) The Company agrees to pay (i) all reasonable out-of-pocket expenses incurred by the Syndication Agent and the Administrative Agent and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Syndication Agent and the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement and the Prior Facility A Credit Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out-of-pocket expenses incurred by the Syndication Agent and the Administrative Agent or any Lender, including the fees, charges and disbursements of any counsel for the Syndication Agent and the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Company agrees to indemnify the Syndication Agent and the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements, of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement and the Prior Facility A Credit Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby or the Offer

or any Indemnitee financing or agreeing to finance any acquisition of any Shares by or on behalf of the Company, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Company or any of its Subsidiaries, or any Environmental Liability related in any way to the Company or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on

contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee or from a breach of this Agreement by such Indemnitee.

(c) To the extent that the Company fails to pay any amount required to be paid by it to the Syndication Agent and the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Syndication Agent and the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Syndication Agent and the Administrative Agent in their capacity as such.

(d) To the extent permitted by applicable law, the Company shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Company may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any the Company without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Syndication Agent and the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, each of the Company (except, upon the occurrence and during the continuance of an Event of Default, the consent of the Company shall not be required) and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall each not be less than \$5,000,000 unless each of the Company and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this clause (iii) shall not apply to rights in respect of outstanding Competitive Loans, (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together (except in the case of an assignment by a Lender to one of its Affiliates or an assignment as a result of any of the events contemplated by Section 2.17) with a processing and recordation fee of \$500 in the case of assignments made by or to Syndication Agent and \$2,000 in the case of all other assignments, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; provided further that any consent of the Company otherwise required under this paragraph shall not be required if an Event of Default under clause (g) or (h) of Article VII has occurred and is continuing. Upon acceptance and recording pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the

case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of

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the Company, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Company, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of any of the Company or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Company, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Company agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.13 or 2.15 than the applicable Lender would have been entitled to receive with respect to the participations sold to such Participant, unless the sale of the participations to such Participant is made with the Company's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.15 unless the Company is notified of the participations sold to such Participant and such Participant agrees, for the benefit of the Company, to comply with Section 2.15(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or assignment to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

SECTION 9.05. Margin Stock. Notwithstanding any other provision of this Agreement, Section 6.02 will not be applicable to Margin Stock held by the

Company and/or any Subsidiary, and clause (e) of Article VII shall not be applicable to any acceleration, default or event of default under any other obligation of the Company, to the extent in each case required to avoid the Loans being deemed to be "indirectly secured" by Margin Stock for the purposes of Regulation U of the Board.

SECTION 9.06. Survival. All covenants, agreements, representations and warranties made by the Company herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Syndication Agent and the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.13, 2.14, 2.15 and 9.03 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.07. Counterparts: Integration: Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Syndication Agent and the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous

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agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Syndication Agent and the Administrative Agent and when the Syndication Agent and the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.08. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.09. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Company against any of and all the obligations of the Company now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.10. Governing Law; Jurisdiction; Consent to Service of Process; Process Agent; Waiver of Immunity. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) The Company hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this

Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Company or its properties in the courts of any jurisdiction.

(c) The Company hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) The Company irrevocably consents to service of process in the manner provided for notices to the Company in Section 9.01 and each other party to this Agreement irrevocably consents to service of process in the manner provided for notices to it in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.11. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.12. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.13. Confidentiality. Each of the Syndication Agent and the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates, directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in

connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Company or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Syndication Agent and the Administrative Agent or any Lender on a non-confidential basis from a source other than the Company. For the purposes of this Section, "Information" means all information received from the Company relating to the Company or its business, other than any such information that is available to the Syndication Agent and the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Company; provided that, in the case of information received from the Company after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such

Information as such Person would accord to its own confidential information.

SECTION 9.14. Amendment & Restatement. Upon the Amended and Restated Effective Date, this Agreement shall amend and restate and replace in its entirety the Prior Facility A Credit Agreement.

[Remainder of page intentionally left blank.]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

COMPANY:

AMERADA HESS CORPORATION

By: _____
Name:
Title:

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SOLE SYNDICATION AGENT,
JOINT BOOK RUNNER, JOINT
LEAD ARRANGER AND
A LENDER:

GOLDMAN SACHS CREDIT PARTNERS L.P.,

By: _____
Name:
Title:

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JOINT BOOK RUNNER AND JOINT
LEAD ARRANGER

CHASE SECURITIES INC.

By: _____
Name:
Title:

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ADMINISTRATIVE AGENT
AND A LENDER

THE CHASE MANHATTAN BANK

By: _____
Name:
Title:

SCHEDULE 2.01
TO CREDIT AGREEMENT

Commitments

| Lender | Commitment |
|------------------------------------|--------------------------|
| Goldman Sachs Credit Partners L.P. | \$500,000,000 |
| The Chase Manhattan Bank | \$500,000,000 |
| Total | \$1,000,000,000 ===== |

SCHEDULE 3.10(a)
TO AMENDED AND RESTATED
CREDIT AGREEMENT

Scheduled Debt

SCHEDULE 3.10(b)
TO AMENDED AND RESTATED
CREDIT AGREEMENT

Scheduled Target Liens

SCHEDULE 6.02
TO AMENDED AND RESTATED
CREDIT AGREEMENT

Existing Liens

EXHIBIT A
TO AMENDED AND RESTATED
CREDIT AGREEMENT

FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Amended and Restated Credit Agreement, dated as of November 14, 2000, among Amerada Hess Corporation (the "Company"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), Goldman Sachs Credit Partners L.P., as Joint Book Runner, Joint Lead Arranger and sole Syndication Agent, Chase Securities Inc., as Joint Book Runner and Joint Lead Arranger and The Chase Manhattan Bank, as Administrative Agent (the "Credit Agreement"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The Assignor identified on Schedule 1 hereto (the "Assignor") and the Assignee identified on Schedule 1 hereto (the "Assignee") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest set forth on Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Credit Agreement with respect to those revolving credit facility contained in the Credit Agreement (the "Assigned Facility") in a principal amount and/or commitment amount for the Assigned Facility as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that the Assignor has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company, any of its Subsidiaries, any other obligor or the performance or observance by the Company, any of its Subsidiaries, any other obligor of any of their respective obligations under the Credit Agreement or any document executed in connection therewith or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches any Notes held by it evidencing the Assigned Facility and (i) requests that the Administrative Agent, upon request by the Assignee, exchange any attached Notes for a new Note payable to the Assignee and (ii) if the Assignor has retained any interest in the Assigned Facility, requests that the Administrative Agent exchange any attached Notes for a new Note payable to the Assignor, in each case in amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements delivered pursuant to Sections 5.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a

jurisdiction outside the United States, its obligation pursuant to Section 2.15 of the Credit Agreement.

4. The effective date of this Assignment and Acceptance shall be the date set forth on Schedule 1 hereto (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance by them and recording by the Administrative Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent).

5. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the

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Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other documents executed in connection therewith and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

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SCHEDULE 1

Name of Assignor:

Name of Assignee:

Effective Date of Assignment:

| | |
|---|-----------------------------------|
| Principal/Commitment Amount Assigned | Commitment Percentage Assigned |
| ----- | ----- |
| \$----- | \$----- |

[NAME OF ASSIGNEE]

[NAME OF ASSIGNOR]

By: _____
Title:

By: _____
Title:

Accepted:

:

THE CHASE MANHATTAN BANK,
as Administrative Agent

By: _____
Title:

Consented to By:

AMERADA HESS CORPORATION

By: _____
Title:

By: _____
Title:

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EXHIBIT B
TO AMENDED AND RESTATED
CREDIT AGREEMENT

FORM OF NON-NEGOTIABLE
REVOLVING LOAN NOTE

U.S.\$ _____

New York, New York
_____, 2000

FOR VALUE RECEIVED, the undersigned, AMERADA HESS CORPORATION, a Delaware corporation (the "Borrower"), hereby unconditionally promises to pay to the order of _____ (the "Lender") on the dates and in the manner set forth in Sections 2.08 and 2.16 of the Credit Agreement (as defined below) referred to below at the office of the Administrative Agent set forth in Section 2.16 of the Credit Agreement in immediately available funds, on the Maturity Date (as defined in the Credit Agreement) the principal amount of (a) _____ U.S. DOLLARS (U.S.\$ _____), or (b) the aggregate unpaid principal amount of all Revolving Loans made by the Lender to the Borrower pursuant to subsection 2.03 of such Credit Agreement. The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in Section 2.11 of such Credit Agreement.

The holder of this Note is authorized to record on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of each Revolving Loan made by the Lender pursuant to such Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof, each conversion of all or a portion thereof to another Type and, in the case of Eurodollar Loans, the length of each Interest Period and the applicable Adjusted LIBO Rate with respect thereto. Each such recordation shall constitute

prima facie evidence of the accuracy of the information so recorded, provided that the failure to make any such recordation or any error in any such recordation shall not affect the obligations of the Borrower under such Credit Agreement or this Note.

This Note (a) is one of the Notes referred to in the Amended and Restated Credit Agreement, dated as of November 14, 2000 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lender, the other banks and financial institutions from time to time parties thereto, Goldman Sachs Credit Partners L.P., as Joint Book Runner, Joint Lead Arranger and sole Syndication Agent, Chase Securities Inc., as Joint Book Runner and Joint Lead Arranger and The Chase Manhattan Bank, as Administrative Agent (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement.

Upon the occurrence of any one or more Events of Default as specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

AMERADA HESS CORPORATION

By: _____
 Title: _____

Schedule A
 to Note

ABR LOANS, CONVERSIONS AND REPAYMENTS OF ABR LOANS

| Date | Amount of ABR Loans | Amount Converted to ABR Loans | Amount of Principal of ABR Loans Repaid | Amount of ABR Loans Converted to Eurodollar | Unpaid Principal Balance of ABR Loans Loans | Notation Made By |
|-------|------------------------|-------------------------------------|--|--|---|---------------------|
| ----- | | | | | | |

Schedule B
 to Note

| Date | Amount of Eurodollar Loans | Amount Converted to Eurodollar Loans | Interest Period and Eurodollar Rate with Respect Thereto | Amount of Principal of Eurodollar Loans Repaid | Amount of Eurodollar Loans Converted to ABR Loans | Unpaid Principal Balance of Eurodollar Loans | Notation Made By |
|------|----------------------------|--------------------------------------|--|--|---|--|------------------|
|------|----------------------------|--------------------------------------|--|--|---|--|------------------|

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EXHIBIT C-1
TO AMENDED AND RESTATED
CREDIT AGREEMENT

FORM OF WHITE & CASE LLP OPINION

[TO COME]

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EXHIBIT C-2
TO AMENDED AND RESTATED
CREDIT AGREEMENT

AMERADA HESS CORPORATION
1185 Avenue of the Americas
New York, New York 10036

J. BARCLAY COLLINS, II
Executive Vice President
and General Counsel
(212) 536-8577
FAX: (212) 536-8339

November 14, 2000

Goldman Sachs Credit Partners L.P.,
as Joint Lead Arranger, Joint Book Runner and
Sole Syndication Agent
85 Broad Street
New York, NY 10004

Chase Securities Inc.,
as Joint Lead Arranger and Joint Book Runner
270 Park Avenue
New York, New York 10017

The Chase Manhattan Bank
as Administrative Agent
270 Park Avenue
New York, New York 10017

The Lenders party to the

Credit Agreements referred to below from time to time

Ladies and Gentlemen:

I am the general counsel to Amerada Hess Corporation, a Delaware corporation (the "Company"), and have acted as such in connection with the preparation, execution and delivery of (i) the Amended and Restated Credit Agreement, dated as of November 14, 2000 (the "Facility A Credit Agreement"), among the Company, the several banks and other financial institutions from time to time parties thereto (the "Lenders"), Goldman Sachs Credit Partners L.P., as joint book runner, joint lead arranger and sole syndication agent (in such capacity, the "Syndication Agent"), Chase Securities Inc., as joint book runner and joint lead arranger and The Chase Manhattan Bank, as administrative agent (in such capacity, the "Administrative Agent) and (ii) the Amended and Restated Credit Agreement, dated as of November 6, 2000 (the "Facility B Credit Agreement" and together with the Facility A Credit Agreement, the "Credit Agreements"), among the Company, the several banks and other financial institutions from time to time parties thereto (the "Lenders"), Goldman Sachs Credit Partners L.P., as joint book runner, joint lead arranger and sole syndication agent (in such capacity, the "Syndication Agent"), Chase Securities Inc., as joint book runner and joint lead arranger and The Chase Manhattan Bank, as administrative agent (in such capacity, the "Administrative Agent).

The opinions expressed below are furnished to you pursuant to Section 4.01. A of the Credit Agreements. Unless otherwise defined herein, terms defined in the Credit Agreements and used herein shall have the meanings given to them in the Credit Agreements.

In arriving at the opinions expressed below, I have examined the following documents:

(a) the Credit Agreements and the Notes signed by the Company (the Credit Agreements and such Notes being hereinafter referred to collectively as the "Transaction Documents"); and

(b) such corporate documents and records of the Company and such other instruments and certificates of public officials, officers and representatives of the Company and other Persons as I have deemed necessary or appropriate for the purpose of the opinion.

In arriving at the opinions expressed below, I have made such investigations of law as I have deemed appropriate as a basis for such opinions.

In rendering the opinions expressed below, I have (a) relied as to certain matters of fact on certificates of the officers of the Company, (b) assumed, with your permission, without independent investigation or inquiry, (i) the authenticity of all documents submitted as originals, (ii) the genuineness of all signatures on all documents that I have examined (other than those of the Company and officers of the Company) and (iii) the conformity to authentic originals of documents submitted as certified, conformed or photostatic copies.

When the opinions expressed below are stated "to the best of my knowledge," I have made reasonable and diligent investigation of the subject matters of such opinions and have no reason to believe that there exist any

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facts or other information that would render such opinions incomplete or incorrect.

Based upon and subject to the foregoing, I am of the opinion that:

1. The Company is duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation.

2. The Company has the corporate power and authority to own, lease and operate its properties and to conduct the business in which it is currently engaged and is duly qualified to transact business as a foreign corporation or other legal entity and is in good standing or appropriately qualified in each jurisdiction where its ownership, leasing, or operation of property or the conduct of its business requires such qualification, except to the extent that

the failure to have such power and authority and the failure to be so qualified and in good standing does not, in the aggregate, constitute a Material Adverse Effect.

3. The Company has the corporate power and authority to make, deliver and perform its obligations under each Transaction Document and to borrow under the Credit Agreements. The Company has taken all necessary corporate action to authorize the borrowings on the terms and conditions of the Credit Agreements and the other Transaction Documents, and to authorize the execution, delivery and performance of the Credit Agreements and each other Transaction Document. No consent or authorization of, notice to, filing with or other act by or in respect of, any Governmental Authority or any other Person is required in connection with (i) the borrowings by the Company under the Credit Agreements or (ii) the execution, delivery and performance by the Company, or the validity or enforceability against the Company, of each Transaction Document.

4. Each Transaction Document has been duly executed and delivered on behalf of the Company. Each Transaction Document constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms.

5. The execution and delivery of each Transaction Document by the Company, the performance by the Company of its obligations thereunder, the consummation of the transactions contemplated thereby, the compliance by the Company with any of the provisions thereof, the borrowings by the Company under the Credit Agreements and the use of proceeds thereof, all as provided therein, (a) will not violate (i) any requirement of law or any regulation or order of any Governmental Authority applicable to the Company or (ii) any Contractual Obligation of the Company or any of its Subsidiaries and (b) will not result in, or require, the creation or imposition of any Lien on any of its or their respective assets or properties pursuant to any such requirement of law (or regulation or order) or Contractual Obligation.

6. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the best of my knowledge, threatened by or against the Company or any of its Subsidiaries or against any of its or their respective properties or revenues (a) with respect to the Credit Agreements or any of the other Transaction Documents or (b) which would constitute a Material Adverse Effect.

7. To the best of my knowledge, neither the Company nor any of its Subsidiaries is in default under or with respect to any Contractual Obligations in any respect which would constitute a Material Adverse Effect.

8. The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company is not subject to regulation under any Federal or state statute or regulation which limits its ability to incur Indebtedness.

The opinions set forth in the second sentence of paragraph 4 above are subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law), including, without limitation, concepts of materiality and reasonableness and an implied covenant of good faith and fair dealing.

I am a member of the bar of the State of New York and the opinions expressed herein are based upon and are limited to the laws of such state, the General Corporation Law of the State of Delaware and the Federal laws of the United States of America.

This opinion has been rendered solely for your benefit and for the benefit of your permitted assignees pursuant to Section 9.04 of the Credit Agreements in connection with the Credit Agreements and the other Transaction Documents and the transactions contemplated thereby and may not be used, circulated, quoted, relied upon or otherwise referred to for any other purpose without my prior written consent; provided, however, that this opinion may be delivered to your regulators, accountants, attorneys and other professional advisers and may be used in connection with any legal or regulatory proceeding relating to the subject matter of this opinion.

Very truly yours,

J. Barclay Collins

AMENDED AND RESTATED
CREDIT AGREEMENT

DATED AS OF

NOVEMBER 14, 2000

AMONG

AMERADA HESS CORPORATION,

THE LENDERS PARTY HERETO,

GOLDMAN SACHS CREDIT PARTNERS L.P.,
AS JOINT BOOK RUNNER, JOINT LEAD ARRANGER AND SOLE SYNDICATION AGENT

CHASE SECURITIES INC.,
AS JOINT BOOK RUNNER AND JOINT LEAD ARRANGER

AND

THE CHASE MANHATTAN BANK,
AS ADMINISTRATIVE AGENT

\$2,000,000,000 REVOLVING CREDIT FACILITY

"FACILITY B"

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AMENDED AND RESTATED CREDIT AGREEMENT, dated as of November 14, 2000 (the "Agreement"), among AMERADA HESS CORPORATION, a Delaware corporation (the "Company"), the LENDERS party hereto, GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP"), as Joint Book Runner, Joint Lead Arranger and Sole Syndication Agent (in such capacity, the "Syndication Agent") CHASE SECURITIES INC, as Joint Book Runner and Joint Lead Arranger and THE CHASE MANHATTAN BANK ("Chase"), as Administrative Agent (in such capacity the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Company intends to acquire (the "Acquisition") the whole of the ordinary share capital of LASMO Plc (the "Target") pursuant to the Offer (as hereinafter defined);

WHEREAS, the Company and GSCP as sole Lender, Syndication Agent, Book Runner, Lead Arranger and Administrative Agent, entered into a Credit Agreement dated as of November 6, 2000 (the "Prior Facility B Credit Agreement") to provide liquidity support for the Company's commercial paper program and/or for financing for the cash purchase price of the Acquisition and otherwise for general corporate purposes;

WHEREAS, the Company and GSCP desire to amend and restate the Prior Facility B Credit Agreement to add Chase as a Lender and to appoint Chase as the Administrative Agent hereunder; and

WHEREAS, the Lenders are willing to establish such credit facilities on and subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree to amend and restate the Prior Facility B Credit Agreement as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Acceptance Condition" means the condition of the Offer relating to the minimum level of acceptances of the Offer as set forth in the Announcement.

"Accommodation Guaranty Indebtedness" shall have the meaning ascribed to it in Article VII(e).

"Acquisition" has the meaning ascribed to it in the Preamble.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" has the meaning ascribed to it in the Preamble.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate, respectively.

"Amended and Restated Effective Date" means the date on which the conditions set forth in Section 4.01. A are satisfied.

"Announcement" means the public announcement of the Offer by the issuance of the Press Release.

"Announcement Date" means the date of the Announcement.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Applicable Facility Fee Rate" means, for any day, with respect to

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Facility Fees payable hereunder, the applicable rate per annum set forth below based upon reference to the Public Debt Rating as set forth below:

| Public Debt Rating S&P/Moody's | Applicable Facility Fee Rate |
|-----------------------------------|---------------------------------|
| Level I > A- or A3 - | 0.100% |
| Level II BBB+ or Baa1 | 0.125% |
| Level III BBB or Baa2 | 0.150% |
| Level IV BBB- or Baa3 | 0.200% |
| Level V < BBB- or Baa3 | 0.375% |

"Applicable Margin" means, for any day, with respect to any Eurodollar Revolving Loan, the applicable rate per annum set forth below under the caption "Eurodollar Spread" based upon reference to the Public Debt Rating as set forth below:

| Public Debt Rating S&P/Moody's | Eurodollar Spread |
|-----------------------------------|-------------------|
|-----------------------------------|-------------------|

| | |
|----------------------------|--------|
| Level I > A- or A3 - | 0.400% |
| Level II BBB+ or Baa1 | 0.500% |
| Level III BBB or Baa2 | 0.725% |
| Level IV BBB- or Baa3 | 0.800% |
| Level V < BBB- or Baa3 | 1.125% |

"Applicable Utilization Fee Rate" means, for any day, with respect to Utilization Fees payable hereunder, the applicable rate per annum set forth below based upon reference to the Public Debt Rating as set forth below:

| Public Debt Rating S&P/Moody's | Applicable Utilization Fee Rate |
|-----------------------------------|------------------------------------|
| Level I > A- or A3 - | 0.050% |
| Level II BBB+ or Baa1 | 0.075% |
| Level III BBB or Baa2 | 0.125% |
| Level IV BBB- or Baa3 | 0.125% |
| Level V < BBB- or Baa3 | 0.250% |

"Assessment Rate" means, for any day, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well-capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C.F.R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in dollars at the offices of such member in the United States; provided that if, as a result of any change in any law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Administrative Agent to be representative of the cost of such insurance to the Lenders.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Availability Period" means the period from and including the Closing

Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Base CD Rate" means the sum of (a) the Three-Month Secondary CD Rate multiplied by the Statutory Reserve Rate plus (b) the Assessment Rate.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrowing" means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect or (b) a Competitive Loan or group of Competitive Loans of the same Type made on the same date and as to which a single Interest Period is in effect.

"Borrowing Request" means a request by the Company for Revolving Loans in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City and London are authorized or required by law to remain closed; provided that the term "Business Day" shall also exclude when used in connection with a Eurodollar Loan, any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Lease" means, with respect to any Person which is the lessee thereunder, any lease or charter of property, real or personal, which would, in accordance with GAAP, be recorded as an asset under a capital lease on a balance sheet of such Person.

"Capitalized Lease Obligation" means, with respect to any Person on any date, the amount which would, in accordance with GAAP, be recorded as an obligation under a Capital Lease on a balance sheet of such Person as lessee under such Capital Lease as at such date. For all purposes of this Agreement, Capitalized Lease Obligations shall be deemed to be Debt secured by a Lien.

"Certain Funds Committed Amount" means, as of any date of determination, \$2,000,000,000 or such lesser amount when aggregated with (i) all Offer Borrowings previously advanced and (ii) the excess of (x) the aggregate cash consideration paid to accepting Target shareholders pursuant to the Offer which was funded from a source of funds other than Offer Borrowings over (y) \$600,000,000, equals \$2,000,000,000. It is hereby acknowledged and agreed for the avoidance of doubt, notwithstanding anything herein to the contrary, that no provision of this Agreement relating to the Certain Funds Committed Amount (including without limitation Sections 2.01(c), 2.08 and the final two paragraphs of Article VII) is intended to or shall increase the Commitments. Following the Offer Termination Date, the Certain Funds Committed Amount shall be zero.

"Certain Funds Period" means the period commencing on the Announcement Date and ending on the earliest to occur of:

(a) the date on which the Offer lapses (having not been declared unconditional in all respects) or is withdrawn or is referred as provided for in paragraphs (c) or (d) of Appendix I of the Press Release;

(b) the date falling 15 days after the Offer Termination Date;

(c) the date falling 29 days after the Announcement Date if the Offer Document has not by then been posted, or such longer period consented to by the Panel but, in any event, no later than 60 days after the Announcement Date; and

(d) the earlier of, the date falling 7 1/2 months after the Announcement Date and 60 days after the date on which the Company becomes entitled to effect Compulsory Acquisition in respect of the Shares.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.13(b), by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"City Code" means the City Code on Takeovers and Mergers applicable to the Offer.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Competitive Loans.

"Clean-up Period" means the period commencing on the Closing Date and ending on the date that is 120 days thereafter.

"Closing" means the satisfaction of all of the conditions specified in Section 4.02.

"Closing Date" means the date on which the Closing occurs.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

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"Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans, as such commitment may be (a) reduced from time to time pursuant to Section 2.07 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable.

"Companies Act" means the Companies Act of 1985, as in force in the United Kingdom as amended from time to time.

"Company" has the meaning ascribed to it in the Preamble.

"Company Capitalization Ratio" means, on any date, the ratio, expressed as a percentage, of (i) Total Consolidated Debt of the Company and its Consolidated Subsidiaries on such date to (ii) Total Capitalization of the Company and its Consolidated Subsidiaries on such date.

"Company Subsidiary Debt Ratio" means, on any date, the ratio, expressed as a percentage, of (i) Total Consolidated Subsidiary Debt less, (ii) the sum of (x) to the extent included in determining Total Consolidated Subsidiary Debt, the outstanding Scheduled Debt (but excluding any refinancing thereof that would constitute Total Consolidated Subsidiary Debt), plus (y) an amount equal to 30% of any Scheduled Debt of Target and its Subsidiaries that is refinanced (including through an exchange offer) through the issuance by the Company of Debt that is not Total Consolidated Subsidiary Debt, to (iii) Total Consolidated Assets of Company on such date.

"Competitive", when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, are being made in accordance with Section 2.04.

"Competitive Bid" means an offer by a Competitive Loan Lender to make a Competitive Loan in accordance with Section 2.04.

"Competitive Bid Rate" means, with respect to any Competitive Bid, the Margin or the Fixed Rate, as applicable, offered by the Competitive Loan Lender making such Competitive Bid.

"Competitive Bid Request" means a request by the Company for Competitive Bids in accordance with Section 2.04.

"Competitive Loan Lenders" means Lenders from time to time designated as Competitive Loan Lenders by the Company by written notice to the Administrative Agent (which notice the Administrative Agent shall transmit to each such Competitive Lender).

"Compulsory Acquisition" means the compulsory acquisition procedure under Part XIII A of the Companies Act.

"Consolidated Current Liabilities" means, with respect to any Person on any date, all amounts which, in conformity with GAAP, would be classified as current liabilities on a consolidated balance sheet of such Person and its Consolidated Subsidiaries as at such date.

"Consolidated Intangibles" means, with respect to any Person on any date, all assets of such Person and its Consolidated Subsidiaries, determined on a consolidated basis, that would, in conformity with GAAP, be classified as intangible assets on a consolidated balance sheet of such Person and its

Consolidated Subsidiaries as at such date, including, without limitation, unamortized debt discount and expense, unamortized organization and reorganization expense, costs in excess of the fair market value of acquired companies, patents, trade or service marks, franchises, trade names, goodwill and the amount of all write-ups in the book value of assets resulting from any revaluation thereof (other than revaluations arising out of foreign currency valuations in conformity with GAAP).

"Consolidated Net Tangible Assets" means, with respect to any Person on any date, the amount equal to (a) the amount that would, in conformity with GAAP, be included as assets on the consolidated balance sheet of such Person and its Consolidated Subsidiaries as at such date minus (b) the sum of (i) Consolidated Intangibles of such Person at such date and (ii) Consolidated Current Liabilities of such Person at such date.

"Consolidated Subsidiaries" means, with respect to any Person on any date, all Subsidiaries and other entities whose accounts are consolidated with the accounts of such Person as of such date in accordance with the principles of consolidation reflected in the audited financial statements of such Person as of such date delivered in accordance with Section 5.01.

"Continuing Directors" has the meaning ascribed to it in Article VII.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

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"Debt" means with respect to any Person (i) indebtedness for borrowed money (including, without limitation, indebtedness evidenced by debt securities); (ii) obligations to pay the deferred purchase price of property or services, except trade accounts payable in the ordinary course of business; (iii) Capitalized Lease Obligations, in the case of each of the foregoing clauses (i) through (iii), for which such Person or any of its Consolidated Subsidiaries shall be liable as primary obligor or under any Guaranty of any such indebtedness or other such obligations of an entity not included in such Person's consolidated financial statements and (iv) any such indebtedness or other such obligations of any entity not included in such Person's consolidated financial statements secured in any manner by any Lien upon any assets of such Person or any of its Consolidated Subsidiaries; provided that for purposes of the computation of any Debt under this Agreement there shall be no duplication of any item of primary or other indebtedness or other obligation referred to herein above, whether such item reflects the indebtedness or other obligation of such Person or any of its Consolidated Subsidiaries or of any entity not included in such Person's consolidated financial statements; and provided, further, that when computing Debt of the Company under this Agreement the first \$100,000,000 in the aggregate for which the Company and its Consolidated Subsidiaries shall be liable under any Guaranty of any such indebtedness or other such obligations of an entity not included in the Company's consolidated financial statements shall be excluded from the computation of Debt of the Company.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"dollars" or "\$" refers to lawful money of the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.01. B are satisfied (or waived in accordance with Section 9.02).

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or the release of any

materials into the environment.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company or any of its Consolidated Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurodollar", when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate (or, in the case of a Competitive Loan, the LIBO Rate).

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Company hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Company is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Company under Section 2.17(b)) or any foreign branch or Affiliate of a Lender caused by such Lender to make a Loan under Section 2.02(b), any withholding tax that is imposed by the United States of America on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement or such foreign branch or Affiliate is caused to make such a Loan or is attributable to such Foreign Lender's or such foreign branch's or Affiliate's failure or inability to comply with Section 2.15(e), except to the extent that such Foreign Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Company with respect to such withholding tax pursuant to Section 2.15(a).

"Existing Credit Agreement" means the Credit Agreement, dated as of May 20, 1997, among the Company, Amerada Hess Limited, Amerada Hess Norge A/S, Amerada Hess A/S, the other subsidiary borrowers and lenders party thereto, and The Chase Manhattan Bank, as administrative agent thereunder.

"Facility A Certain Funds Committed Amount" shall have the meaning ascribed to the term "Certain Funds Committed Amount" in the Facility A Credit Agreement.

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"Facility A Credit Agreement" means the \$1,000,000,000 Amended and Restated Revolving Credit Facility, dated as of the date hereof, among the Company, the lenders party thereto, Goldman Sachs Credit Partners L.P., as joint book runner, joint lead arranger and sole syndication agent, Chase Securities Inc., as joint book runner and joint lead arranger and The Chase Manhattan Bank, as administrative agent.

"Facility Fee" has meaning ascribed to it in Section 2.10(a).

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds

brokers of recognized standing selected by it.

"Financial Officer" means, with respect to the Company, the chief financial officer, principal accounting officer, treasurer or controller of the Company.

"Fixed Rate" means, with respect to any Competitive Loan (other than a Eurodollar Competitive Loan), the fixed rate of interest per annum specified by the Lender making such Competitive Loan in its related Competitive Bid.

"Fixed Rate Loan" means a Competitive Loan bearing interest at a Fixed Rate.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Company is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP" means for all purposes hereof generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranty" by any Person means any direct or indirect undertaking to assume, guaranty, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any obligation of any other Person, excluding endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitee" shall have the meaning ascribed to it in Section 9.03.

"Information" shall have the meaning ascribed to it in Section 9.12.

"Interest Election Request" means a request by the Company to convert or continue a Revolving Borrowing in accordance with Section 2.06.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day during such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Fixed Rate Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Fixed Rate Borrowing with an Interest Period of more than 90 days' duration (unless otherwise specified in the applicable Competitive Bid Request), each day prior to the last day of such Interest Period that occurs at intervals of 90 days' duration after the first day of such Interest Period, and any other dates that are specified in the applicable Competitive Bid Request as Interest Payment Dates with respect to such Borrowing.

"Interest Period" means (a) with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is 7 days (if generally available), one, two, three or six months thereafter, as the Company may elect and (b) with respect to any Fixed Rate Borrowing, the period (which shall not be less than 7 days or more than 360 days) commencing on the date of such Borrowing and ending on the date specified in the applicable Competitive Bid Request; provided, that (i) if any Interest Period would end on a day other than a

Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) except with respect to any Competitive Loan Lender which otherwise agrees, any Interest Period that otherwise would extend beyond the Maturity Date applicable to any Lender shall end on the Maturity Date applicable to such Lender. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"LIBO Rate" means, with respect to each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined by the Administrative Agent to be the offered rate for deposits in dollars with a term comparable to such Interest Period that appears on the Telerate Page at approximately 11:00 a.m., London time, two Business Days prior to the beginning of such Interest Period; provided, however, that if at any time for any reason such offered rate does not appear on the Telerate Page, "LIBO Rate" shall mean, with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum equal to the average (rounded upward to the nearest 1/100 of 1%) of the respective rates notified to the Administrative Agent by each of the Reference Bank as the rate at which such Reference Lender is offered deposits in dollars at or about 11:00 a.m., London time, two Business Days prior to the beginning of such Interest Period in the London interbank market for delivery on the first day of such Interest Period for the number of days comprised therein.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing), any conditional sale or other title retention agreement, or any lease in the nature thereof.

"Loan Documents" means, collectively, this Agreement and all other agreements, instruments and documents executed in connection herewith and therewith, in each case as the same may be amended, restated, modified or otherwise supplemented from time to time.

"Loans" means the loans made by the Lenders to the Company pursuant to this Agreement.

"Margin" means, with respect to any Competitive Loan bearing interest at a rate based on the LIBO Rate, the marginal rate of interest, if any, to be added to or subtracted from the LIBO Rate to determine the rate of interest applicable to such Loan, as specified by the Lender making such Loan in its related Competitive Bid.

"Margin Stock" shall have the meaning provided in Regulation U of the Board.

"Material Adverse Effect" means (a) when used in any representation and warranty or covenant of the Company on and as of the Effective Date, any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on (i) the business, assets, property or financial condition of the Company and its Consolidated Subsidiaries taken as a whole, or (ii) the validity or enforceability of this Agreement or the rights and remedies of the Administrative Agent and the Lenders hereunder and (b) when used in any representation and warranty or covenant of the Company on any date after the Effective Date, any change in the consolidated financial condition or operations of the Company and its Consolidated Subsidiaries from that set forth in the consolidated balance sheet of the Company dated as of December 31, 1999 that is likely to materially and adversely affect the Company's ability to comply with Section 6.01 or to perform its other obligations to the Lenders under this Agreement.

"Material Indebtedness" means Debt (other than the Loans) of the Company in an aggregate principal amount exceeding \$10,000,000.

"Maturity Date" means the fifth year anniversary of the date hereof.

"Moody's" means Moody's Investors Service, Inc.

"Note" has the meaning ascribed to it in Section 2.08(e).

"Offer" means the offer for the Shares described in the Offer Document.

"Offer Borrowings" means each Borrowing used or to be used by the Company to fund the purchase by Company of the Shares pursuant to (i) acceptances of the Offer and (ii) Part XIII A of the Companies Act.

"Offer Document" means the document to be delivered to the shareholders of Target containing the offer for the Shares, as the same may be amended, revised or renewed.

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"Offer Termination Date" means, in relation to the Offer, the earliest date (as notified by the Company to the Administrative Agent in writing) on which all of the following have occurred:

(a) all payments in respect of acceptances of the cash element of the Offer have been made in full;

(b) no further such acceptances are possible; and

(c) all procedures under sections 428 - 430(f) of the Companies Act which are capable of being implemented have been completed and all payments under those procedures required to be made by the Company have been made in full.

"Other Borrowings" means all Borrowings other than Offer Borrowings, being Borrowings to fund (i) the working capital and general corporate needs of the Company and its Subsidiaries and (ii) fees and expenses related to the Acquisition.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"Outstanding Approvals" means all material authorizations from Governmental Authorities the obtaining of which are conditions in the Offer.

"Panel" means the U.K. Panel on Takeovers and Mergers.

"Participant" has the meaning ascribed to it in Section 9.04.

"Permitted Encumbrances" means with respect to the Company:

(a) Liens imposed by law for taxes that are not yet due or are being contested in good faith by appropriate proceedings and as to which appropriate reserves have been set aside in accordance with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, and repairmen's Liens, Liens for crew's wages or salvage (or making deposits to release such Liens) and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in good faith by appropriate proceedings and as to which appropriate reserves have been set aside in accordance with GAAP;

(c) Liens on standard industry terms imposed by charter parties or under contracts of affreightment;

(d) Liens arising out of judgments or awards against the Company or any of its Consolidated Subsidiaries with respect to which the Company or such Subsidiary at the time shall currently be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(e) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(f) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds or performance bonds, margin posted to secure payment or performance under futures, forwards or Swap Agreements, and other obligations of a like nature, in each case in the ordinary course of business;

(g) easements, zoning restrictions, rights-of-way and similar encumbrances on real property and imperfections of titles imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Company or any of its Consolidated Subsidiaries;

(h) Liens on any oil and/or gas properties or other mineral interests of the Company or any of its Consolidated Subsidiaries, whether developed or undeveloped, arising (i) as security for the Company's or such Subsidiary's costs and expenses incurred by it in connection with the exploration, development or operation of such properties, in favor of a person who is conducting the exploration, development or operation of such properties, or (ii) in connection with farmout, dry hole, bottom hole, communitization, unitization, pooling and operating agreements and/or other agreements of like general nature incident to the acquisition, exploration, development and operation of such properties or as required by regulatory agencies having jurisdiction in the premises; and

(i) overriding royalties, royalties, production payments, net profits interests or like interests to be paid out of production from oil and/or gas properties or other mineral interests of the Company or any of its Consolidated Subsidiaries, or to be paid out of the proceeds from the sale of any such production;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Debt.

"Person" means any natural person, corporation, limited liability

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company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Press Release" means the United Kingdom press release of the Company, dated as of the Announcement Date in the form and substance previously approved by the Syndication Agent, and by which the Offer is or is to be announced.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Reference Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Prior Facility B Credit Agreement" shall have the meaning ascribed to it in the Recitals.

"Public Debt Rating" means, the ratings (whether explicit or, if not explicit, implied) assigned by S&P and Moody's to Company's senior unsecured non-credit enhanced long term debt. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Facility Fee Rate, Applicable Margin and the Applicable Utilization Fee Rate shall be determined by reference to the available rating; (b) if neither S&P nor Moody's shall have in effect a Public Debt Rating, the Applicable Facility Fee Rate, Applicable Margin and the Applicable Utilization Fee Rate will be set in accordance with Level V under the definition of "Applicable Facility Fee Rate", "Applicable Margin" or "Applicable Utilization Fee Rate", as the case may be; (c) if the ratings established by S&P and Moody's shall fall within different levels, the Applicable Facility Fee Rate, the Applicable Margin and the Applicable Utilization Fee Rate shall be based upon the higher of such ratings, provided that if the lower of such ratings is more than one level below the higher of such ratings, the Applicable Facility Fee Rate, Applicable Margin and

the Applicable Utilization Fee Rate shall be determined by reference to the level that is one level above such lower rating, provided, further, that if either of the ratings established by S&P or Moody's shall fall within Level V, the Applicable Facility Fee Rate, the Applicable Margin and the Applicable Utilization Fee Rate will be set in accordance with Level V under the definition of "Applicable Facility Fee Rate", "Applicable Margin" or "Applicable Utilization Fee Rate", as the case may be; (d) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (e) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Reference Bank" means The Chase Manhattan Bank, or such other bank or banks as may from time to time be designated by the Company and approved by the Administrative Agent.

"Register" has the meaning ascribed to it in Section 9.04.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Lenders" means, (a) at any time prior to the termination of the Commitments pursuant to Article VII, Lenders having Commitments representing at least 51% of the aggregate Commitments at such time (provided that, for purposes of declaring the Loans to be due and payable pursuant to Article VII, the outstanding Competitive Loans of the Lenders shall be included in their respective Commitments in determining the Required Lenders) and (b) for all purposes after the termination of the Commitments pursuant to Article VII, Lenders having outstanding Loans representing at least 51% of the aggregate outstanding principal amount of Loans.

"Revolving Credit Exposure" means, with respect to any Lender at any time, the outstanding principal amount of such Lender's Revolving Loans.

"Revolving Loan" means a Loan made pursuant to Section 2.03.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"SEC" shall mean the Securities and Exchange Commission.

"Scheduled Debt" has the meaning ascribed to it in Section 3.10(a).

"Scheduled Target Liens" has the meaning ascribed to it in Section 3.10(b).

"Shares" means the outstanding share capital of Target to which the Offer relates as defined in the Press Release.

"Significant Subsidiary" shall mean, with respect to any Person on any date, a Consolidated Subsidiary of such Person that as of such time satisfies the definition of a "significant subsidiary" contained as of the date hereof in Regulation S-X of the SEC.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal

established by the Board to which the Administrative Agent is subject (a) with respect to the Base CD Rate, for new negotiable nonpersonal time deposits in dollars of over \$100,000 with maturities approximately equal to three months and (b) with respect to the Adjusted LIBO Rate, for eurodollar funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate

shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

"Swap Agreement" means any interest rate, currency or commodity swap agreement or other interest rate, currency or commodity price protection agreement capable of financial settlement only.

"Swap Payment Obligation" means, with respect to any Person, an obligation of such Person to pay money, either in respect of a periodic payment or upon termination, to a counterparty under a Swap Agreement, after giving effect to any netting arrangements between such Person and such counterparty and such Person's rights of set-off in respect of such obligation provided for in such Swap Agreement.

"Syndication Agent" has the meaning ascribed to it in the Preamble.

"Target" has the meaning ascribed to it in the Preamble.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Telerate Page" means the display designated as Page 3750 on the Dow Jones Markets System (or such other page as may replace such page on such service for the purpose of displaying the rates at which dollar deposits are offered by leading banks in the London interbank deposit market).

"Three-Month Secondary CD Rate" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day is not a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day is not a Business Day, on the next preceding Business Day) by the Administrative Agent from three negotiable certificate of deposit dealers of recognized standing selected by it.

"Total Capitalization", of any Person on any date, means the sum of (i) Total Consolidated Debt of such Person on such date and (ii) shareholders' equity of such Person on such date, determined on a consolidated basis in accordance with GAAP.

"Total Consolidated Assets", of any Person on any date, means the total assets of such Person and its Consolidated Subsidiaries on such date, determined on a consolidated basis in accordance with GAAP.

"Total Consolidated Debt", of any Person on any date, means all Debt of such Person and its Consolidated Subsidiaries on such date, determined on a consolidated basis in accordance with GAAP.

"Total Consolidated Subsidiary Debt" means Total Consolidated Debt excluding Debt of the Company with respect to which no Subsidiary of the Company is contractually obligated.

"Total Exposure" means, with respect to any Lender at any time, the sum of (i) the Revolving Credit Exposure of such Lender and (ii) the aggregate outstanding principal amount of such Lender's Competitive Loans.

"Transactions" means each of the execution, delivery and performance by the Company of this Agreement, the borrowing of Loans hereunder and the consummation of the Offer and the Acquisition.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the Alternate Base Rate or, in the case of a Competitive Loan or Borrowing, the LIBO Rate or a Fixed Rate.

"Utilization Fee" has the meaning ascribed to it in Section 2.10(b).

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"Whitewash Procedure" means the procedure to be undertaken pursuant to the Companies Act in order to make use of the private company exemption to prohibitions against financial assistance thereunder.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar Revolving Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's permitted successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Company notifies the Administrative Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such amendment is rejected or such provision is amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein and, in particular during the Certain Funds Period with respect to Offer Borrowings, the penultimate paragraph of Article VII, each Lender agrees to make Revolving Loans to the Company from time to time during the Availability Period in an aggregate principal amount not exceeding the amount of such Lender's Commitment; provided, that after giving effect to each Revolving Credit Loan (a) no Lender's Revolving Credit Exposure shall exceed such Lender's Commitment, (b) the sum of the Total Exposures of all the Lenders shall not exceed the sum of the Commitments of all Lenders or (c) in the case only of Loans constituting Other Borrowings during the Certain Funds Period, the sum of the total Revolving Credit Exposures plus the aggregate principal amount of

outstanding Competitive Loans plus the Certain Funds Committed Amount shall not exceed the total Commitments of all Lenders. Within the foregoing limits and subject to the terms and conditions set forth herein, the Company may borrow, prepay and reborrow Revolving Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders, ratably in accordance with their respective Commitments. Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.04. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments and Competitive Bids of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.12, (i) each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Company may request in accordance herewith and shall be in dollars and (ii) each Competitive Borrowing shall be comprised entirely of Eurodollar Loans or Fixed Rate Loans as the Company may request in accordance herewith and shall be in dollars. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Company to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate

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amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Each Competitive Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 outstanding Eurodollar Revolving Borrowings.

(d) Notwithstanding any other provision of this Agreement, the Company shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Revolving Borrowings. To request a Revolving Borrowing, the Company shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of any ABR Borrowing, not later than 11:00 a.m., New York City time, on the Business Day of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent at its office set forth in Section 9.01 of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Company. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Company's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.05.

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period

is specified with respect to any requested Eurodollar Revolving Borrowing, then the Company shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Bid Procedure for Competitive Loans. (a) Subject to the terms and conditions set forth herein, from time to time during the Availability Period the Company may request Competitive Bids and may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Loans; provided, that (i) after giving effect to each Competitive Loan the sum of the Total Exposures of all the Lenders shall not exceed the sum of the Commitments of all Lenders, (ii) during the Certain Funds Period, the Revolving Credit Exposures plus the aggregate principal amount of outstanding Competitive Loans plus the Certain Funds Committed Amount shall not exceed the total Commitments of all Lenders and (iii) Competitive Loans shall not be made for purposes of Offer Borrowings. To request Competitive Bids, the Company shall notify the Administrative Agent at its office set forth in Section 9.01 of such request by telephone, (i) in the case of a Eurodollar Competitive Borrowing, not later than 11:00 a.m., New York City time, four Business Days before the date of the proposed Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing. Each such telephonic Competitive Bid Request shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Competitive Bid Request in a form approved by the Administrative Agent and signed by the Company. Each such telephonic and written Competitive Bid Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be a Eurodollar Borrowing or a Fixed Rate Borrowing;

(iv) the Interest Period to be applicable to such Borrowing, which shall be a period contemplated by the definition of the term "Interest Period";

(v) the maturity date of such Borrowing, which shall be no less than seven and no more than 360 days from the requested drawdown date of such Borrowing; and

(vi) the location and number of the Company's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.05.

Promptly following receipt of a Competitive Bid Request in accordance with this

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Section, the Administrative Agent shall notify the Competitive Loan Lenders of the details thereof by telecopy, inviting the Competitive Loan Lenders to submit Competitive Bids.

(b) Each Competitive Loan Lender may (but shall not have any obligation to) make one or more Competitive Bids to the Company in response to a Competitive Bid Request. Each Competitive Bid by a Competitive Loan Lender must be in a form approved by the Administrative Agent and must be received by the Administrative Agent at its office set forth in Section 9.01 by telecopy, (i) in the case of a Eurodollar Competitive Borrowing, not later than 9:30 a.m., New York City time, three Business Days before the date of the proposed Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the proposed date of such Competitive Borrowing. Competitive Bids that do not conform substantially to the form approved by the Administrative Agent may be rejected by the Administrative Agent, and the Administrative Agent shall notify the applicable Competitive Loan Lender of such rejection as promptly as practicable. Each Competitive Bid shall specify (i) the principal amount (which shall be a minimum of \$5,000,000 and an integral multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested by the Company) of the Competitive Loan or Loans that the Competitive Loan Lender is willing to make, (ii) the Competitive Bid Rate or Rates at which the Competitive Loan Lender is prepared to make such Loan

or Loans (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) and (iii) the Interest Period applicable to each such Loan and the last day thereof.

(c) The Administrative Agent shall promptly notify the Company by teletype of the Competitive Bid Rate and the principal amount specified in each Competitive Bid and the identity of the Lender that shall have made such Competitive Bid.

(d) Subject only to the provisions of this paragraph, the Company may accept or reject any Competitive Bid. The Company shall notify the Administrative Agent by telephone, confirmed by teletype in a form approved by the Administrative Agent, whether and to what extent it has decided to accept or reject each Competitive Bid, (i) in the case of a Eurodollar Competitive Borrowing, not later than 10:30 a.m., New York City time, three Business Days before the date of the proposed Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:30 a.m., New York City time, on the proposed date of such Competitive Borrowing; provided that (i) the failure of the Company to give such notice shall be deemed to be a rejection of each Competitive Bid, (ii) the Company shall not accept a Competitive Bid made at a particular Competitive Bid Rate if the Company rejects a Competitive Bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Company shall not exceed the aggregate amount of the requested Competitive Borrowing specified in the related Competitive Bid Request, (iv) to the extent necessary to comply with clause (iii) of this proviso, the Company may accept Competitive Bids at the same Competitive Bid Rate in part, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid, and (v) except pursuant to clause (iv) above, no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000; provided further that if a Competitive Loan must be in an amount less than \$5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner determined by the Company. A notice given by the Company pursuant to this paragraph shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Lender by teletype whether or not its Competitive Bid has been accepted (and, if so, the amount and Competitive Bid Rate so accepted), and each successful bidder will thereupon become bound, subject to the terms and conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted.

(f) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such Competitive Bid directly to the Company at least one quarter of an hour earlier than the time by which the other Competitive Loan Lenders are required to submit their Competitive Bids to the Administrative Agent pursuant to paragraph (b) of this Section.

SECTION 2.05. Funding of Borrowings (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; such transfers shall be made by (x) 12:00 Noon, New York City time in the case of Borrowings other than ABR Borrowings and (y) 2:00 PM, New York City time in the case of ABR Borrowings on the date such Loan is made. The Administrative Agent will make such amounts available to the Company by promptly crediting the amounts so received, in like funds, to an account of the Company designated by the Company in the applicable Borrowing Request or Competitive Bid Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Company a corresponding amount. In such event, if a Lender has not in fact made its share

applicable Lender and the Company severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Company to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Company, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.06. Interest Elections (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Company may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Company may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Competitive Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Company shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Company were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Company.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Company shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Company fails to deliver a timely Interest Election Request with respect to a Eurodollar Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Company, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Revolving Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.07. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the earliest to occur of (i) the Maturity Date, (ii) the date on which the Offer lapses (having not

been declared unconditional in all respects) or is withdrawn, or is referred as provided in paragraphs (c) or (d) of Appendix I of the Press Release and (iii) the date falling twenty nine days after the Announcement Date if the Offer Document has not by then been posted, or such longer period consented to by the Panel but, in any event, no later than 60 days after the Announcement Date.

(b) The Company may at any time terminate, or from time to time reduce, the aggregate amount of the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$10,000,000 and not less than \$50,000,000, (ii) the Company shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.09, the sum of the Total Exposures of all the Lenders would exceed the total Commitments and (iii) during the Certain Funds Period, the Company shall not terminate or reduce the Commitments below the sum of the aggregate principal amount of then outstanding Other Borrowings and the Certain Funds Committed Amount.

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(c) The Company shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Company pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Company may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders based on their respective Commitments.

SECTION 2.08. Repayment of Loans; Evidence of Debt. (a) The Company hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan made to the Company on the Maturity Date and (ii) to the Administrative Agent for the account of each Competitive Loan Lender the then unpaid principal amount of each Competitive Loan made by such Competitive Loan Lender to the Company on the last day of the Interest Period applicable to such Loan.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Company to such Lender resulting from each Loan made by such Lender to the Company, including the amounts of principal and interest payable and paid to such Lender by the Company from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Company to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall, absent manifest error, be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Company to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Company shall prepare, execute and deliver to such Lender a non-negotiable promissory note substantially in the form attached as Exhibit B (a "Note") payable to the order of such Lender (or, if requested by such Lender, to such Lender and its permitted registered assigns). Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more Notes payable to the order of the payee named therein (or, if such Note is a registered Note, to such payee and its permitted registered assigns).

SECTION 2.09. Prepayment of Loans. (a) The Company shall have the

right at any time and from time to time to prepay any Borrowing made by it in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section; provided that the Company shall not have the right to prepay any Competitive Loan without the prior consent of the Lender thereof.

(b) The Company shall notify the Administrative Agent by telephone (confirmed by teletype) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Revolving Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment and (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.07, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.07. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.11.

SECTION 2.10. Fees. (a) The Company agrees to pay to the Administrative Agent for the account of each Lender a facility fee, (the "Facility Fee") which shall accrue at the Applicable Facility Fee Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the date hereof to but excluding the date on which such Commitment terminates; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued Facility Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which

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the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any Facility Fees accruing after the date on which the Commitments terminate shall be payable on demand. All Facility Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) For any day that the aggregate principal amount of the Loans outstanding exceeds 33% of the aggregate Commitments, Company shall pay to the Administrative Agent for the account of each Lender a utilization fee (the "Utilization Fee") equal to the Applicable Utilization Fee Rate times the aggregate outstanding Revolving Loans on such date. The Utilization Fee shall accrue, to the extent applicable, at all times from the Closing Date until the Maturity Date and shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof.

(c) The Company agrees to pay to the Administrative Agent and each of the Lenders, for their own accounts, fees payable in the amounts and at the times separately agreed upon between the Company and such other parties.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to each of the Lenders, in the case of fees payable to it) for distribution, in the case of Facility Fees and/or Utilization Fees, to the Lenders. Absent manifest error, fees paid shall not be refundable under any circumstances.

SECTION 2.11. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to (i) in the case of a Eurodollar Revolving Loan, the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin or (ii) in the case of a Eurodollar Competitive Loan, the LIBO

Rate for the Interest Period in effect for such Borrowing plus (or minus, as applicable) the Margin applicable to such Loan.

(c) Each Fixed Rate Loan shall bear interest at a rate per annum equal to the Fixed Rate applicable to such Loan.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Company hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion and (iv) all accrued interest shall be payable upon termination of the Commitments.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate, shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.12. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders (or, in the case of a Eurodollar Competitive Loan, the Lender that is required to make such Loan) that because of a change in circumstances affecting the Eurodollar market generally the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Company and the Lenders by telephone or teletype as promptly as practicable thereafter and, until the Administrative Agent notifies the Company and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective, (ii) if any Borrowing Request requests a Eurodollar Revolving

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Borrowing, such Borrowing shall be made as an ABR Borrowing and (iii) any request by the Company for a Eurodollar Competitive Borrowing shall be ineffective; provided that (A) if the circumstances giving rise to such notice do not affect all the Lenders, then requests by the Company for Eurodollar Competitive Borrowings may be made to Lenders that are not affected thereby and (B) if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.13. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in

the Adjusted LIBO Rate); or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans or Fixed Rate Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or Fixed Rate Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Company will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by, such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Company will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Company shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than three months prior to the date that such Lender notifies the Company of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided, further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the three-month period referred to above shall be extended to include the period of retroactive effect thereof.

(e) Notwithstanding the foregoing provisions of this Section, a Lender shall not be entitled to compensation pursuant to this Section in respect of any Competitive Loan if the Change in Law that would otherwise entitle it to such compensation shall have been publicly announced prior to submission of the Competitive Bid pursuant to which such Loan was made.

SECTION 2.14. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan or Fixed Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.09(b) and is revoked in accordance herewith), (d) the failure to borrow any Competitive Loan after accepting the Competitive Bid to make such Loan, or (e) the assignment of any Eurodollar Loan or Fixed Rate Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Company pursuant to Section 2.17, then, in any such event, the Company shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the Adjusted LIBO Rate for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such

Lender) for dollar deposits from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Company and shall be conclusive absent

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manifest error. The Company shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.15. Taxes. (a) Any and all payments by or on account of any obligation of the Company hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Company shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Company shall make such deductions and (iii) the Company shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Company shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Company shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Company to a Governmental Authority, the Company shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Company is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall, upon request of the Company, deliver to the Company (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Company, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

SECTION 2.16. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Company shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.13, 2.14 or 2.15, or otherwise) prior to 12:00 Noon, New York City time, on the date when due in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, except that payments pursuant to Sections 2.13, 2.14, 2.15 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and

fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Company pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Company or any Subsidiary or Affiliate thereof

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(as to which the provisions of this paragraph shall apply). The Company consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Company rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Company in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Company will not make such payment, the Administrative Agent may assume that the Company has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Company has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(b) or 2.16(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.17. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.13, or if the Company is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13 or 2.15, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.13, or if the Company is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, or if any Lender defaults in its obligation to fund Loans hereunder, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without

recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement (other than any outstanding Competitive Loans held by it) to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Company shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans (other than Competitive Loans), accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or payments required to be made pursuant to Section 2.15, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

ARTICLE III

Representations and Warranties

The Company represents and warrants to each of the Lenders as follows (which representations and warranties will be deemed made by the Company on the date of each Borrowing by the Company hereunder, the date of conversion or continuation of any Interest Period with respect to any Loan pursuant to Section 2.06 and each Interest Payment Date in respect of any ABR Loan); provided, that each representation or warranty made by the Company in respect of Target or any of its Subsidiaries on any date up to the expiration of the Clean-up Period shall be subject to qualification that such representation or warranty is true and accurate insofar as the Company was aware as of the date of this Agreement:

SECTION 3.01. Corporate Existence and Power; Compliance with Law. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. The Company is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, does not constitute a Material Adverse Effect.

SECTION 3.02. Corporate Authority. The execution, delivery and performance by the Company of this Agreement and each Note executed by the Company have been duly authorized by all necessary corporate action and are within the Company's corporate power, do not require the approval of the shareholders of the Company, and will not violate any provision of law or of its

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certificate of incorporation or other constitutive document or by-laws, or result in the breach of or constitute a default or require any consent under, or result in the creation of any lien, charge or encumbrance upon any property or assets of the Company pursuant to, any indenture or other agreement or instrument to which the Company is a party or by which the Company or its property may be bound or affected. The execution, delivery and performance by the Company of this Agreement and each Note executed by the Company do not require any license, consent or approval of or advance notice to or advance filing with any governmental agency or regulatory authority or any other third party, or if required, any such license, consent or approval shall have been obtained and any such notice or filing shall have been made.

SECTION 3.03. Enforceability. This Agreement is, and each Note when delivered by the Company hereunder will be, duly executed and delivered by the Company and does or will constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms except as enforceability may be limited by general principles of equity and bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by moratorium laws from time to time in effect.

SECTION 3.04. Financial Condition. The audited consolidated financial statements of the Company for the fiscal year ended December 31, 1999, reported on by Ernst & Young, LLP, heretofore furnished to the Lenders fairly present in all material respects the consolidated financial condition of the Company and its Consolidated Subsidiaries as at the date thereof and the results of their

operations for the period covered thereby. The unaudited interim consolidated financial statements of the Company for the quarterly period ended September 30, 2000, heretofore furnished to the Lenders fairly present in all material respects the consolidated financial condition of the Company and its Consolidated Subsidiaries as at the date thereof and the results of their operations for the period covered thereby (subject to normal year-end audit adjustments). Said financial statements were prepared in accordance with GAAP. Since December 31, 1999, there has been no Material Adverse Effect.

SECTION 3.05. Litigation. There are no suits or proceedings (including proceedings by or before any arbitrator, government commission, board, bureau or other administrative agency) pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Consolidated Subsidiaries that constitute a Material Adverse Effect.

SECTION 3.06. ERISA. The Company has fulfilled its obligations under the minimum funding standards of ERISA and the Code with respect to each employee benefit plan of the Company subject to such standards and is in compliance in all material respects with the applicable provisions of ERISA, and has not incurred any liability to the PBGC or any employee benefit plan of the Company under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

SECTION 3.07. Environmental Matters. Each of the Company and its Consolidated Subsidiaries has obtained all permits, licenses and other authorizations which are required under all Environmental Laws, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water or land), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemical, or industrial, toxic or hazardous substances or wastes, except to the extent failure to have any such permit, license or authorization does not constitute a Material Adverse Effect. The Company and its Consolidated Subsidiaries are in compliance with all terms and conditions of all required permits, licenses and authorizations, and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables, contained in those laws or contained in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply does not constitute a Material Adverse Effect.

SECTION 3.08. Federal Regulations. No part of the proceeds of any Loans will be used for any purpose which violates the provisions of the Regulations of the Board including, without limitation, Regulations T, U and X of the Board as in effect from time to time.

SECTION 3.09. Investment and Holding Company Status. Neither the Company nor any of its Consolidated Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.10. Scheduled Debt and Scheduled Target Liens. (a) Schedule 3.10(a) sets out all of the Debt for borrowed money of the Consolidated Subsidiaries of Company (on a pro forma basis after giving effect to the Acquisition) as of the date hereof which the Company, having made all due inquiry is, at the date hereof, aware (the "Scheduled Debt").

(b) Schedule 3.10(b) sets out all of the Liens (other than Permitted Encumbrances) (the "Scheduled Target Liens") of the Target and its Subsidiaries securing the Scheduled Debt applicable to the Target and its Subsidiaries of which the Company having made all due inquiry is, at the date hereof, aware.

ARTICLE IV

Conditions

SECTION 4.01. A. Conditions to Amended and Restated Effective Date. The obligations of the Lenders to make Revolving Loans to the Company shall not

become effective until the date on which each of the following conditions are satisfied or waived in accordance with Section 9.02:

(a) The Syndication Agent and the Administrative Agent shall have received at least one executed counterpart of this Agreement, together with arrangements satisfactory to the Syndication Agent and the Administrative Agent for additional executed counterparts, sufficient in number for distribution to the Lenders and the Company together with all Exhibits thereto; and

(b) The Syndication Agent and the Administrative Agent shall have received, on behalf of itself and the Lenders, a favorable written opinion of each of (i) White & Case LLP, special United States counsel for the Company, substantially to the effect set forth in Exhibit C-1 and (ii) the General Counsel for the Company to the effect set forth in Exhibit C-2.

SECTION 4.01. B. Announcement Date and Effectiveness of Commitments. The obligations of the Lenders to make Revolving Loans to the Company shall not become effective until the date on which each of the following conditions is satisfied or waived in accordance with Section 9.02 (and the Administrative Agent's written confirmation (which confirmation shall be given promptly following satisfaction of the final condition) that the following conditions are satisfied shall be conclusive evidence thereof for purposes of this Section 4.01. B):

(a) The Syndication Agent and the Administrative Agent shall have received all of the following, each of which shall be originals unless otherwise specified, each properly executed by each party thereto, each dated no more than four Business Days prior to the Announcement Date and each in form and substance reasonably satisfactory to the Syndication Agent and the Administrative Agent and their legal counsel (unless otherwise provided, or, in the case of the date of any of the following, unless the Syndication Agent and the Administrative Agent otherwise agrees or directs):

The Syndication Agent and the Administrative Agent shall have received (x) documents and certificates relating to the organization, existence and good standing of the Company; (y) a certificate of the Secretary of the Company dated the Announcement Date and certifying (A) that attached thereto is a true and complete copy of the articles or certificate of incorporation, the by-laws or memorandum and articles of association and other organizational documents of Company as in effect on the Announcement Date and at all times since the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors or a committee of the board of directors of the Company, as applicable, authorizing the execution, delivery and performance of the Loan Documents to which such person is a party (including, the borrowings hereunder), and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation of the Company have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (x) above, and (D) as to the incumbency and specimen signature of each officer authorized, to the extent applicable, to act with respect to the Loan Documents and each of the other documents related thereto; and (z) a certificate of another officer as to the incumbency and specimen signature of the Secretary executing the certificate pursuant to clause (y) above.

(b) The Syndication Agent and the Administrative Agent's fees payable and other amounts due and payable on or prior to the Announcement Date shall have been paid.

(c) No material action, suit, proceeding or investigation shall be pending against the Company; no law, regulation, judgment or court order shall be applicable that constrains, prevents or imposes materially adverse conditions upon the Offer or the making of the Loans; and the Company shall have received all governmental and material third party approvals and consents necessary in connection with the Transactions (other than the Outstanding Approvals) and all such approvals and consents shall be in full force and effect.

(d) As of the Announcement Date, since December 31, 1999, no circumstance or event shall have occurred and be continuing that constitutes a Material Adverse Effect.

(e) The reasonable costs and expenses of the Syndication Agent and the

Administrative Agent in connection with the preparation of the Loan Documents payable pursuant to Section 9.03 and for which invoices have been presented shall have been paid.

(f) The representations and warranties of the Company contained in Article III shall be true and correct in all material respects as of the Announcement Date.

(g) The Syndication Agent and the Administrative Agent shall have received copies, certified as being true and complete copies by an authorized officer of the Company, of the Press Release (in sufficient quantity for each Lender).

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(h) The Syndication Agent and the Administrative Agent shall have received evidence that the resolutions of the board of directors of the Company and Target necessary to launch the Offer have been obtained.

(i) There shall not exist any Default or Event of Default on the Announcement Date.

(j) The Syndication Agent and the Administrative Agent shall have received, in each case satisfactory to the Required Lenders and the Syndication Agent and the Administrative Agent, (i) historical audited financial statements of the Company and the Target, (ii) unaudited interim consolidated financial statements of the Company for the fiscal quarter period ended September 30, 2000, (iii) summary financial information of the Target for the semi-annual period ended June 30, 2000, (iv) pro forma consolidated balance sheet of the Company after giving effect to the Acquisition, (v) 2000 projected year end financial statements (after giving effect to the Acquisition) and (vi) four-year projections of the Company and its Subsidiaries after giving effect to the Acquisition.

(k) The Syndication Agent and the Administrative Agent shall have received, and the Syndication Agent and the Administrative Agent and the Required Lenders shall be satisfied with such financial, business and other information regarding the Target and its Subsidiaries relating to the Transactions as it shall have reasonably requested, including, without limitation, all matters related to insurance, ERISA, labor, intellectual property, taxes and environmental liabilities relating to the Target and its Subsidiaries.

(l) The Syndication Agent and the Administrative Agent shall have received evidence, satisfactory to it and the Required Lenders, that any actions of the shareholders of the Company required to implement the Offer have been taken or confirmation from the Company that no such action is required.

Notwithstanding any of the foregoing to the contrary, the Syndication Agent and the Administrative Agent acknowledge and agree that as of November 6, 2000 the Company has satisfied all of the conditions precedent set forth above in Section 4.01. B.

SECTION 4.02. Conditions to Closing. The obligations of the Lenders to make the initial Revolving Loans on the Closing Date is subject to the Announcement Date having occurred, and the satisfaction of the following conditions precedent (unless the Required Lenders shall agree otherwise) on or before the date which is the last day of the Certain Funds Period (and the Administrative Agent's written confirmation (which confirmation shall be given promptly upon satisfaction of the relevant conditions) that the following conditions are satisfied shall be conclusive evidence for purposes of this Section 4.02):

(a) The Syndication Agent and the Administrative Agent shall have received a copy, certified as being a true and complete copy by an authorized officer of the Company, of the Offer Document reflecting the terms of the Press Release in all material respects.

(b) The Syndication Agent and the Administrative Agent shall have received evidence that the Offer has been declared or become unconditional in all respects together with an officer's certificate that, except as otherwise provided in clause (f) below, no material term or condition of the Offer has been waived except to the extent approved by Required Lenders.

(c) The Syndication Agent and the Administrative Agent shall have received evidence from the administrative agent under the Existing Credit Agreement that all loans outstanding under the Existing Credit Agreement shall have been repaid, all commitments thereunder shall have been terminated and the Existing Credit Agreement itself shall have been cancelled by delivery to the administrative agent under the Existing Credit Facility of a termination notice in a form and substance satisfactory to the Syndication Agent and the Administrative Agent at least three Business Days prior to the Closing Date.

(d) All fees and other amounts due and payable by the Company under the Loan Documents prior to the Closing Date (including pursuant to any fee letter signed by Company and including all expenses in respect of which invoices have been presented) shall have been paid in full.

(e) To the extent requested at least 3 Business Days prior to the Closing Date, notes in the form of Exhibit B executed by the Company in favor of any requesting Lender with respect to Revolving Loans, each in a principal amount equal to that Lender's Commitment.

(f) The condition in paragraph (g) of Appendix 1 to the Press Release and the conditions to the Offer relating to the obtaining of all Outstanding Approvals necessary in connection with the Offer shall have been satisfied and the Company shall not have waived any such condition (or treated any such condition as satisfied), or agree to any arrangement with the relevant regulatory authorities in order to satisfy any such conditions, unless, in each case, the Syndication Agent and the Administrative Agent shall have received an officer's certificate from the Company confirming that such treatment will not have a Material Adverse Effect.

SECTION 4.03. Conditions to Offer Borrowings. The obligation of each Lender to make any Revolving Loan consisting of any Offer Borrowing is subject to (i) the Announcement Date and the Closing Date having occurred (or having occurred simultaneously therewith), (ii) the Certain Funds Period not having

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ended and to (iii) the following conditions precedent, each of which shall be satisfied prior to the making of any Offer Borrowing (unless the Required Lenders shall agree otherwise):

(a) Prior to or contemporaneously with such Offer Borrowing, Company shall have received acceptances for or acquired and/or agreed to acquire, whether pursuant to the Offer or otherwise, Shares carrying in aggregate at least 75% of each class of the voting shares of Target.

(b) No Default or Event of Default pursuant to subsections (a), (b), (d)(i), (g) or (h) of Article VII in respect of the Company and its Subsidiaries (but not Target and its Subsidiaries) or (in so far as it relates to a breach of any of Sections 3.02, 3.03, 3.08 or 3.09) subsection (c) of Article VII, in respect of the Company and its Subsidiaries (but not Target and its Subsidiaries) shall have occurred and be continuing.

(c) The Company shall not have varied any other material term or condition of the offer for the Shares as set forth in the Announcement, except as otherwise provided in Section 4.02(f) or approved by the Required Lenders.

SECTION 4.04. Conditions to All Other Borrowings. The obligation of each Lender to make a Loan to the Company on the occasion of any Other Borrowing is subject to the Announcement Date and the Closing Date having occurred and to the satisfaction of the following conditions:

(a) The representations and warranties of the Company set forth in this Agreement shall be true and correct on and as of the date of such Borrowing.

(b) At the time of and immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing.

During the Certain Funds Period the aggregate amount of Other Borrowings shall not exceed the difference between the aggregate Commitments and the Certain Funds Committed Amount.

Each Borrowing by the Company shall be deemed to constitute a representation and

warranty by the Company on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V.

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, the Company covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Company will furnish to each Lender:

(a) as soon as available and in any event within 100 days after the end of each of its fiscal years, a copy of the Company's Form 10-K for such fiscal year filed with the Securities and Exchange Commission containing a consolidated balance sheet as at the close of such fiscal year, statements of consolidated income and retained earnings and a statement of consolidated cash flows for such year, setting forth in comparative form the corresponding figures for the preceding fiscal year and certified by Ernst & Young, LLP, or other independent public accountants selected by the Company and satisfactory to the Lenders (and, in the event any such financial statements shall no longer be required to be included in the Company's Form 10-K, the Company shall nevertheless furnish such financial statements);

(b) as soon as available and in any event within 60 days after the end of each of the first three quarters of each of its fiscal years, a copy of the Company's Form 10-Q for each such quarter filed with the Securities and Exchange Commission containing a consolidated balance sheet as at the end of such quarter, a statement of consolidated income and a statement of consolidated cash flows for such period, prepared on a basis consistent with the corresponding period of the preceding fiscal year, except as disclosed in said financial statements or otherwise disclosed to the Lenders in writing, and certified by a Financial Officer of the Company, subject however, to year-end and audit adjustments (and, in the event such financial statements of the Company shall no longer be required to be included in Form 10-Q, the Company shall nevertheless furnish such financial statements);

(c) within 120 days after the end of each fiscal year of the Company, a certificate of the independent public accountants referred to in paragraph (a) above as to whether, during the course of their examination of the Company's financial statements, they obtained any knowledge of any Default, insofar as such Default involves accounting matters;

(d) within 120 days after the end of each fiscal year of the Company and within 60 days after the end of each of the first three quarters of each fiscal year of the Company, a statement, signed by a Financial Officer of the Company, setting forth the computations of the Company Capitalization Ratio and the Company Subsidiary Debt Ratio as of the end of each such fiscal year and each such quarter;

(e) promptly after the sending or filing thereof, copies of all proxy statements, financial statements and regular or special reports (other than reports on Form 10-K and Form 10-Q but including those on Form 8-K) and

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registration statements under the Securities Act of 1933, as amended (other than those on Form S-8 or any successor form relating to the registration of securities offered pursuant to any employee benefit plan) which the Company sends to its stockholders or files with the Securities and Exchange Commission (or any successor governmental authority);

(f) as soon as available and in any event within 120 days after the end of each fiscal year of the Company, a consolidating balance sheet of the Company and its Consolidated Subsidiaries as at the close of such fiscal year and consolidating statements of income and retained earnings of the Company and its Consolidated Subsidiaries for such year; and

(g) from time to time such further information regarding the business, affairs and financial condition of the Company and its Subsidiaries as the Lenders shall reasonably request.

SECTION 5.02. Notices of Material Events. The Company will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Company or any Affiliate thereof that constitutes a Material Adverse Effect; and

(c) any other development that constitutes a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Company setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Company will, and will cause each of its Consolidated Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises necessary to the conduct of its business, except, in the case of the legal existence of any such Consolidated Subsidiary or any such right, license, permit, privilege or franchise, where the failure to so preserve, renew and keep in full force and effect does not constitute a Material Adverse Effect; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04. Compliance with Contractual Obligations. The Company will, and will cause each of its Consolidated Subsidiaries to comply with all its Contractual Obligations except to the extent that failure to comply therewith does not, in the aggregate, constitute a Material Adverse Effect.

SECTION 5.05. Insurance. The Company will, and will cause each of its Consolidated Subsidiaries to, maintain in full force and effect such policies of insurance in such amounts issued by insurers of recognized responsibility covering the properties and operations of the Company and its Consolidated Subsidiaries as is customarily maintained by corporations engaged in the same or similar business in the localities where the properties and operations are located, including but not limited to insurance in connection with the disposal, handling, storage, transportation or generation of hazardous materials; provided, however, that nothing shall prevent the Company or any of its Consolidated Subsidiaries from effecting workers' compensation or similar insurance in respect of operations in any state or other jurisdiction through an insurance fund operated by such state or jurisdiction or from maintaining a system or systems of self-insurance covering its properties or operations as provided above to the extent that such self-insurance is customarily effected by corporations engaged in the same or similar businesses similarly situated and is otherwise prudent in the circumstances.

SECTION 5.06. Compliance with Laws. The Company will, and will cause each of its Consolidated Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, does not constitute a Material Adverse Effect.

SECTION 5.07. Use of Proceeds. The proceeds of the Loans will be applied by the Company:

(a) to repay amounts outstanding under the Existing Credit Agreement and to refinance amounts outstanding from time to time under the Company's commercial paper program;

(b) for the financing of the Offer and the purchase of the Shares pursuant to the Compulsory Acquisition;

(c) to meet part of the working capital and general corporate requirements of the Company and its Subsidiaries; and

(d) to pay fees, expenses and transaction costs in connection with the Acquisition.

No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X of the Board as in effect from time to time.

SECTION 5.08. Offer.

(a) Promptly upon the occurrence of any lapse or withdrawal of the Offer or the end of the Certain Funds Period or the date the Offer is declared unconditional as to acceptances or wholly unconditional or finally closed in accordance with the City Code, the Company will give notice to the Administrative Agent (who shall notify the Lenders) that the same has occurred.

(b) Promptly upon satisfaction of the condition specified in Section 429 (1) or (2) of Companies Act for giving a notice under that Section in respect of any Shares and the Offer becoming or being declared unconditional in all respects, the Company shall (a) implement the procedures set out in Section 429 et seq. of the Companies Act to acquire any outstanding Shares and (b) use all commercially reasonable endeavors to acquire 100 per cent of the Shares as promptly as practicable.

(c) The Company covenants and agrees that without the prior written agreement of the Syndication Agent and the Administrative Agent the Company will not (i) issue or cause to be issued (or permit any other Affiliate of the Company to issue) any press release or other written public statement, the relevant portion of the text of which has not been previously approved by the Syndication Agent and the Administrative Agent (which such approval shall not be unreasonably withheld or delayed), which makes reference to this Agreement or to some or all of the Lenders in relation to this Agreement unless the public statement is required by applicable law, the City Code or any stock exchange or is in connection with any judicial proceeding concerning this Agreement (in which case the Company shall notify the Syndication Agent and the Administrative Agent and the Lenders as soon as practicable upon becoming aware that the public statement is required) (provided that the Syndication Agent, the Administrative Agent and the Lenders acknowledge that, pursuant to the City Code, (X) a summary of the principal terms of this Agreement will be disclosed in the Offer Document, and (Y) this Agreement will be available for public inspection while the Offer remains open for acceptance) or (ii) take or permit to be taken any step as a result of which the cash portion of the offer price stated in the Offer Document is, or may be required to be, increased beyond the level agreed between the Company, the Syndication Agent and the Administrative Agent from time to time.

(d) The Company covenants and agrees that, in respect of the Offer, it will comply with the City Code (subject to any applicable waivers by the Panel), the Financial Services Act 1986, the Companies Act and all other applicable laws relevant to the Offer in all material respects.

(e) Unless to do so would be a breach of any other provision of this Section 5.08, the Company covenants and agrees that it will from time to time keep the Syndication Agent and the Administrative Agent informed as to the status and progress of the Offer and, in particular, will from time to time upon request give to the Syndication Agent and the Administrative Agent reasonable details as to the current level of acceptances of the Offer and such other matters relevant to the Offer as the Syndication Agent and the Administrative Agent may reasonably request.

(f) The Company covenants and agrees, in any event, to give notice to lapse the Offer in the event that 120 days after Announcement Date the Offer has not been declared wholly unconditional as to acceptances, unless the Required Lenders agree in their absolute discretion to extend such period.

(g) The Company covenants and agrees to procure that, as soon as legally and practically possible after the date the Offer becomes or is declared unconditional in all respects the Target shall be removed from the Official List of the London Stock Exchange Limited and re-registered as a private company.

SECTION 5.09. Financial Assistance. The Company shall use its best efforts after the consummation of the Acquisition to cause Target and its Subsidiaries to comply with Section 151 et seq. of the Companies Act, including by following the Whitewash Procedure in order to facilitate the transfer of available cash from Target and its Subsidiaries to the Company.

Negative Covenants

The Company covenants and agrees with the Lenders that until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder by the Company have been paid in full:

SECTION 6.1. Financial Covenant. The Company shall not permit the Company Capitalization Ratio to exceed 62.5%.

SECTION 6.2. Liens. The Company will not, and will not permit any of its Consolidated Subsidiaries to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Company or any of its Consolidated Subsidiaries existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Company or any of its Consolidated Subsidiaries and (ii) such Lien shall secure only those obligations which it secures on the date hereof and

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extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Company or any of its Consolidated Subsidiaries or existing on any property or asset of any Person that becomes a Consolidated Subsidiary after the date hereof prior to the time such Person becomes a Consolidated Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Consolidated Subsidiary, (ii) such Lien shall not apply to any other property or assets of the Company or any of its Consolidated Subsidiaries and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Consolidated Subsidiary, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens securing or consisting of Debt of the Company and its Consolidated Subsidiaries incurred to finance the acquisition of fixed or capital assets; provided that (i) such Liens shall be created substantially simultaneously with such acquisition, (ii) such Liens securing such Debt do not at any time encumber any property other than the property financed by such Debt and (iii) the principal amount of Debt secured by any such Lien shall at no time exceed 100% of the original purchase price of such assets (in the case of a purchase) or fair value of such property at the time it was acquired (in all other cases);

(e) Liens to secure Debt of the Company and its Consolidated Subsidiaries not otherwise permitted by this Section 6.02, to the extent that the aggregate Debt secured thereby does not exceed 15% of the Consolidated Net Tangible Assets of the Company and its Consolidated Subsidiaries;

(f) Liens on assets of any Consolidated Subsidiary of the Company securing indebtedness owed to the Company or any other Consolidated Subsidiary of the Company.

SECTION 6.03. Fundamental Changes. (a) The Company will not consolidate with or merge into any other Person, or permit any Person to merge or consolidate into it, or make any sale or other disposition of all or substantially all of its assets to, or acquire substantially all of the assets of, any other Person, or liquidate or dissolve unless:

(i) the survivor of any such merger or consolidation or the purchaser or acquiror of such assets shall be a corporation incorporated under the laws of one of the States of the United States and not more than 25% of the voting stock (assuming the conversion of all convertible securities and exercise of all options, rights or warrants) of such survivor or such purchaser shall be owned by such other Person or its owners and shareholders;

(ii) such survivor or such purchaser (if not the Company) shall expressly assume the obligations of the Company under this Agreement pursuant to documentation in form and substance satisfactory to the Administrative Agent; and

(iii) at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing and the Company shall have furnished the Administrative Agent with evidence of compliance with the provisions of this Section 6.03.

(b) The Company will not, and will not permit any of its Consolidated Subsidiaries to, engage to any material extent in any business other than energy-related businesses.

SECTION 6.04. Restrictive Agreements. The Company will not, and will not permit any of its Consolidated Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of any Significant Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Company.

SECTION 6.05. Future Subsidiary Guaranties. The Company will not permit any Subsidiary to Guaranty any other Debt of the Company unless such Subsidiary simultaneously executes a guaranty agreement in a form and substance reasonably satisfactory to the Administrative Agent for the Guaranty of the payment of the obligations hereunder; provided, however, that the Company shall not be obligated to provide any such Guaranty if the provision of such Guaranty would result in an adverse Tax consequence to the Company or its Subsidiaries.

SECTION 6.06. Company Subsidiary Debt Ratio. The Company shall not permit the Company Subsidiary Debt Ratio to exceed 3.50%.

SECTION 6.07. Existing Credit Agreement. During the period from the Announcement Date through the Closing Date, the Company shall not borrow any amount either individually or in the aggregate under the Existing Credit Agreement that exceeds the difference between the aggregate Commitments hereunder plus the aggregate commitments under the Facility A Credit Agreement less, an amount equal to the sum of (i) the Certain Funds Committed Amount and (ii) the Facility A Certain Funds Committed Amount.

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ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Company shall be in default in the payment when due of any principal of any Loan on the maturity date thereof;

(b) the Company shall be in default for five days in the payment when due of any interest on any Loan or any other amount (other than principal) due hereunder;

(c) any representation or warranty made or deemed made by the Company in Article III or in any certificate of the Company furnished to the Syndication Agent and the Administrative Agent or any Lender hereunder shall prove to have been incorrect, when made or deemed made, in any material respect; provided, however, that no such representation or warranty contained in Section 3.04 or 3.05 shall be deemed to have been incorrect when made by the Company by reason of any facts or circumstances disclosed in any financial statements or reports furnished under Section 5.01 and received by the Lenders not later than 45 days prior to, or otherwise specifically disclosed in writing to the Lenders at least 15 days prior to, the date such representation and warranty is made or deemed to be made in connection with the entering into of this Agreement or in connection with the making of a Loan to the Company or the occasion of any Borrowing as contemplated in Section 4.02;

(d) the Company shall be in default in the performance of (i) the covenants contained in Sections 5.07, 5.08, 6.02, 6.03, 6.04, 6.05, 6.06 (except, during the Certain Funds Period, to the extent that such default of

Section 6.06 is a result of Debt of Target and its Subsidiaries) and 6.07 for five consecutive days after such default shall have become known to the Company, (ii) the covenant contained in Sections 6.01 for five consecutive days after such default shall have become known to the Company, or (iii) any other covenant, condition or agreement contained in this Agreement for 30 consecutive days after such default shall have become known to the Company;

(e) any obligation of the Company in respect of any Material Indebtedness now or hereafter outstanding shall become due by its terms whether by acceleration or otherwise and shall not be paid, extended or refunded or any default or event of default shall occur in respect of any such obligation and shall continue for a period of time sufficient to cause or permit the acceleration of maturity thereof, or the Company shall fail to pay any Swap Payment Obligation of the Company in excess of \$10,000,000 when due and payable (whether by acceleration or otherwise), unless the Company is contesting such Swap Payment Obligation in good faith by appropriate proceedings and has set aside appropriate reserves relating thereto in accordance with GAAP; provided that in the case of any guaranties, endorsements and other contingent obligations in respect of any such obligation for borrowed money of an entity other than the Company (all of the foregoing being herein called "Accommodation Guaranty Indebtedness"), a default with respect to any evidence of Accommodation Guaranty Indebtedness of the Company or under any agreement under which any such evidence of Accommodation Guaranty Indebtedness may be outstanding shall constitute an Event of Default hereunder only if there shall have been a default in the performance by the Company of its obligations with respect to such Accommodation Guaranty Indebtedness and such default shall continue for more than 30 days after a holder or beneficiary of such Accommodation Guaranty Indebtedness shall have demanded the performance of such obligation;

(f) final judgment for the payment of money in excess of \$10,000,000 shall be rendered against the Company and the same shall remain undischarged for a period of 60 days during which the judgment shall not be on appeal or execution thereof shall not be effectively stayed;

(g) Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition, the Target or any Significant Subsidiary of the Target) shall (i) apply for or consent to the appointment of a receiver, trustee, administrator or liquidator of itself or of all or a substantial part of its assets, (ii) be unable, or admit in writing its inability or failure, to pay its debts generally, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent, (v) commence any case, proceeding or other action under any existing or future law relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any insolvency law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding, or (vi) take corporate action for the purpose of effecting any of the foregoing;

(h) any case, proceeding or other action shall be instituted in any court of competent jurisdiction, against Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition the Target or any Significant Subsidiary of the Target), seeking in respect of such Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition the Target or any Significant Subsidiary of the Target) adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, administration, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, administrator, liquidator or the like of such Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition the Target or any Significant Subsidiary of the Target) or of all or any substantial part of its assets, or other like relief in respect of

such Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition the Target or any Significant Subsidiary of the Target) under any bankruptcy or insolvency law and such case, proceeding or other action results in an entry of an order for relief or any such adjudication or appointment or if such case, proceeding or other action is being contested by such Company or any of its Significant Subsidiaries (or prior to completion of the Acquisition the Target or any Significant Subsidiary of the Target) in good

faith, the same shall continue undismissed, or unstayed and in effect, for any period of 60 consecutive days; or

(i) at any time subsequent to December 31, 1999 and prior to the Maturity Date, Continuing Directors shall fail to constitute at least a majority of the Board of Directors of the Company; for the foregoing purpose, the term "Continuing Directors" means those persons who were directors of the Company on December 31, 1999 and any person whose election or nomination for election as a director of the Company at any time subsequent thereto was approved by at least a majority of the persons who were then Continuing Directors;

then, and in every such event (other than an event described in clause (g) or (h) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent shall, at the request of the Required Lenders, by notice to the Company, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of any of the Company accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; and in case of any event with respect to the Company described in clause (g) or (h) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Company accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; provided, that notwithstanding any other provision of the Loan Documents, during the Certain Funds Period, the Administrative Agent and the Lenders (or any of them or any other party) shall not be entitled to (i) terminate or reduce the Commitments below the sum of the Certain Funds Committed Amount, (ii) rescind this Agreement or exercise any right of set off or counterclaim in respect of Offer Borrowings only nor (iii) declare the Loans due and payable (or due and payable on demand) or accelerate any principal amounts outstanding hereunder howsoever described, in whole or in part arising on the basis of an Event of Default unless an Event of Default described in subsection (a), (b), (d)(i), (g) or (h) in respect of the Company or (in so far as it relates to a breach of any of Sections 3.02, 3.03, 3.08 or 3.09) subsection (c) in respect of the Company shall have occurred and be continuing.

Notwithstanding anything to the contrary in the preceding paragraph, during the Clean-up Period, neither the Administrative Agent nor any Lender may (i) terminate or reduce the Commitments, (ii) rescind this Agreement or exercise any right of set off or counterclaim in respect of Borrowings hereunder or (iii) declare the Loans to be due and payable (or due and payable on demand) or accelerate any principal amounts outstanding hereunder, howsoever described, as a result solely of one or more Defaults or Events of Defaults described in paragraphs (c), (d) or (e) of this Article VII; provided that the event or circumstance giving rise to such Default or Event of Default, (i) directly relates to Target or any of its Subsidiaries (or any of their businesses, assets or liabilities), (ii) is capable of being cured or remedied during the Clean-up Period and (iii) arose prior to the Closing Date; provided, further, that the Administrative Agent and the Lenders shall be entitled to exercise any and all rights and remedies granted to them hereunder and under the Loan Documents with respect to an occurrence or continuation of any such Default or Event of Default after the expiration of the Clean-up Period. It is understood and agreed that no Event of Default will be deemed to have occurred by reason of (i) a breach of Section 6.01 or 6.02(e) resulting solely from a change in GAAP after the Effective Date or (ii) a breach of any of the provisions of this Agreement resulting solely from a change in the reporting requirements of the SEC.

It is understood and agreed that, as soon as the Certain Funds Period ends, all the rights, remedies and entitlements of the Administrative Agent and the Lenders shall be available even though they have not been exercised or available during the Certain Funds Period.

ARTICLE VIII.

The Administrative Agent

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions

on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any of its Subsidiaries thereof or other Affiliate thereof as if it were not the Administrative Agent hereunder.

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The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders, and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders or all the Lenders to the extent required by Section 9.02 or in the absence of its own gross negligence or wilful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Company or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint one of the Lenders a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and in consultation with the Company, appoint one of the Lenders as a successor Administrative Agent which shall be a bank with an office in New York,

New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Company to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Syndication Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Syndication Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

The Syndication Agent shall not have any duties or responsibilities hereunder in its capacity as such (except as expressly set forth herein) and shall be entitled to the same rights and privileges afforded to the Administrative Agent, in its capacity as such under Article VIII.

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ARTICLE IX.

Miscellaneous

SECTION 9.01. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Company, to Amerada Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036, Attention of Treasurer (Telecopy No. (212) 536-8617);

(b) if to the Syndication Agent, to Goldman Sachs Credit Partners L.P., 85 Broad Street, New York, New York 10004, Attention of Stephen King (Telecopy No. (212) 357-0932), with a copy to Barbara Aaron (Telecopy No. (212) 357-4597).

(c) if to the Administrative Agent, to The Chase Manhattan Bank, One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of LuAnn DeStefano (Telecopy No. (212) 552-5777).

(d) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. Waivers: Amendments. (a) No failure or delay by the Syndication Agent and the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Syndication Agent and the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Company therefrom shall in any event be effective unless the same shall be permitted by this Section, and then such waiver or consent shall be effective only in the specific instance and for the

purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Company and the Required Lenders or by the Company and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees or any other amount payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.16(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, or (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 9.03. Expenses; Indemnity: Damage Waiver. (a) The Company agrees to pay (i) all reasonable out-of-pocket expenses incurred by the Syndication Agent and the Administrative Agent and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Syndication Agent and the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement and the Prior Facility B Credit Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out-of-pocket expenses incurred by the Syndication Agent and the Administrative Agent or any Lender, including the fees, charges and disbursements of any counsel for the Syndication Agent and the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Company agrees to indemnify the Syndication Agent and the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements, of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the

execution or delivery of this Agreement and the Prior Facility B Credit Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby or the Offer or any Indemnitee financing or agreeing to finance any acquisition of any Shares by or on behalf of the Company, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Company or any of its Subsidiaries, or any Environmental Liability related in any way to the Company or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee or from a breach of this Agreement by such Indemnitee.

(c) To the extent that the Company fails to pay any amount required to be paid by it to the Syndication Agent and the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Syndication Agent and the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Syndication Agent and the Administrative Agent in their capacity as such.

(d) To the extent permitted by applicable law, the Company shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Company may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any the Company without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Syndication Agent and the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, each of the Company (except, upon the occurrence and during the continuance of an Event of Default, the consent of the Company shall not be required) and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall each not be less than \$5,000,000 unless each of the Company and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this clause (iii) shall not apply to rights in respect of outstanding Competitive Loans, (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together (except in the case of an assignment by a Lender to one of its Affiliates or an assignment as a result of any of the events contemplated by Section 2.17) with a processing and recordation fee of \$500 in the case of assignments made by or to Syndication Agent and \$2,000 in the case of all other assignments, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; provided further that any consent of the Company otherwise required under this paragraph shall not be required if an Event of Default under clause (g) or (h) of Article VII has occurred and is continuing. Upon acceptance and recording pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a

participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Company, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Company, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of any of the Company or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Company, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Company agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.13 or 2.15 than the applicable Lender would have been entitled to receive with respect to the participations sold to such Participant, unless the sale of the participations to such Participant is made with the Company's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.15 unless the Company is notified of the participations sold to such Participant and such Participant agrees, for the benefit of the Company, to comply with Section 2.15(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or assignment to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

SECTION 9.05. Margin Stock. Notwithstanding any other provision of this Agreement, Section 6.02 will not be applicable to Margin Stock held by the Company and/or any Subsidiary, and clause (e) of Article VII shall not be applicable to any acceleration, default or event of default under any other obligation of the Company, to the extent in each case required to avoid the Loans being deemed to be "indirectly secured" by Margin Stock for the purposes of Regulation U of the Board.

SECTION 9.06. Survival. All covenants, agreements, representations and warranties made by the Company herein and in the certificates or other

instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Syndication Agent and the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.13, 2.14, 2.15 and 9.03 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.07. Counterparts: Integration: Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when

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taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Syndication Agent and the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Syndication Agent and the Administrative Agent and when the Syndication Agent and the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.08. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.09. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Company against any of and all the obligations of the Company now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.10. Governing Law; Jurisdiction; Consent to Service of Process; Process Agent; Waiver of Immunity. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) The Company hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have

to bring any action or proceeding relating to this Agreement against the Company or its properties in the courts of any jurisdiction.

(c) The Company hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) The Company irrevocably consents to service of process in the manner provided for notices to the Company in Section 9.01 and each other party to this Agreement irrevocably consents to service of process in the manner provided for notices to it in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.11. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.12. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.13. Confidentiality. Each of the Syndication Agent and the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential

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nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Company or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Syndication Agent and the Administrative Agent or any Lender on a non-confidential basis from a source other than the Company. For the purposes of this Section, "Information" means all information received from the Company relating to the Company or its business, other than any such information that is available to the Syndication Agent and the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Company; provided that, in the case of information received from the Company after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.14. Amendment & Restatement. Upon the Amended and Restated Effective Date, this Agreement shall amend and restate and replace in its entirety the Prior Facility B Credit Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

AMERADA HESS CORPORATION COMPANY:

By: _____
Name:
Title:

SOLE SYNDICATION AGENT,
JOINT BOOK RUNNER, JOINT LEAD
ARRANGER AND A LENDER:

GOLDMAN SACHS CREDIT PARTNERS L.P.,

By: _____
Name:
Title:

JOINT BOOK RUNNER, JOINT
LEAD ARRANGER:

CHASE SECURITIES INC.

By: _____
Name:
Title:

ADMINISTRATIVE AGENT
AND A LENDER:

THE CHASE MANHATTAN BANK

By: _____
Name:
Title:

SCHEDULE 2.01
TO AMENDED AND RESTATED
CREDIT AGREEMENT

| Lender | Commitment |
|------------------------------------|--------------------------|
| Goldman Sachs Credit Partners L.P. | \$1,000,000,000 |
| The Chase Manhattan Bank | \$1,000,000,000 |
| Total | \$2,000,000,000 ===== |

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SCHEDULE 3.10(a)
TO AMENDED AND RESTATED
CREDIT AGREEMENT

Scheduled Debt

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SCHEDULE 3.10(b)
TO AMENDED AND RESTATED
CREDIT AGREEMENT

Scheduled Target Liens

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SCHEDULE 6.02
TO AMENDED AND RESTATED
CREDIT AGREEMENT

Existing Liens

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EXHIBIT A
TO AMENDED AND RESTATED
CREDIT AGREEMENT

FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Amended and Restated Credit Agreement, dated as of November 14, 2000, among Amerada Hess Corporation (the "Company"), the several banks and other financial institutions from time to time parties thereto

(the "Lenders"), Goldman Sachs Credit Partners L.P., as Joint Book Runner, Joint Lead Arranger and sole Syndication Agent, Chase Securities Inc., as Joint Book Runner and Joint Lead Arranger and The Chase Manhattan Bank, as Administrative Agent (the "Credit Agreement"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The Assignor identified on Schedule 1 hereto (the "Assignor") and the Assignee identified on Schedule 1 hereto (the "Assignee") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest set forth on Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Credit Agreement with respect to those revolving credit facility contained in the Credit Agreement (the "Assigned Facility") in a principal amount and/or commitment amount for the Assigned Facility as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that the Assignor has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company, any of its Subsidiaries, any other obligor or the performance or observance by the Company, any of its Subsidiaries, any other obligor of any of their respective obligations under the Credit Agreement or any document executed in connection therewith or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches any Notes held by it evidencing the Assigned Facility and (i) requests that the Administrative Agent, upon request by the Assignee, exchange any attached Notes for a new Note payable to the Assignee and (ii) if the Assignor has retained any interest in the Assigned Facility, requests that the Administrative Agent exchange any attached Notes for a new Note payable to the Assignor, in each case in amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements delivered pursuant to Sections 5.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.15 of the Credit Agreement.

4. The effective date of this Assignment and Acceptance shall be the date set forth on Schedule 1 hereto (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance by them and recording by the Administrative Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent).

5. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other

amounts) to the Assignee whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and the

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Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other documents executed in connection therewith and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

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SCHEDULE 1

Name of Assignor:

Name of Assignee:

Effective Date of Assignment:

| Principal/Commitment Amount Assigned | Commitment Percentage Assigned |
|---|-----------------------------------|
| ----- | ----- |
| \$ _____ | \$ _____ |
| [NAME OF ASSIGNEE] | [NAME OF ASSIGNOR] |

By: _____
Title:

By: _____
Title:

Accepted:

THE CHASE MANHATTAN BANK,
as Administrative Agent

By: _____
Title:

Consented to By:

AMERADA HESS CORPORATION

By: _____
Title:

By: _____
Title:

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EXHIBIT B
TO AMENDED AND RESTATED
CREDIT AGREEMENT

FORM OF NON-NEGOTIABLE
REVOLVING LOAN NOTE

U.S.\$ _____

New York, New York
_____, 2000

FOR VALUE RECEIVED, the undersigned, AMERADA HESS CORPORATION, a Delaware corporation (the "Borrower"), hereby unconditionally promises to pay to the order of _____ (the "Lender") on the dates and in the manner set forth in Sections 2.08 and 2.16 of the Credit Agreement (as defined below) referred to below at the office of the Administrative Agent set forth in Section 2.16 of the Credit Agreement in immediately available funds, on the Maturity Date (as defined in the Credit Agreement) the principal amount of (a) _____ U.S. DOLLARS (U.S.\$ _____), or (b) the aggregate unpaid principal amount of all Revolving Loans made by the Lender to the Borrower pursuant to subsection 2.03 of such Credit Agreement. The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in Section 2.11 of such Credit Agreement.

The holder of this Note is authorized to record on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of each Revolving Loan made by the Lender pursuant to such Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof, each conversion of all or a portion thereof to another Type and, in the case of Eurodollar Loans, the length of each Interest Period and the applicable Adjusted LIBO Rate with respect thereto. Each such recordation shall constitute prima facie evidence of the accuracy of the information so recorded, provided that the failure to make any such recordation or any error in any such recordation shall not affect the obligations of the Borrower under such Credit Agreement or this Note.

This Note (a) is one of the Notes referred to in the Amended and Restated Credit Agreement, dated as of November 14, 2000 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lender, the other banks and financial institutions from time to time parties thereto, Goldman Sachs Credit Partners L.P., as Joint Book Runner, Joint Lead Arranger and sole Syndication Agent, Chase Securities Inc., as Joint Book Runner and Joint Lead Arranger and The Chase Manhattan Bank, as Administrative Agent, (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement.

Upon the occurrence of any one or more Events of Default as specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

AMERADA HESS CORPORATION

By: _____
Title:

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Schedule A
to Note

ABR LOANS, CONVERSIONS AND REPAYMENTS OF ABR LOANS

| Date | Amount of ABR Loans | Amount Converted to ABR Loans | Amount of Principal of ABR Loans Repaid | Amount of ABR Loans Converted to Eurodollar | Unpaid Principal Balance of ABR Loans Loans | Notation Made By |
|------|------------------------|-------------------------------------|--|--|---|---------------------|
|------|------------------------|-------------------------------------|--|--|---|---------------------|

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Schedule B
to Note

EURODOLLAR LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF EURODOLLAR LOANS

| Date | Amount of Eurodollar Loans | Amount Converted to Eurodollar Loans | Interest Period and Eurodollar Rate with Respect There to | Amount of Principal of Eurodollar Loans Repaid | Amount of Eurodollar Loans Converted to ABR Loans | Unpaid Principal Balance of Eurodollar Loans | Notation Made By |
|------|----------------------------------|---|--|---|---|--|---------------------|
|------|----------------------------------|---|--|---|---|--|---------------------|

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EXHIBIT C-1
TO AMENDED AND RESTATED
CREDIT AGREEMENT

FORM OF WHITE & CASE LLP OPINION

[TO COME]

EXHIBIT C-2
TO AMENDED AND RESTATED
CREDIT AGREEMENT

AMERADA HESS CORPORATION
1185 Avenue of the Americas
New York, New York 10036

J. BARCLAY COLLINS, II
Executive Vice President
and General Counsel
(212) 536-8577
FAX: (212) 536-8339

November 14, 2000

Goldman Sachs Credit Partners L.P.,
as Joint Lead Arranger, Joint Book Runner and
Sole Syndication Agent
85 Broad Street
New York, NY 10004

Chase Securities Inc.,
as Joint Lead Arranger and Joint Book Runner
270 Park Avenue
New York, New York 10017

The Chase Manhattan Bank
as Administrative Agent
270 Park Avenue
New York, New York 10017

The Lenders party to the
Credit Agreements referred to below from time to time

Ladies and Gentlemen:

I am the general counsel to Amerada Hess Corporation, a Delaware corporation (the "Company"), and have acted as such in connection with the preparation, execution and delivery of (i) the Amended and Restated Credit Agreement, dated as of November 14, 2000 (the "Facility A Credit Agreement"), among the Company, the several banks and other financial institutions from time to time parties thereto (the "Lenders"), Goldman Sachs Credit Partners L.P., as joint book runner, joint lead arranger and sole syndication agent (in such capacity, the "Syndication Agent"), Chase Securities Inc., as joint book runner and joint lead arranger and The Chase Manhattan Bank, as administrative agent (in such capacity, the "Administrative Agent) and (ii) the Amended and Restated Credit Agreement, dated as of November 6, 2000 (the "Facility B Credit Agreement" and together with the Facility A Credit Agreement, the "Credit Agreements"), among the Company, the several banks and other financial institutions from time to time parties thereto (the "Lenders"), Goldman Sachs Credit Partners L.P., as joint book runner, joint lead arranger and sole syndication agent (in such capacity, the "Syndication Agent"), Chase Securities Inc., as joint book runner and joint lead arranger and The Chase Manhattan Bank, as administrative agent (in such capacity, the "Administrative Agent).

The opinions expressed below are furnished to you pursuant to Section 4.01. A of the Credit Agreements. Unless otherwise defined herein, terms defined in the Credit Agreements and used herein shall have the meanings given to them in the Credit Agreements.

In arriving at the opinions expressed below, I have examined the following documents:

(a) the Credit Agreements and the Notes signed by the Company (the Credit Agreements and such Notes being hereinafter referred to collectively as the "Transaction Documents"); and

(b) such corporate documents and records of the Company and such other instruments and certificates of public officials, officers and representatives of the Company and other Persons as I have deemed necessary or appropriate for the purpose of the opinion.

In arriving at the opinions expressed below, I have made such investigations of law as I have deemed appropriate as a basis for such opinions.

In rendering the opinions expressed below, I have (a) relied as to certain matters of fact on certificates of the officers of the Company, (b) assumed, with your permission, without independent investigation or inquiry, (i) the authenticity of all documents submitted as originals, (ii) the genuineness of all signatures on all documents that I have examined (other than those of the

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Company and officers of the Company) and (iii) the conformity to authentic originals of documents submitted as certified, conformed or photostatic copies.

When the opinions expressed below are stated "to the best of my knowledge," I have made reasonable and diligent investigation of the subject matters of such opinions and have no reason to believe that there exist any facts or other information that would render such opinions incomplete or incorrect.

Based upon and subject to the foregoing, I am of the opinion that:

1. The Company is duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation.

2. The Company has the corporate power and authority to own, lease and operate its properties and to conduct the business in which it is currently engaged and is duly qualified to transact business as a foreign corporation or other legal entity and is in good standing or appropriately qualified in each jurisdiction where its ownership, leasing, or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to have such power and authority and the failure to be so qualified and in good standing does not, in the aggregate, constitute a Material Adverse Effect.

3. The Company has the corporate power and authority to make, deliver and perform its obligations under each Transaction Document and to borrow under the Credit Agreements. The Company has taken all necessary corporate action to authorize the borrowings on the terms and conditions of the Credit Agreements and the other Transaction Documents, and to authorize the execution, delivery and performance of the Credit Agreements and each other Transaction Document. No consent or authorization of, notice to, filing with or other act by or in respect of, any Governmental Authority or any other Person is required in connection with (i) the borrowings by the Company under the Credit Agreements or (ii) the execution, delivery and performance by the Company, or the validity or enforceability against the Company, of each Transaction Document.

4. Each Transaction Document has been duly executed and delivered on behalf of the Company. Each Transaction Document constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms.

5. The execution and delivery of each Transaction Document by the Company, the performance by the Company of its obligations thereunder, the consummation of the transactions contemplated thereby, the compliance by the Company with any of the provisions thereof, the borrowings by the Company under the Credit Agreements and the use of proceeds thereof, all as provided therein, (a) will not violate (i) any requirement of law or any regulation or order of any Governmental Authority applicable to the Company or (ii) any Contractual Obligation of the Company or any of its Subsidiaries and (b) will not result in, or require, the creation or imposition of any Lien on any of its or their respective assets or properties pursuant to any such requirement of law (or regulation or order) or Contractual Obligation.

6. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the best of my knowledge, threatened by or against the Company or any of its Subsidiaries or against any of its or their respective properties or revenues (a) with respect to the Credit Agreements or any of the other Transaction Documents or (b) which would constitute a Material Adverse Effect.

7. To the best of my knowledge, neither the Company nor any of its Subsidiaries is in default under or with respect to any Contractual Obligations in any respect which would constitute a Material Adverse Effect.

8. The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company is not subject to regulation under any Federal or state statute or regulation which limits its ability to incur Indebtedness.

The opinions set forth in the second sentence of paragraph 4 above are subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law), including, without limitation, concepts of materiality and reasonableness and an implied covenant of good faith and fair dealing.

I am a member of the bar of the State of New York and the opinions expressed herein are based upon and are limited to the laws of such state, the General Corporation Law of the State of Delaware and the Federal laws of the United States of America.

This opinion has been rendered solely for your benefit and for the benefit of your permitted assignees pursuant to Section 9.04 of the Credit Agreements in connection with the Credit Agreements and the other Transaction Documents and the transactions contemplated thereby and may not be used, circulated, quoted, relied upon or otherwise referred to for any other purpose without my prior written consent; provided, however, that this opinion may be delivered to your regulators, accountants, attorneys and other professional advisers and may be used in connection with any legal or regulatory proceeding

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relating to the subject matter of this opinion.

Very truly yours,

J. Barclay Collins

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS LETTER OF TRANSMITTAL MAY NOT BE USED TO ACCEPT THE OFFER FOR ORDINARY SHARES OF LASMO PLC; THE FORM OF ACCEPTANCE, AUTHORITY AND ELECTION IS THE APPROPRIATE DOCUMENT FOR SUCH PURPOSES. In considering what action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, attorney, accountant or other independent financial advisor.

If you have sold or otherwise transferred all your American Depositary Shares ("LASMO ADSs") of LASMO plc ("LASMO"), please pass this document and all accompanying documents as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. HOWEVER, SUCH DOCUMENTS SHOULD NOT BE DISTRIBUTED, FORWARDED OR TRANSMITTED IN OR INTO AUSTRALIA, CANADA OR JAPAN.

Amerada Hess Corporation (the "Offeror") is offering to purchase, on the terms and subject to the conditions set forth in the Offer Document dated December , 2000 (the "Offer Document") and this Letter of Transmittal and the Form of Acceptance (which, as amended or supplemented from time to time, together constitute the "Offer"), (i) all issued and to be issued ordinary shares of 25p each of LASMO ("LASMO Shares") for L98.29 in cash and 1 new Amerada Hess Share for every 78.7 LASMO Shares and (ii) all American Depositary Shares of LASMO ("LASMO ADSs"), each representing three LASMO Shares and evidenced by American Depositary Receipts ("LASMO ADRs") for L294.87 in cash and 3 new Amerada Hess shares for every 78.7 LASMO ADSs.

LETTER OF TRANSMITTAL
TO ACCEPT THE OFFER FOR AMERICAN DEPOSITARY SHARES
EVIDENCED BY AMERICAN DEPOSITARY RECEIPTS
OF

LASMO PLC
PURSUANT TO THE OFFER DOCUMENT DATED DECEMBER , 2000

by

AMERADA HESS CORPORATION

and by

GOLDMAN SACHS INTERNATIONAL
on its behalf
(outside the United States)

THERE WILL BE AN INITIAL OFFER PERIOD WHICH WILL EXPIRE AT 3:00 PM (LONDON TIME), 10:00 AM (NEW YORK CITY TIME) ON JANUARY , 2001, UNLESS EXTENDED. AT THE CONCLUSION OF THE INITIAL OFFER PERIOD, INCLUDING ANY EXTENSION THEREOF, IF ALL CONDITIONS OF THE OFFER HAVE BEEN SATISFIED, FULFILLED OR, WHERE PERMITTED, WAIVED, THE OFFER WILL BE EXTENDED FOR A SUBSEQUENT OFFER PERIOD OF AT LEAST 14 CALENDAR DAYS. HOLDERS OF LASMO ADSS WILL HAVE THE RIGHT TO WITHDRAW THEIR ACCEPTANCES OF THE OFFER DURING THE INITIAL OFFER PERIOD, INCLUDING ANY EXTENSION THEREOF, BUT NOT DURING THE SUBSEQUENT OFFER PERIOD (EXCEPT IN LIMITED CIRCUMSTANCES).

The US Depositary For The Offer Is:

THE BANK OF NEW YORK

BY MAIL:
Tender & Exchange Department
P.O. Box 11248
Church Street Station
New York, New York 10286-1248

FACSIMILE TRANSMISSION:
(for Eligible Institutions
Only)
(212) 815-6213

BY HAND OR OVERNIGHT COURIER:
Tender & Exchange Department
101 Barclay Street
Receive and Deliver Window
New York, New York 10286

FOR CONFIRMATION ONLY
TELEPHONE:
(800) 507-9357

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY TO THE US DEPOSITARY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

ACCEPTING HOLDERS OF LASMO ADSS EVIDENCED BY LASMO ADRS WILL RECEIVE CASH PAYMENTS IN DOLLARS INSTEAD OF POUNDS STERLING UNLESS THEY ELECT OTHERWISE HEREIN TO RECEIVE CASH PAYMENTS IN POUNDS STERLING. IF YOU WISH TO RECEIVE POUNDS STERLING INSTEAD OF DOLLARS, YOU MUST PLACE AN "X" IN THE BOX ENTITLED "POUNDS STERLING PAYMENT ELECTION."

ACCEPTANCE OF THE OFFER IN RESPECT OF LASMO SHARES (EXCEPT INSOFAR AS THEY ARE REPRESENTED BY LASMO ADSS EVIDENCED BY LASMO ADRS) CANNOT BE MADE BY MEANS OF THIS LETTER OF TRANSMITTAL. If you hold LASMO Shares that are not represented by LASMO ADSSs, you can obtain a Form of Acceptance for accepting the Offer in respect of those LASMO Shares from the Information Agent or the UK Receiving Agent. See Instruction 14 of this Letter of Transmittal.

Delivery of a Letter of Transmittal, LASMO ADRs (or book-entry transfer of such LASMO ADSSs evidenced by LASMO ADRs) and any other required documents to the US Depository by a holder of LASMO ADSSs will be deemed (without any further action by the US Depository) to constitute an acceptance of the Offer by such holder with respect to such LASMO ADSSs evidenced by LASMO ADRs subject to the terms and conditions set out in the Offer Document and this Letter of Transmittal. Capitalized terms and certain other terms used in this Letter of Transmittal and not otherwise defined herein shall have the respective meanings assigned to them in the Offer Document.

This Letter of Transmittal is to be used either if LASMO ADRs evidencing LASMO ADSSs are to be forwarded herewith or if delivery of LASMO ADSSs is to be made by book-entry transfer to an account maintained by the US Depository at a Book-Entry Transfer Facility as defined in, and pursuant to the procedures for book-entry transfer set out in, "Procedures for tendering LASMO ADSSs -- Book-entry transfer" in paragraph 12(c) of Part B of Appendix I to the Offer Document.

[] CHECK BOX IF LASMO ADSS IN RESPECT OF WHICH THE OFFER IS BEING ACCEPTED ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE US DEPOSITARY WITH A BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING (ONLY PARTICIPANTS IN A BOOK-ENTRY TRANSFER FACILITY MAY DELIVER LASMO ADSS EVIDENCED BY LASMO ADRS BY BOOK-ENTRY TRANSFER):

Name of Delivering Institution

Account Number

Transaction Code Number

If a holder of LASMO ADSSs wishes to accept the Offer and LASMO ADRs evidencing such LASMO ADSSs are not immediately available or the procedures for book-entry transfer cannot be completed on a timely basis, or if time will not permit all required documents to reach the US Depository while the Offer remains open for acceptances, such holder's acceptance of the Offer may be effected by following the guaranteed delivery procedure specified in paragraph 12(h) of Part B of Appendix I to the Offer Document. See Instruction 2 of this Letter of Transmittal. HOWEVER, RECEIPT OF A NOTICE OF GUARANTEED DELIVERY WILL NOT BE TREATED AS A VALID ACCEPTANCE FOR THE PURPOSE OF SATISFYING THE ACCEPTANCE CONDITION.

[] CHECK BOX IF LASMO ADSS IN RESPECT OF WHICH THE OFFER IS BEING ACCEPTED ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE US DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of registered owner(s) -----

Date of execution of Notice of Guaranteed Delivery -----

Name of institution that guaranteed delivery -----

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DESCRIPTION OF LASMO ADSS TENDERED
(See Instructions 3 and 4)

NAME(S) AND ADDRESS(ES) OF
REGISTERED HOLDER(S) (PLEASE
FILL IN, IF BLANK, EXACTLY AS
NAME(S) APPEAR(S) ON ADR(S))

ADSS TENDERED
(ATTACH ADDITIONAL LIST IF NECESSARY)

| ADR SERIAL NUMBER(S) * | TOTAL NUMBER OF ADSS | |
|---------------------------|--------------------------|------------------------------|
| | EVIDENCED BY ADR(S) * | NUMBER OF ADSS TENDERED** |
| ----- | ----- | ----- |
| ----- | ----- | ----- |
| ----- | ----- | ----- |
| ----- | ----- | ----- |

* Need not be completed for book-entry transfers.

** Unless otherwise indicated, it will be assumed that all LASMO ADSSs evidenced by the ADRs delivered to the US Depository are being tendered. See Instruction 4.

MIX AND MATCH ELECTION
(See Instruction 9)

Insert the number of LASMO ADSs in respect of which you wish to receive additional Amerada Hess Shares:

Insert the number of LASMO ADSs in respect of which you wish to receive additional cash

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NOTE: SIGNATURES MUST BE PROVIDED BELOW. PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

The undersigned hereby instructs the US Depository to accept the Offer on behalf of the undersigned with respect to the LASMO ADSSs evidenced by LASMO ADRs specified in the box entitled "Description of LASMO ADSSs Tendered" subject to the terms and conditions set out in the Offer Document and this Letter of Transmittal, by informing the Offeror in writing that the Offer has been so accepted. The undersigned hereby acknowledges that delivery of this Letter of Transmittal, the LASMO ADRs evidencing tendered LASMO ADSSs (or book-entry transfer of such LASMO ADSSs evidenced by LASMO ADRs) and any other required documents to the US Depository by a holder of LASMO ADSSs will be deemed (without any further action by the US Depository) to constitute acceptance of the Offer by such holder in respect of such holder's LASMO ADSSs, subject to the terms and conditions set out in the Offer Document and this Letter of Transmittal.

The undersigned understands that acceptance of the Offer by the undersigned

pursuant to the procedures described herein and in the instructions hereto, subject to the withdrawal rights described in the Offer Document, will constitute a binding agreement between the undersigned and the Offeror upon the terms and subject to the conditions of the Offer. IF ACCEPTANCE HAS BEEN MADE IN RESPECT OF THE LASMO ADSS THEN A SEPARATE ACCEPTANCE IN RESPECT OF THE LASMO SHARES REPRESENTED BY SUCH LASMO ADSS MAY NOT BE MADE.

The undersigned hereby delivers to the US Depository the above-described LASMO ADSs evidenced by LASMO ADRs for which the Offer is being accepted, in accordance with the terms and Conditions of the Offer Document and this Letter of Transmittal, receipt of which is hereby acknowledged.

Upon the terms of the Offer (including, if the Offer is extended, revised or amended, the terms or conditions of any such extension, revision or amendment), and effective at the time that all Conditions to the Offer have been satisfied, fulfilled or, where permitted, waived (at which time the Offeror will give notice thereof to the US Depository), and if he or she has not validly withdrawn his or her acceptance, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Offeror all right, title and interest in and to all LASMO ADSs evidenced by LASMO ADRs with respect to which the Offer is being accepted (and any and all LASMO ADSs or other securities or rights issuable in respect of such LASMO ADSs) and irrevocably constitutes and appoints the US Depository the true and lawful agent and attorney-in-fact of the undersigned with respect to such LASMO ADSs (and any such other LASMO ADSs, securities or rights), with full power of substitution and resubstitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) deliver LASMO ADRs for such LASMO ADSs (and any such other LASMO ADSs, securities or rights) or accept transfer of ownership of such LASMO ADSs (and any such other LASMO ADSs, securities or rights) on the account books maintained by a Book-Entry Transfer Facility together, in any such case, with all accompanying evidences of transfer and authenticity to, or upon the order of, the Offeror, (b) present such LASMO ADRs for such LASMO ADSs (and any other LASMO ADSs, securities or rights) for transfer, and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such LASMO ADSs (and any such other LASMO ADSs, securities or rights), all in accordance with the terms of the Offer.

The undersigned agrees that its execution hereof (together with any signature guarantees) and its delivery to the US Depository shall constitute an authority to any Director of the Offeror in accordance with the terms of paragraph 7 of Part B of Appendix I to the Offer Document.

The undersigned agrees that effective from and after the date hereof or, if later, the date on which all conditions to the Offer are satisfied, fulfilled or, where permitted, waived: (a) the Offeror or its agents shall be entitled to direct the exercise of any votes attaching to LASMO Shares represented by any LASMO ADSs evidenced by LASMO ADRs in respect of which the Offer has been accepted or is deemed to have been accepted (the "Accepted ADSs") and any other rights and privileges attaching to such LASMO Shares, including any right to requisition a general meeting of LASMO or of any class of its shareholders, and (b) the

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execution of the Letter of Transmittal by a holder of LASMO ADSs (together with any signature guarantees) and its delivery to the US Depository shall constitute in respect of Accepted ADSs: (i) an authority to LASMO or its agents from the undersigned to send any notice, circular, warrant, document or other communications that may be required to be sent to him as a LASMO ADS holder to the Offeror at its registered office, (ii) an authority to the Offeror or its agent to sign any consent to short notice of a general meeting or separate class meeting on behalf of the holder of Accepted ADSs and/or to execute a form of proxy in respect of the Accepted ADSs appointing any person nominated by the Offeror to attend general meetings and separate class meetings of LASMO or its shareholders (or any of them) (or any adjournments thereof) and to exercise the votes attaching to LASMO Shares represented by such Accepted ADSs on his behalf and (iii) the agreement of the undersigned not to exercise any such rights without the consent of the Offeror and the irrevocable undertaking of the undersigned not to appoint a proxy for or to attend general meetings or separate class meetings of LASMO in respect of such Accepted ADSs.

The undersigned hereby represents and warrants that the undersigned has full power and authority to accept the Offer and to sell, assign and transfer

the LASMO ADSs evidenced by LASMO ADRs (and LASMO Shares represented by such LASMO ADSs) in respect of which the Offer is being accepted or deemed to be accepted (and any and all other LASMO ADSs, securities or rights issued or issuable in respect of such LASMO ADSs) and, when the same are purchased by the Offeror, the Offeror will acquire good title thereto, free from all liens, equitable interests, charges, and encumbrances and together with all rights attaching thereto, including voting rights and the right to receive all dividends and other distributions declared, made or paid, with respect to LASMO Shares represented by the LASMO ADSs. The undersigned will, upon request, execute any additional documents deemed by the US Depository or the Offeror to be necessary or desirable to complete the sale, assignment and transfer of the LASMO ADSs evidenced by LASMO ADRs in respect of which the Offer is being accepted (and any and all other LASMO ADSs, securities or rights).

The undersigned irrevocably undertakes, represents, and warrants to and agrees with the Offeror (so as to bind him, his personal representative, heirs, successors and assigns) to the effect that the undersigned: (i) has not received or sent copies of this document or any Form of Acceptance or any related documents in, into or from Canada, Australia or Japan and has not otherwise utilized in connection with the Offer, directly or indirectly, the Canadian, Australian or Japanese mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or any facilities of a national securities exchange, of Canada, Australia or Japan, (ii) is accepting the Offer from outside Canada, Australia or Japan and (iii) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent is an authorized employee of such principal or such principal has given any instructions with respect to the Offer from outside Canada, Australia or Japan.

This Letter of Transmittal relates to the tender of LASMO ADSs. For the avoidance of doubt, by delivery of this Letter of Transmittal to the US Depository in respect of LASMO ADSs the undersigned agrees not to instruct the Depository (the "ADS Depository") under the Second Amended and Restated Deposit Agreement dated as of June 7, 1993 to accept the offer for LASMO Shares made by Amerada Hess in respect of the LASMO Shares represented by such LASMO ADSs. By delivery of this Letter of Transmittal the undersigned irrevocably authorizes the US Depository, at its election, to instruct the ADS Depository not to accept such offer in respect of the LASMO Shares represented by such LASMO ADSs.

The undersigned further agrees that by delivery of this Letter of Transmittal to the US Depository in respect of LASMO ADSs, the undersigned will not, unless such Letter of Transmittal is validly withdrawn, deliver such ADSs to the ADS Depository to request withdrawal of the LASMO Shares represented by such LASMO ADSs.

All authority herein conferred or agreed to be conferred pursuant to this Letter of Transmittal shall be binding upon the successors, assigns, heirs, executors, administrators and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. Except as stated in the Offer Document, this acceptance is irrevocable.

Unless otherwise indicated herein under "Special Payment Instructions," the undersigned hereby instructs the US Depository to issue, or cause to be issued, the check for the cash purchase price and the stock

certificate representing Amerada Hess Shares in the name(s) of the registered holder(s) appearing under "Description of LASMO ADSs Tendered." Similarly, unless otherwise indicated under "Special Delivery Instructions," the undersigned hereby instructs the US Depository to mail, or cause to be mailed, the check for the purchase price and/or return, or cause to be returned, any LASMO ADRs evidencing LASMO ADSs in respect of which the Offer is not being accepted or which are not purchased (and accompanying documents, as appropriate) and stock certificate representing Amerada Hess Shares to the address(es) of the registered holder(s) appearing under "Description of LASMO ADSs Tendered." In the event that the "Special Payment Instructions" and/or the "Special Delivery Instructions" are completed, the undersigned hereby instructs the US Depository to (i) issue and/or mail, or cause to be issued and/or mailed, the check for the purchase price, if any, and the stock certificate representing Amerada Hess Shares, if any, in the name of, and/or to the address of, the person or persons so indicated, and/or (ii) return, or cause to be returned, any LASMO ADRs

evidencing LASMO ADSs in respect of which the Offer is not being accepted or which are not purchased, if any, to the person at the address so indicated. In the case of a book-entry delivery of LASMO ADSs evidenced by LASMO ADRs, the undersigned hereby instructs the US Depository to credit the account maintained at the Book-Entry Transfer Facility with any LASMO ADSs in respect of which the Offer is not being accepted or which are not purchased. The undersigned recognizes that the US Depository will not transfer any LASMO ADSs which are not purchased pursuant to the Offer from the name of the registered holder thereof to any other person.

If the box headed "Pounds Sterling Payment Election" is not checked, the undersigned hereby elects to receive cash payments in US dollars in an amount equal to all cash amounts payable pursuant to the Offer converted from pounds sterling to US dollars at the exchange rate obtainable by the US Depository on the spot market in London at approximately 12:00 noon (London time) on the date the cash consideration is made available by the Offeror to the US Depository for delivery to holders of LASMO ADSs. The actual amount of US dollars received will depend upon the exchange rate prevailing on the day funds are made available to the US Depository by the Offeror. Holders of LASMO ADSs should also be aware that the US dollar/pound sterling exchange rate which is prevailing at the date on which the undersigned executes this Letter of Transmittal and on the date of dispatch of payment may be different from that prevailing on the day funds are made available to the US Depository by the Offeror. In all cases, fluctuations in the US dollar/ pounds sterling exchange rate are at the risk of accepting holders of LASMO ADSs who do not elect to receive their consideration in pounds sterling.

SUBJECT TO THE TERMS OF THE OFFER DOCUMENT, THIS LETTER OF TRANSMITTAL SHALL NOT BE CONSIDERED COMPLETE AND VALID, AND PAYMENT OF CONSIDERATION PURSUANT TO THE OFFER SHALL NOT BE MADE, UNTIL LASMO ADRS EVIDENCING THE LASMO ADSS IN RESPECT OF WHICH THE OFFER IS BEING ACCEPTED AND ALL OTHER REQUIRED DOCUMENTATION HAVE BEEN RECEIVED BY THE US DEPOSITORY AS PROVIDED IN THE OFFER DOCUMENT AND THIS LETTER OF TRANSMITTAL.

[] CHECK HERE IF ANY LASMO ADRS REPRESENTING LASMO ADSS THAT YOU OWN HAVE BEEN LOST, STOLEN OR DESTROYED AND SEE INSTRUCTION 13.

----- Number of LASMO ADSs represented by the lost, stolen or destroyed
LASMO ADRs

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SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

[] Check box ONLY if the check for the purchase price and the certificate representing Amerada Hess Shares with respect to LASMO ADSs purchased are to be issued in the name of someone other than the undersigned.

Issue to:

Name:

(PLEASE PRINT)

Address:

(INCLUDE ZIP CODE)

(TAX IDENTIFICATION OR SOCIAL SECURITY NO.)
(SEE SUBSTITUTE FORM W-9 INCLUDED HEREIN)

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

[] Check box ONLY if the check for the purchase price with respect to LASMO ADSs purchased and/or LASMO ADRs evidencing LASMO ADSs in respect of which the Offer is not accepted or which are not purchased and/or the certificate representing Amerada Hess Shares are to be mailed to someone other than the undersigned, or to the undersigned at an address other than that shown above.

Mail [] Check [] ADR certificates [] Amerada Hess Shares certificates:
Name

(PLEASE PRINT)

Address

(INCLUDE ZIP CODE)

POUNDS STERLING PAYMENT ELECTION

[] Check box ONLY if you wish to receive all (but not part) of the amount of cash consideration to be paid by a check in pounds sterling. If you do not check this box you will receive payment by a check in US dollars in an amount equal to all cash amounts payable pursuant to the Offer converted from pound sterling amounts payable to US dollars at the exchange rate obtainable by the US Depository on the spot market in London at approximately 12:00 noon (London time) on the date the cash consideration is made available by the Offeror to the US Depository for delivery to holders of LASMO ADSs.

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SIGN HERE
AND COMPLETE SUBSTITUTE FORM W-9 INCLUDED HEREIN

(SIGNATURE(S) OF OWNER(S))

Dated:

-----, 200-----

(Must be signed by registered holder(s) exactly as name(s) appear(s) on LASMO ADRs evidencing LASMO ADSs or by person(s) to whom LASMO ADRs surrendered have been assigned and transferred, as evidenced by endorsement, stock powers and other documents transmitted herewith. If signature is by any trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or others acting in a fiduciary or representative capacity, please set forth the following and see Instruction 5.)

Name(s):

(PLEASE TYPE OR PRINT)

Capacity (full title):

Address:

(INCLUDE ZIP CODE)

Area Code and Telephone Number:

Tax Identification or Social Security No.:

GUARANTEE OF SIGNATURE(S)
(See Instructions 1 And 5)

Authorized Signature:

Name:

(PLEASE TYPE OR PRINT)

Title:

Name of Firm:

Address:

(INCLUDE ZIP CODE)

Area Code and Telephone Number:

Dated:

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INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE U.S. OFFER

1. GUARANTEE OF SIGNATURES. No signature guarantee is required on the Letter of Transmittal if (a) the Letter of Transmittal is signed by the registered holder(s) of the LASMO ADSs evidenced by LASMO ADRs in respect of which the Offer is being accepted herewith and such holder(s) have not completed either the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" on this Letter of Transmittal or (b) the Offer is being accepted in respect of such LASMO ADSs for the account of an Eligible Institution. In all other cases, all signatures on this Letter of Transmittal must be guaranteed by a financial institution (including most banks, savings and loan associations and brokerage houses) which is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Program or the Stock Exchange Medallion Program (an "Eligible Institution"). See Instruction 5.

2. DELIVERY OF LETTER OF TRANSMITTAL AND LASMO ADSS. This Letter of Transmittal is to be completed either if LASMO ADRs evidencing LASMO ADSs are to be forwarded herewith or if delivery is to be made by book-entry transfer to an account maintained by the US Depository at a Book-Entry Transfer Facility pursuant to the procedures for book-entry transfer set out in paragraph 12(c) of Part B of Appendix I to the Offer Document. LASMO ADRs evidencing LASMO ADSs or confirmation of a book-entry transfer of such LASMO ADSs into the US Depository's account at a Book-Entry Transfer Facility, as well as a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof) together with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message and any other documents required by this Letter of Transmittal, must be delivered to the US Depository at one of its addresses set forth herein.

If a holder of LASMO ADSs wishes to accept the Offer and LASMO ADRs evidencing such LASMO ADSs are not immediately available or the procedures for book-entry transfer cannot be completed on a timely basis, or if time will not permit all required documents to reach the US Depository while the Offer remains open for acceptances, such holder's acceptance of the Offer may be effected by following the guaranteed delivery procedure specified in paragraph 12(h) of Part B of Appendix I to the Offer Document. Pursuant to the guaranteed delivery procedures (a) acceptance must be made by or through an Eligible Institution, (b) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Offeror must be received by the US Depository while the Offer remains open for acceptance and (c) LASMO ADRs evidencing the LASMO ADSs in respect of which the Offer is being accepted (or, in the case of LASMO ADSs held in book-entry form, timely confirmation of the book-entry transfer of such LASMO ADSs into the US Depository's account at a Book-Entry Transfer Facility as described in the Offer Document) together with a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof) with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message and any other documents required by this Letter of Transmittal, are received by the US Depository within three New York Stock Exchange business days.

THE METHOD OF DELIVERY OF LASMO ADSS EVIDENCED BY LASMO ADRS AND ALL OTHER REQUIRED DOCUMENTS IS AT THE OPTION AND RISK OF THE HOLDERS OF LASMO ADSS ACCEPTING THE OFFER AND THE DELIVERY WILL BE MADE ONLY WHEN ACTUALLY RECEIVED BY THE US DEPOSITORY (INCLUDING, IN THE CASE OF BOOK-ENTRY TRANSFER, BY BOOK-ENTRY CONFIRMATION). IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

No alternative, conditional or contingent acceptance will be accepted and no fractional LASMO ADSs will be purchased. All accepting LASMO ADS holders, by execution of this Letter of Transmittal, waive any right to receive any notice of the acceptance of their LASMO ADSs for payment.

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3. INADEQUATE SPACE. If the space provided herein is inadequate, the serial numbers of the LASMO ADRs and/or the number of LASMO ADSs should be listed on a separate schedule attached hereto.

4. PARTIAL ACCEPTANCES (NOT APPLICABLE TO BOOK-ENTRY TRANSFERS). If the Offer is to be accepted in respect of less than all of the LASMO ADSs evidenced by any LASMO ADRs delivered to the US Depository herewith, fill in the number of LASMO ADSs in respect of which the Offer is being accepted in the box entitled "Number of ADSs Tendered." In such case, a new LASMO ADR for the remainder of the LASMO ADSs (in respect of which the Offer is not being accepted) represented by the old LASMO ADR will be sent to the registered holder as promptly as practicable following the date on which the LASMO ADSs in respect of which the Offer has been accepted are purchased.

The Offer will be deemed to have been accepted in respect of all LASMO ADSs evidenced by LASMO ADRs delivered to the US Depository unless otherwise indicated. In the case of partial acceptances, LASMO ADSs in respect of which the Offer was not accepted will not be reissued to a person other than the registered holder.

5. SIGNATURE ON LETTER OF TRANSMITTAL, STOCK POWERS AND ENDORSEMENTS. If this Letter of Transmittal is signed by the registered holder(s) of the LASMO ADSs in respect of which the Offer is being accepted hereby, the signature(s) must correspond with the name(s) as written on the face of the certificates without any change whatsoever.

If any of the LASMO ADSs evidenced by LASMO ADRs in respect of which the Offer is being accepted hereby are owned of record by two or more owners, all such owners must sign this Letter of Transmittal.

If any of the LASMO ADSs in respect of which the Offer is being accepted are registered in different names on different LASMO ADRs, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of LASMO ADRs.

If this Letter of Transmittal or any LASMO ADRs or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and submit proper evidence satisfactory to the Offeror of their authority to so act.

When this Letter of Transmittal is signed by the registered holder(s) of the LASMO ADSs listed and transmitted hereby, no endorsements of certificates or separate stock powers are required unless payment of the purchase price is to be issued to a person other than the registered holder(s). Signatures on such LASMO ADRs or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the LASMO ADSs listed, LASMO ADRs must be endorsed or accompanied by appropriate stock powers signed exactly as the name(s) of the registered holder(s) appear(s) on LASMO ADRs evidencing such LASMO ADSs. Signatures on such LASMO ADRs or stock powers must be guaranteed by an Eligible Institution.

6. STOCK TRANSFER TAXES. The Offeror will pay or cause to be paid any stock transfer taxes with respect to the transfer and sale to it or its order of LASMO ADSs evidenced by LASMO ADRs pursuant to the Offer. If, however, payment of the purchase price is to be made to any persons other than the registered holder(s), or if LASMO ADSs in respect of which the Offer is being accepted are registered in the name of any person other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder(s) or such person(s)) payable on account of the transfer to such person will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to LASMO ADRs listed in this Letter of Transmittal.

7. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS. If the check for the purchase price or the certificate representing Amerada Hess Shares is to be issued in the name of a person other than the signer of this Letter of Transmittal or if the check for the purchase price and/or the certificate representing Amerada Hess Shares are to be sent and/or any LASMO ADRs evidencing LASMO ADSs in respect of which the Offer is not being accepted or which are not purchased are to be returned to a person other than the signer of this Letter of Transmittal or to an address other than that shown on the reverse, the boxes labeled "Special Payment Instructions" and/or "Special Delivery Instructions" on this Letter of Transmittal should be completed.

8. POUNDS STERLING PAYMENT ELECTION. If the check for a cash payment is to be issued in pounds sterling, please check the box marked "Pounds Sterling Payment Election." If you do not check such box all cash payments payable pursuant to the Offer will be paid in US dollars in an amount converted from pounds sterling to US dollars at the exchange rate obtainable by the US Depository on the spot market in London at approximately 12:00 noon (London time) on the date the cash consideration is made available by the Offeror to the US Depository for delivery to holders of LASMO ADSs.

9. MIX AND MATCH ELECTION. To elect to vary the proportion in which you receive Amerada Hess Shares and cash in respect of your holding of LASMO ADSs: (a) you should insert in the box entitled "Mix and Match Election" the number of LASMO ADSs in respect of which you wish to receive additional Amerada Hess Shares or (b) you should insert in the box entitled "Mix and Match Election" the number of LASMO ADSs in respect of which you wish to receive additional cash. You must also complete the box entitled "Number of ADSs Tendered." The number inserted in the box entitled "Mix and Match Election" must not exceed the number inserted in the box entitled "Number of ADSs Tendered." If the number in the box entitled "Mix and Match Election" exceeds the number in the box entitled "Number of ADSs Tendered," you will be deemed to have made an election in respect of your entire holding of LASMO ADSs (as set out in the box entitled "Number of ADSs Tendered") to receive Amerada Hess Shares or cash as appropriate. If the elections cannot be satisfied in full, they will be scaled down on a pro rata basis.

10. WAIVER OF CONDITIONS. The Offeror reserves the absolute right in its sole discretion to waive any of the specified conditions of the Offer, in whole or in part, to the extent permitted by applicable law including the rules of the City Code and the Exchange Act.

11. 31% US BACKUP WITHHOLDING. In order to avoid backup withholding of US federal income tax on any payment received upon the surrender of LASMO ADSs pursuant to the Offer, a LASMO ADS holder must, unless an exemption applies, provide the US Depository with his or her correct Taxpayer Identification Number ("TIN") on Substitute Form W-9 on this Letter of Transmittal and certify, under penalties of perjury, that such number is correct and that he or she is not subject to backup withholding. If the correct TIN is not provided, a \$50 penalty may be imposed by the Internal Revenue Service ("IRS") and payments made in exchange for the surrendered LASMO ADSs may be subject to backup withholding. If backup withholding applies, the US Depository is required to withhold 31% of any payment made pursuant to the Offer.

Exempt persons (including, among others, corporations) are not subject to backup withholding. A foreign individual or foreign entity may qualify as an exempt person by submitting a statement (on IRS Form W-8), signed under penalties of perjury, certifying such person's foreign status. IRS Form W-8 can be obtained from the US Depository. A LASMO ADS holder should consult his or her tax advisor as to his or her qualification for an exemption from backup withholding and the procedure for obtaining such exemption.

Backup withholding is not an additional US federal income tax. Rather, the US federal income tax liability of persons subject to backup withholding will be reduced by the amount of such tax withheld. If backup withholding results in an overpayment of taxes, a refund may be applied for from the IRS.

For additional guidance, see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

12. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Questions and requests for assistance or additional copies of the Offer Document, this Letter of Transmittal, the Notice of Guaranteed

Delivery and the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 may be directed to the US Depository at the address and telephone number set forth above, to the Information Agent at the address and telephone numbers set forth below, or to the UK Receiving Agent at the appropriate address and telephone number set forth in the Offer Document.

13. LOST, DESTROYED OR STOLEN CERTIFICATES. If any LASMO ADR evidencing LASMO ADSS has been lost, destroyed or stolen, the holder thereof should promptly notify the US Depository by checking the box immediately preceding the special payment/special delivery instructions boxes and indicating the number of LASMO ADSSs evidenced by such lost, destroyed or stolen LASMO ADRs. The holder thereof will then be instructed as to the steps that must be taken in order to replace such LASMO ADRs. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, destroyed or stolen LASMO ADRs have been followed.

14. HOLDERS OF LASMO SHARES NOT REPRESENTED BY LASMO ADSS. Holders of LASMO Shares have been sent a Form of Acceptance with the Offer Document and may not accept the Offer in respect of LASMO Shares pursuant to this Letter of Transmittal except insofar as those shares are represented by LASMO ADSSs. If any holder of LASMO Shares which are not represented by LASMO ADSSs needs to obtain a copy of a Form of Acceptance, such holder should contact the UK Receiving Agent at the appropriate address and telephone number set forth in the Offer Document or the Information Agent.

TO BE COMPLETED BY ALL TENDERING ADS HOLDERS

PAYER'S NAME: THE BANK OF NEW YORK, AS DEPOSITARY

| | | |
|---|--|--|
| SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER ("TIN") AND CERTIFICATION | PART 1 -- PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW. | Social Security Number or Employer Identification Number ----- |
|---|--|--|

| | |
|---|---|
| PART 2 -- If you are exempt from backup withholding, please check the box: [] | PART 3 -- If your are awaiting TIN, check box: [] |
|---|---|

PART 4 -- CERTIFICATION -- Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and
- (2) I am not subject to backup withholding because (i) I am exempt from backup withholding, (ii) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest and dividends, or (iii) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS -- You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of under-reporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding, you received another certification from the IRS that you are no longer subject to backup withholding, do not cross out such Item (2).

SIGNATURE -----

DATED -----

NAME (Please Print) -----

ADDRESS -----

CITY, STATE AND ZIP CODE -----

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

NOTE: YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 31% of all reportable cash payments made to me thereafter will be withheld until I provide a taxpayer identification number.

Signature ----- Dated ----- 2000

THE INFORMATION AGENT FOR THE OFFER IS:

D.F. KING & CO., INC.

Questions or requests for assistance may be directed to:

UNITED KINGDOM
2 London Wall Buildings,
2nd Floor
London Wall
London EC2M 5PP
Freephone: 0800 169 6962
Collect: +44 (0)20 7920 9700

UNITED STATES
77 Water Street,
20th Floor
New York,
New York 10005
Toll-Free: +1 (800) 628 8536
Collect: +1 (212) 269 5550

Proof 5: 7.12.2000

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS FORM MAY NOT BE USED TO ACCEPT THE OFFER FOR AMERICAN DEPOSITARY SHARES OF LASMO; THE LETTER OF TRANSMITTAL IS THE APPROPRIATE DOCUMENT FOR SUCH PURPOSES.

IF YOU ARE IN ANY DOUBT ABOUT THE OFFER OR WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED IMMEDIATELY TO SEEK YOUR OWN FINANCIAL ADVICE FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER DULY AUTHORISED UNDER THE FINANCIAL SERVICES ACT 1986 OR FROM ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER.

This Form of Acceptance, Authority and Election (the ``FORM'') should be read in conjunction with the accompanying Offer Document dated * December 2000 (the ``Offer Document''). The definitions used in the Offer Document apply in this Form, unless otherwise defined herein. The provisions of Appendix I to the Offer Document are deemed to be incorporated in and form part of this Form and should be read carefully by each LASMO Shareholder.

If you have sold or otherwise transferred all your LASMO Shares, please send this Form, the Offer Document, the accompanying documents and the reply-paid envelope as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. HOWEVER, SUCH DOCUMENTS SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO CANADA, AUSTRALIA OR JAPAN.

The Offer, including the Loan Note Alternative, is not being made, directly or indirectly, in or into Canada, Australia or Japan. Accordingly, this Form and the Offer Document are not being and must not be mailed or otherwise distributed or sent in, into or from Canada, Australia or Japan. The availability of the Offer to persons who are not resident in the United Kingdom or the United States may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom or the United States should inform themselves about and observe any applicable requirements and should read the details in this regard which are contained in paragraph 9 of Part B of Appendix I of the Offer Document and the relevant provisions of this Form. THE LOAN NOTE ALTERNATIVE WILL NOT BE MADE INTO THE UNITED STATES OR AVAILABLE TO LASMO SECURITYHOLDERS IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY US PERSON.

The Loan Notes which may be issued pursuant to the Offer will not be listed on any stock exchange and have not been, and will not be, registered under the Securities Act, or under the laws of any State of the United States nor have any steps been taken, nor will any be taken, to enable the Loan Notes to be offered in compliance with applicable securities laws of Canada or Japan and no prospectus in relation to the Loan Notes has been, or will be, lodged with the Australian Securities Commission. Accordingly the Loan Notes may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into the United States, or to or for the account or benefit of any US person, except pursuant to an exemption from, or in a transaction not subject to, the requirements of the Securities Act or the relevant securities laws of any State of the United States. The Loan Notes may not be offered, sold or delivered, directly or indirectly, in or into Canada, Australia or Japan.

IF YOU ARE A CREST SPONSORED MEMBER YOU SHOULD REFER TO YOUR CREST SPONSOR BEFORE COMPLETING THIS FORM, AS ONLY YOUR CREST SPONSOR WILL BE ABLE TO SEND A TTE INSTRUCTION TO CRESTCO.

FORM OF ACCEPTANCE, AUTHORITY AND ELECTION

RECOMMENDED CASH AND SHARE OFFER

by

AMERADA HESS CORPORATION

and by

GOLDMAN SACHS INTERNATIONAL
on its behalf

(outside the United States)

for all of the issued and to be issued share capital of

LASMO PLC

PROCEDURE FOR ACCEPTANCE

- * To accept the Offer, complete this Form on page 3 by following the instructions and notes for guidance set out on pages 2 and 4. All LASMO Shareholders who are individuals must sign in the presence of a witness who must also sign where indicated. If you hold LASMO Shares jointly with others, you must arrange for all your co-holders to sign this Form.
- * Please send this Form, duly completed and signed AND ACCOMPANIED, IF YOUR LASMO SHARES ARE IN CERTIFICATED FORM, BY YOUR LASMO SHARE CERTIFICATE(S) AND/OR OTHER DOCUMENT(S) OF TITLE either (if you are a non-US holder) by post or by hand to the UK Receiving Agent, Computershare Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ, or by hand only (during normal business hours only) to Computershare Services PLC, 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR or (if you are US holder) to the US Depository, The Bank of New York at, by mail, Tender & Exchange Department, PO Box 11248, Church Street Station, New York, New York 10286-1248 or by hand or overnight courier at Tender & Exchange Department, 101 Barclay Street, Receive and Deliver Window, New York, New York 10286 as soon as possible but in any event so as to be received NO LATER THAN 3.00 PM (LONDON TIME), 10.00 AM (NEW YORK CITY TIME) ON * 2001. A reply-paid envelope (only for use in the UK or the US as the case may be) is enclosed for documents lodged by post.
- * If your LASMO Shares are in uncertificated form (that is, if you do not have a share certificate because your shares are held in CREST), you should read carefully paragraph 10 of Part B of Appendix I to the Offer Document in order to transfer your LASMO Shares to an escrow balance. For this purpose, the participant ID of Computershare Services PLC, the escrow agent, is 3RA43, the member account ID of the escrow agent is LASMO and the Form of Acceptance Reference Number of this Form (for insertion in the first eight characters of the shared note field on the TTE Instruction) is shown next to Box on page 3 of this Form. You should ensure that the transfer to escrow settles NO LATER THAN 3.00 P.M. (LONDON TIME), 10.00 A.M. (NEW YORK CITY TIME) ON * 2001. If you are a CREST sponsored member, you should refer to your CREST sponsor before completing this Form.
- * If you hold LASMO Shares in both certificated and uncertificated form, you should complete a separate Form for each holding. Similarly, you should complete a separate Form for each different member account ID under which LASMO Shares are held in uncertificated form and for each different designation under which LASMO Shares are held in certificated form. You can obtain further Forms by contacting Computershare Services PLC or D.F. King & Co., Inc. on one of the telephone numbers set out below.
- * If your LASMO Shares are in certificated form and your share certificate(s) and/or other document(s) of title are with your bank, stockbroker or other agent and readily available, you should complete and sign this Form and arrange for it to be lodged by such agent with the relevant document(s). If your share certificate(s) and/or other document(s) of title is/are not readily available, or if your share certificate(s) is/are lost, please read Notes 3 and 4 on page 4 of this Form.
- * PLEASE READ PART B OF APPENDIX I TO THE OFFER DOCUMENT, THE TERMS OF WHICH ARE INCORPORATED INTO AND FORM PART OF THIS FORM.
- * A Form received in an envelope postmarked in Canada, Australia or Japan or otherwise appearing to Amerada Hess or its agents to have been sent from Canada Australia or Japan may be rejected as an invalid acceptance of the Offer.
- * If you are in any doubt as to the procedures for acceptance, please contact the UK Receiving Agent at Computershare Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by telephone on 0870 7030056 or the US Depository at The Bank of New York, Tender & Exchange Department, PO Box 11248, Church Street Station, New York, New York 10286-1248, or by telephone on (212) 815-6156 or the Information Agent at D.F. King & Co., Inc., 77 Water Street, New York, New York 10005, or by telephone on (212) 269-5550 or (800) 628 8536. You are reminded that if you

are a CREST sponsored member, you should refer to your CREST sponsor before completing this Form.

DO NOT DETACH ANY PART OF THIS FORM

2

Page 2

PLEASE FOLLOW THESE INSTRUCTIONS WHEN COMPLETING PAGE 3
HOW TO COMPLETE THIS FORM

The provisions of Part B of Appendix I to the Offer Document
are incorporated into and form part of this Form.

1 The Offer

TO ACCEPT THE OFFER, INSERT IN BOX 1 THE TOTAL NUMBER OF LASMO SHARES IN RESPECT OF WHICH YOU WISH TO ACCEPT THE OFFER, WHETHER OR NOT YOU ALSO WISH TO ELECT FOR THE MIX AND MATCH ELECTION AND/OR THE LOAN NOTE ALTERNATIVE AND/OR THE US DOLLAR ALTERNATIVE.

YOU MUST ALSO CHECK BOX 2, SIGN BOX 6 IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT HEREIN, AND, IF APPROPRIATE, COMPLETE BOX 3A OR 3B, BOX 4, BOX 5, BOX 7, BOX 8 AND/OR BOX 9A OR 9B.

IF YOU VALIDLY ACCEPT THE OFFER AND DO NOT COMPLETE ANY OF BOXES 3A OR 3B, 4 OR 5 YOU WILL RECEIVE POUNDS STERLING 98.29 IN CASH AND 1 NEW AMERADA HESS SHARE FOR EVERY 78.7 LASMO SHARES IN RESPECT OF WHICH YOU HAVE ACCEPTED, OR ARE DEEMED TO HAVE ACCEPTED, THE OFFER.

IF NO NUMBER, OR A NUMBER GREATER THAN YOUR ENTIRE REGISTERED HOLDING OF LASMO SHARES, IS INSERTED IN BOX 1 AND YOU HAVE SIGNED BOX 6 IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT HEREIN, YOU WILL BE DEEMED TO HAVE ACCEPTED THE OFFER IN RESPECT OF YOUR ENTIRE REGISTERED HOLDING OF LASMO SHARES (BEING YOUR ENTIRE HOLDING UNDER THE NAME AND ADDRESS SPECIFIED IN BOX 2 (OR, IF APPLICABLE, BOX 9A) OR, IF YOUR LASMO SHARES ARE IN CREST, UNDER THE PARTICIPANT ID AND MEMBER ACCOUNT ID SPECIFIED IN BOX 7). CREST PARTICIPANTS ARE REQUESTED TO INSERT IN BOX 1 THE SAME NUMBER OF LASMO SHARES AS ENTERED IN THE RELEVANT TTE INSTRUCTION. IF YOU DO NOT WISH TO ELECT FOR THE MIX AND MATCH ELECTION FACILITY, YOU DO NOT NEED TO COMPLETE BOX 3A OR 3B, AND IF YOU DO NOT WISH TO ELECT FOR THE LOAN NOTE ALTERNATIVE, YOU DO NOT NEED TO COMPLETE BOX 4, BUT MUST SIGN BOX 6 AND, IF APPROPRIATE, COMPLETE BOXES 7, 8 AND/OR 9A OR 9B. IF YOU PUT "NO" IN BOX 8, YOU MAY BE DEEMED NOT HAVE ACCEPTED THE OFFER.

2 Address for payment of Consideration

YOUR CONSIDERATION WILL BE SENT TO THE ADDRESS IN BOX 2 UNLESS (I) THIS ADDRESS IS IN CANADA, AUSTRALIA OR JAPAN (OR, IF YOU ARE ELECTING FOR THE LOAN NOTE ALTERNATIVE, IN CANADA, AUSTRALIA, JAPAN OR THE UNITED STATES), IN WHICH CASE YOU SHOULD COMPLETE BOX 9B WITH AN ADDRESS OUTSIDE THOSE COUNTRIES, OR (II) YOU HAVE COMPLETED BOX 9A WITH AN ALTERNATIVE ADDRESS. BOX 2 SHOULD INCLUDE YOUR FULL NAME(S) AND ADDRESS(ES), AND NEXT TO IT, THE NUMBER OF LASMO SHARES HELD IN YOUR NAME ON THE LASMO REGISTER. IF YOUR NAME AND/OR ADDRESS AS PRINTED IN BOX 2 OF THIS FORM OR IS INCORRECT, PLEASE READ NOTE 7 ON PAGE 4 AND INSERT THE CORRECT DETAILS IN BOX 9A OR 9B. IF YOUR NAME AND ADDRESS ARE NOT PRINTED IN BOX 2, PLEASE COMPLETE BOX 9A OR 9B.

3 The Mix and Match Elections

To elect to vary the proportion in which you receive Amerada Hess Shares and cash in respect of your holding of LASMO Shares:

- (a) you should insert in Box 3A the number of LASMO Shares in respect of which you wish to receive additional Amerada Hess Shares.

OR

(b) you should insert in Box 3B the number of LASMO Shares in respect of which you wish to receive additional cash.

DO NOT FILL IN BOTH BOX 3A AND BOX 3B.

You must also complete Box 1, check Box 2 and sign Box 6 in accordance with the instructions stated therein. The number in Box 3A or the number in Box 3B must not exceed the number inserted or deemed to be inserted in Box 1. If the number in Boxes 3A or 3B does exceed the number inserted or deemed to be inserted in Box 1 you will be deemed to have made an election in respect of your entire holding of LASMO Shares (as set out in Box 1 above) to receive Amerada Hess Shares or cash as appropriate.

If the elections cannot be satisfied in full, they will be scaled down on a pro rata basis.

4 The Loan Note Alternative

IF, BUT ONLY IF, YOU WISH TO ELECT FOR THE LOAN NOTE ALTERNATIVE, YOU SHOULD INSERT IN BOX 4 THE NUMBER OF LASMO SHARES IN RESPECT OF WHICH YOU WISH TO ELECT FOR THE LOAN NOTE ALTERNATIVE, HAVING ALREADY ENTERED IN BOX 1 THE TOTAL NUMBER OF LASMO SHARES IN RESPECT OF WHICH YOU WISH TO ACCEPT THE OFFER. IF YOU WISH TO ELECT FOR THE LOAN NOTE ALTERNATIVE IN RESPECT OF ALL OF THE LASMO SHARES INSERTED, OR DEEMED TO BE INSERTED, IN BOX 1, YOU MAY INSERT "ALL" IN BOX 4. IF YOU PUT "NO" IN BOX 8, YOU MAY NOT ACCEPT THE LOAN NOTE ALTERNATIVE AND MUST LEAVE BOX 4 BLANK. IF YOU PUT "NO" IN BOX 8 AND COMPLETE BOX 4, YOUR INSTRUCTIONS IN BOX 4 WILL BE DISREGARDED. EACH PERSON ELECTING FOR LOAN NOTES WILL BE DEEMED TO REPRESENT AND WARRANT THAT HE/SHE IS NOT A US PERSON, A CANADIAN PERSON, AN AUSTRALIAN PERSON OR A JAPANESE PERSON AND IS NOT ACQUIRING AND WILL NOT BE HOLDING SUCH LOAN NOTES FOR THE ACCOUNT OR BENEFIT OF A US PERSON, A CANADIAN PERSON, AN AUSTRALIAN PERSON OR A JAPANESE PERSON OR WITH A VIEW TO THE OFFER, SALE OR DELIVERY, DIRECTLY OR INDIRECTLY, OF SUCH LOAN NOTES IN, INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON, CANADIAN PERSON, AUSTRALIAN PERSON, JAPANESE PERSON OR ANY OTHER PERSON WHOM SUCH TRANSFEREE HAS REASON TO BELIEVE IS PURCHASING FOR THE PURPOSE OF SUCH OFFER, SALE OR DELIVERY. ANY PERSON UNABLE TO GIVE SUCH REPRESENTATION AND WARRANTY IS NOT PERMITTED TO ACCEPT THE LOAN NOTE ALTERNATIVE AND IN THE CASE OF ANY US PERSON WILL BE DEEMED TO HAVE ACCEPTED THE OFFER FOR CASH AND WITHOUT ELECTING FOR THE LOAN NOTE ALTERNATIVE.

THE NUMBER INSERTED IN BOX 4 MUST NOT EXCEED THE NUMBER INSERTED, OR DEEMED TO BE INSERTED, IN BOX 1. IF IT DOES, YOU WILL BE DEEMED TO HAVE ELECTED FOR THE LOAN NOTE ALTERNATIVE IN RESPECT OF THE NUMBER OF LASMO SHARES INSERTED, OR DEEMED TO BE INSERTED, IN BOX 1. YOU SHOULD ALSO CHECK BOX 2, SIGN BOX 6 IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT HEREIN, AND, IF APPROPRIATE COMPLETE BOX 3A OR 3B, BOX 5, BOX 7, BOX 8 AND/OR BOX 9A OR 9B.

TO ELECT FOR BOTH THE MIX AND MATCH ELECTION AND THE LOAN NOTE ALTERNATIVE, IN RESPECT OF ALL YOUR LASMO SHARES, YOU MUST COMPLETE BOX 1 AND IN RESPECT OF SUCH NUMBER OF LASMO SHARES IN RESPECT OF WHICH YOU WISH TO ACCEPT THE MIX AND MATCH ELECTION AND THE LOAN NOTE ALTERNATIVE, EITHER BOX 3A OR BOX 3B AND BOX 4 (AND, IF APPROPRIATE, BOXES A7, A8 AND/OR BOX 9A OR 9B) AND THEN SIGN BOX 6.

THE LOAN NOTE ALTERNATIVE IS NOT BEING MADE AVAILABLE TO PERSONS ENTITLED TO PARTICIPATE IN THE OFFER WHO ARE US PERSONS OR CITIZENS OR RESIDENTS OF CANADA, AUSTRALIA OR JAPAN.

5 US dollar alternative

If, but only if, you want to receive all of your cash consideration in US dollars instead of pounds sterling, you must put "YES" in Box 5. You may not elect to receive payment of the cash consideration in a mixture of US dollars and pounds sterling. If you put "YES" in Box 5, you will receive the whole of your cash consideration in US dollars. Details of the basis of payment in US dollars is set out in paragraph 13 of Part B of Appendix I to the Offer Document. Please note that any fluctuation in the US dollar/pound sterling exchange rate will be at your risk.

6 Signatures

IN ALL CASES, YOU MUST SIGN BOX 6 AND, IN THE CASE OF A JOINT HOLDING, ARRANGE FOR ALL OTHER JOINT HOLDERS TO DO LIKEWISE.

EACH HOLDER WHO IS AN INDIVIDUAL MUST SIGN IN THE PRESENCE OF A WITNESS, who must also sign and complete Box 6 where indicated. The witness must be over 18 years of age and must not be one of the joint holders. The same witness may witness each signature of joint holders. If the acceptance is not made by the registered holder(s), insert the name(s) and capacity (e.g. executor or attorney) of the person(s) making the acceptance. If this Form is signed by an attorney, the executed power of attorney (or a duly certified copy thereof) must be lodged with this Form.

A company may execute this Form under seal, the seal being affixed and witnessed in accordance with its articles of association or other relevant regulations. Alternatively, two directors or a director and the company secretary may sign this Form on behalf of a company incorporated in England and Wales, and a company incorporated outside England and Wales may execute this Form in accordance with the laws of the territory in which the relevant company is incorporated. In both cases execution should be expressed to be by the company and any officer signing this Form should indicate under his/her signature the office which he/she holds within the relevant body corporate.

Please note that if you sign Box 6 and leave Box 8 blank, you will be deemed to have given the representations and warranties set out in paragraph 11(b) of Part B of Appendix I to the Offer Document.

7 Participant ID and member account ID

If your LASMO Shares are in CREST, you must insert in Box 7 the participant ID and the member account ID under which such Shares are held by you in CREST.

You must also transfer (or procure the transfer of) the LASMO Shares concerned to an escrow balance, specifying in the TTE Instruction the participant ID and member account ID inserted in Box 7, the Form of Acceptance Reference Number of this Form and the other information specified in paragraph 10(f) of Part B of Appendix I to the Offer Document. The Form of Acceptance Reference Number of this Form appears next to Box 7 on page 3 of this Form.

8 Overseas Shareholders

IF YOU ARE UNABLE TO GIVE THE REPRESENTATIONS AND WARRANTIES REQUIRED BY PARAGRAPH 11(B) OF PART B OF APPENDIX I TO THE OFFER DOCUMENT, YOU MUST PUT "NO" IN BOX 8.

If you do not put "NO" in Box 8 you will be deemed to have given such representations and warranties.

If you do put "NO" in Box 8 you may be deemed not to have accepted the Offer.

9 Alternative address

If the details shown in Box 2 are not correct in all respects, please complete Box 9A with the full name and address of the sole or first-named registered holder in BLOCK CAPITALS. Please do not complete Box 9A if the details shown in Box 2 are correct in all respects.

If you wish the cash consideration or any documents to be sent to someone (who must be outside Canada, Australia and Japan and, if you are electing for the Loan Note Alternative, the United States) other than the person in Box 2 (or, if applicable, Box 9A) then you should complete Box 9B in respect of such new addressee.

If you insert in Box 9A an address in Canada, Australia or Japan, you must provide in Box 9B an alternative address outside Canada, Australia or Japan to which your consideration can be sent. In addition, if the address shown in Box 2

(or, if applicable, Box 9A) is an address in the United States and you have elected for the Loan Note Alternative, you must provide in Box 9B an alternative address outside the United States.

In any event, please enter a day-time telephone number (including STD code) where you can be contacted in the event of any query arising from this Form. You must not insert a telephone number in Canada, Australia or Japan, or if you have elected for the Loan Note Alternative, Canada, Australia, Japan or the United States.

3

PLEASE COMPLETE AS EXPLAINED ON PAGES 2 AND 4

The Provisions of Parts B of Appendix I of the Offer Document are incorporated into and form part of this Form

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|--|---|--|
| <p>[1] TO ACCEPT THE OFFER Complete Box [1], check Box [2] (and, if appropriate, complete Box [3A], or Box [3B], Boxes [4], [5], [7], [8] and/or [9A] or [9B] and then sign Box [6])</p> | <p>BOX [1] ----- No. of LASMO Shares in respect of which you are accepting the Offer -----</p> | <p>FOR OFFICE USE ONLY ----- HOLDER COPY</p> |
| <p>[2] YOUR SHAREHOLDING DETAILS NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S)</p> | <p>BOX [2] ----- Number of shares -----</p> | <p>H C</p> |
| <p>[3] TO MAKE AN ELECTION UNDER THE MIX AND MATCH ELECTION Complete Box [1], check Box [2] complete Box [3A], or Box [3B], and, if appropriate Boxes [4], [5], [7], [8] and/or [9A] or [9B] and then sign Box [6] in the presence of witness. Do not fill in Box [3A] and Box [3B]. The number in Box [3A] or Box [3B] must not exceed the number in Box [1].</p> | <p>BOX [3A] ----- No. of LASMO Shares in respect of which you wish to receive additional Amerada Hess Shares (if available) ----- BOX [3B] ----- No. of LASMO Shares in respect of which you wish to receive additional cash (if available) -----</p> | <p>Q</p> |
| <p>[4] TO ELECT FOR THE LOAN NOTE ALTERNATIVE Complete Box [1], check Box [2], complete Box [4] (and, if appropriate, Boxes [3A] or [3B], [5], [7], [8] and/or [9] and then sign Box [6])</p> | <p>BOX [4] ----- No. of LASMO Shares in respect of which you wish to elect for the Loan Note Alternative -----</p> | |
| <p>[5] US DOLLAR ALTERNATIVE Please put "YES" in Box [5] to receive all of your cash consideration in US dollars instead of pounds sterling in accordance with paragraph 13 of Part B of Appendix I of the Offer Document. You may elect to receive all of your cash consideration in US dollars only in respect of your entire holding of LASMO Shares in respect of which you accept the Offer and in respect of which you are entitled to receive cash consideration.</p> | <p>BOX [5] -----</p> | <p>Only put "YES" in the above box if you wish to receive payment in US dollars</p> |
| <p>[6] SIGN HERE TO ACCEPT THE OFFER EXECUTION BY INDIVIDUALS Signed and delivered as a deed by:</p> | <p>BOX [6] -----</p> | |
| <p>1. ----- 2. ----- 3. ----- 4. -----</p> | <p>Witnessed by: 1. Name ----- Signature ----- 2. Name ----- Signature ----- 3. Name ----- Signature ----- 4. Name -----</p> | <p>Address ----- ----- Address ----- ----- Address ----- ----- Address -----</p> |

IMPORTANT: THE SIGNATURE OF EACH REGISTERED HOLDER WHO IS AN INDIVIDUAL MUST BE WITNESSED. THE WITNESS MUST BE OVER 18 YEARS OF AGE AND MUST NOT BE A JOINT HOLDER. IN THE CASE OF JOINT HOLDERS, ALL MUST SIGN.

EXECUTION BY A COMPANY

*Executed and delivered as a deed under the common seal of the company named right

Name of company: -----

*Executed and delivered as a deed by the company named right

*In the presence of/Acting by: -----

Signature of director

Name of director

*Signature of director/secretary
*delete as appropriate

*Name of director/secretary

Affix seal here

[7] PARTICIPANT ID AND MEMBER ACCOUNT ID

Complete Box [7] only if your LASMO Shares are in
CREST BOX [7]

The Reference Number of this Form of Acceptance is: -----

Participant ID -----

Member Account ID -----

[8] OVERSEAS SHAREHOLDER

Please put "NO" in Box [8] if you are unable to give the
representations and warranties relating to overseas
shareholders set out in paragraph 11(b) of Part B of
Appendix I of the Offer Document

BOX [8]

[9] ALTERNATIVE ADDRESS

Box [9A] Correct name/registered address, if different from BOX [2]

BOX [9B] Address outside Canada, Australia and Japan
(and the United States, if electing to receive
the Loan Note Alternative) to which cash
consideration and/or other documents are to be
sent if different from BOX [2] or BOX [9A.]

(Complete in BLOCK CAPITALS)

Name -----

Name -----

Address -----

Address -----

Postcode -----

Postcode -----

In case of query, please state your daytime telephone number -----

FURTHER NOTES REGARDING THE COMPLETION AND LODGING OF THIS FORM

In order to avoid delay and inconvenience to you, the following points may assist you:

1. IF THE SOLE HOLDER HAS DIED

If a grant of probate or letters of administration has/have been registered with LASMO's registrar, this Form must be signed by the personal representative(s) of the deceased holder, each in the presence of a witness, and returned either by post or by hand (in the case of a non-US holder) to the UK Receiving Agent, Computershare Services PLC of PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ, or by hand only (during normal business hours only) to Computershare Services PLC of 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR, or (in the case of a US holder) to the US Depository, The Bank of New York at, by mail, Tender & Exchange Department, PO Box 11248, Church Street Station, New York, New York 10286-1248 or by hand or overnight courier at Tender & Exchange Department, 101 Barclay Street, Receive and Deliver Window, New York, New York 10286. If a grant of probate or letters of administration has/have not been registered with LASMO's registrar, the personal

representative(s) or the prospective personal representative(s) should sign the Form, each in the presence of a witness, and return it as aforesaid. However, the grant of probate or letters of administration must be lodged with Computershare Services PLC or The Bank of New York, as appropriate, before the consideration due can be forwarded to the personal representative(s).

2. IF ONE OF THE JOINT HOLDERS HAS DIED

This Form must be signed by all surviving holders, each in the presence of a witness, and lodged with Computershare Services PLC or The Bank of New York, as appropriate, at any of the relevant addresses set out in paragraph 1 above, accompanied by the share certificate(s) and/or other document(s) of title, if your LASMO Shares are in certificated form, and the death certificate, the grant of probate or letters of administration in respect of the deceased holder.

3. IF YOUR LASMO SHARES ARE IN CERTIFICATED FORM AND THE CERTIFICATE(S) IS/ARE HELD BY YOUR BANK OR SOME OTHER AGENT

If your share certificate(s) and/or other document(s) of title is/are readily available, the completed Form should be delivered to your bank, stockbroker or other agent for lodging with Computershare Services PLC or The Bank of New York, as appropriate, at any of the relevant addresses set out in paragraph 1 above accompanied by the share certificate(s) and/or other document(s) of title. If your share certificate(s) and/or other document(s) of title is/are not readily available, the completed Form should be lodged with Computershare Services PLC or The Bank of New York, as appropriate, at the relevant address set out in paragraph 1 above, together with a note saying e.g. "certificates to follow" and you should arrange for the share certificate(s) and/or other document(s) of title to be forwarded as soon as possible thereafter.

4. IF YOUR LASMO SHARES ARE IN CERTIFICATED FORM AND ANY SHARE CERTIFICATE HAS BEEN LOST

The completed Form, and any share certificate(s) which you may have available, should be lodged with the UK Receiving Agent (if you are not in the United States) or the US Depository (if you are in the United States), as appropriate, at any of the relevant addresses set out in paragraph 1 above, accompanied by a letter stating that the balance will follow (and, if applicable, that you have lost one or more of your share certificates). At the same time, you should write to LASMO's registrars, Computershare Services PLC of PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR, requesting that a letter of indemnity be sent to you which, when completed in accordance with the instructions given, should be lodged with the UK Receiving Agent (if you are not in the United States) or the US Depository (if you are in the United States), as appropriate, at the relevant address set out in paragraph 1 above, as soon as possible thereafter.

5. IF YOUR LASMO SHARES ARE IN CREST

You should take the action set out in Part B (in particular, paragraphs 10(d)-(1)) of Appendix I to the Offer Document to transfer your LASMO Shares to an escrow balance. You are reminded to keep a record of the Form of Acceptance Reference Number (which appears next to Box A7 on page 3 of this Form) so that such Number can be inserted into the TTE Instruction.

If you are a CREST sponsored member, you should refer to your CREST sponsor before completing this Form, as only your CREST sponsor will be able to send the necessary TTE Instruction to CRESTCo.

6. IF THE FORM HAS BEEN SIGNED UNDER POWER OF ATTORNEY

The completed Form, together with any share certificate(s) and/or other document(s) of title available, should be lodged with the UK Receiving Agent or the US Depository, as appropriate, at the relevant address set out in paragraph 1 above, accompanied by the original power of attorney (or a copy thereof duly certified in accordance with the Powers of Attorney Act 1971). The power of attorney will be noted by the UK Receiving Agent or the US Depository and returned as directed.

7. IF YOUR NAME OR OTHER PARTICULARS ARE SHOWN INCORRECTLY ON YOUR SHARE CERTIFICATE(S)

e.g. Name on the certificates James Smith
Correct name.....James Smythe

Box 9A of the Form should be completed in your correct name and lodged with the UK Receiving Agent or the US Depository, as appropriate, at the relevant address set out in paragraph 1 above, together with your share certificate(s) and accompanied by a letter from your bank, stockbroker or solicitor confirming that the person in whose name the LASMO Shares are registered is one and the same as the person who has signed the Form. If an incorrect address is shown, the correct address should also be written in Box 9A on the Form. If you have changed your name, complete Box 9A of the Form in your correct name and lodge your marriage certificate or deed poll or, in the case of a company, a copy of the certificate of incorporation on change of name with this Form for noting and return to the UK Receiving Agent or the US Depository.

8. IF A HOLDER IS AWAY FROM HOME (E.G. ABROAD OR ON HOLIDAY)

Send this Form and the Offer Document by the quickest means (e.g. air mail) to the holder for execution (provided that such documents are not forwarded or transmitted, by any means, in or into Canada, Australia or Japan) or, if he/she has executed a power of attorney giving sufficient authority, have this Form signed by the attorney in the presence of a witness. In the latter case, the original power of attorney (or a copy thereof duly certified in accordance with the Powers of Attorney Act 1971) should be lodged with this Form for noting (see paragraph 6 above). No other signatures are acceptable.

9. IF YOU HAVE SOLD OR TRANSFERRED ALL, OR WISH TO SELL OR TRANSFER PART OF, YOUR LASMO SHARES

If you have sold or transferred all your LASMO Shares, please send this Form and the Offer Document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, this Form and the Offer Document (and any other offer documentation) should not be forwarded or transmitted in or into Canada, Australia or Japan. If your LASMO Shares are in certificated form, and you wish to sell part of your holding of LASMO Shares and to accept the Offer in respect of the balance but are unable to obtain the balance share certificate by U2000, you should ensure that the stockbroker, bank or other agent through whom you make the sale obtains the appropriate endorsement or indication, signed on behalf of LASMO's registrar, in respect of the balance of your holding of LASMO Shares.

10. IF YOU ARE NOT RESIDENT IN THE UNITED KINGDOM OR THE UNITED STATES

The attention of LASMO Shareholders not resident in the United Kingdom or the United States is drawn, in particular, to paragraph 9 of Part B of Appendix I to the Offer Document.

SUBJECT TO THE CITY CODE AND WITHOUT PREJUDICE TO PART B OF APPENDIX I TO THE OFFER DOCUMENT, AMERADA HESS RESERVES THE RIGHT TO TREAT AS VALID ANY ACCEPTANCE OF THE OFFER WHICH IS NOT ENTIRELY IN ORDER OR WHICH IS NOT ACCOMPANIED BY THE RELEVANT TRANSFER TO ESCROW OR (AS APPROPRIATE) THE RELEVANT SHARE CERTIFICATE(S) AND/OR OTHER DOCUMENT(S) OF TITLE. IN THAT EVENT, NO CONSIDERATION DUE UNDER THE OFFER WILL BE SENT UNTIL AFTER THE RELEVANT TRANSFER TO ESCROW HAS BEEN MADE OR (AS APPROPRIATE) THE RELEVANT SHARE CERTIFICATE(S) AND/OR OTHER DOCUMENT(S) OF TITLE OR INDEMNITIES SATISFACTORY TO THE OFFEROR HAVE BEEN RECEIVED.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. In considering what action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, attorney, accountant or other independent financial advisor.

If you have sold or otherwise transferred all your American Depositary Shares of LASMO plc ("LASMO ADSs"), please pass this document and all accompanying documents as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. HOWEVER, SUCH DOCUMENTS SHOULD NOT BE DISTRIBUTED, FORWARDED OR TRANSMITTED IN OR INTO AUSTRALIA, CANADA OR JAPAN.

NOTICE OF GUARANTEED DELIVERY

TO ACCEPT THE OFFER FOR AMERICAN DEPOSITARY SHARES
EVIDENCED BY AMERICAN DEPOSITARY RECEIPTS

OF

LASMO PLC
PURSUANT TO THE OFFER DOCUMENT DATED DECEMBER , 2000

by

AMERADA HESS CORPORATION

and by

GOLDMAN SACHS INTERNATIONAL
on its behalf
(outside the United States)

As set out in "Procedures for tendering LASMO ADSs" in paragraph 12 of Part B of Appendix I to the Offer Document, this form or one substantially equivalent hereto must be used for acceptance of the Offer in respect of LASMO ADSs if American Depositary Receipts evidencing LASMO ADSs ("LASMO ADRs") are not immediately available or the procedures for book-entry transfer cannot be completed on a timely basis or if time will not permit all required documents to reach the US Depositary while the Offer remains open for acceptance. Such form may be delivered by hand, transmitted by facsimile or mailed to the US Depositary and must include a signature guarantee by an Eligible Institution (as defined in the Offer Document) in the form set out herein. See "Procedures for tendering LASMO ADSs--Guaranteed delivery procedures" in paragraph 12(h) of Part B of Appendix I to the Offer Document.

TO: THE BANK OF NEW YORK

BY MAIL:
Tender & Exchange Department
P.O. Box 11248
Church Street Station
New York, NY 10286-1248

BY FACSIMILE TRANSMISSION:
(for Eligible Institutions
Only)
(212) 815-6213

BY HAND OR OVERNIGHT COURIER:
Tender & Exchange Department
101 Barclay Street
Receive and Deliver Window
New York, NY 10286

FOR CONFIRMATION ONLY
TELEPHONE
(800) 507-9357

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an Eligible Institution under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Acceptance of the Offer in respect of LASMO Shares (except insofar as they are represented by LASMO ADSs) may not be made with this form and pursuant to

the guaranteed delivery procedures.

Capitalized terms and certain other terms used herein and not otherwise defined herein shall have the respective meanings assigned to them in the Offer Document.

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Ladies and Gentlemen:

The undersigned hereby accepts the Offer in respect of LASMO ADSs upon the terms and subject to the conditions set forth below pursuant to the guaranteed delivery procedures set out in "Procedures for tendering LASMO ADSs--Guaranteed delivery procedures" in paragraph 12(h) of Part B of Appendix I to the Offer Document.

The undersigned understands that the acceptance of the Offer in respect of LASMO ADSs pursuant to the guaranteed delivery procedures will not be treated as a valid acceptance for the purpose of satisfying the Acceptance Condition (as defined in the Offer Document). See "Procedures for tendering LASMO ADSs--Guaranteed delivery procedures" in paragraph 12(h) of Part B of Appendix I to the Offer Document. To be counted towards satisfaction of the Acceptance Condition, the LASMO ADRs evidencing such LASMO ADSs must, prior to the end of the Initial Offer Period (as defined in the Offer Document), be received by the US Depository or, if applicable, timely confirmation of a book-entry transfer of such LASMO ADSs into the US Depository's account at the Book-Entry Transfer Facility pursuant to the procedures set out in "Procedures for tendering LASMO ADSs--Book-entry transfer" in paragraph 12(c) of Part B of Appendix I to the Offer Document must be received by the US Depository, together with a duly executed Letter of Transmittal (or a manually signed facsimile thereof) with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message and any other required documents.

Signature(s):

Address(es) (Include Zip Code):

Name of Record Holder(s) (Please Type or Print):

Number of LASMO ADSs:

Area Code(s) and Telephone Number(s):

LASMO ADR No. (s) (if available):

[] Check box if LASMO ADSs will be tendered by book-entry transfer.

Dated:

Account Number:

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GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Program or the Stock Exchange Medallion Program, hereby guarantees that the undersigned will deliver to the US Depository either the LASMO ADRs evidencing the LASMO ADSs with respect to which the Offer is being accepted hereby, in proper form for transfer, or confirmation of the book-entry transfer of such LASMO ADSs into the US Depository's account at the Book-Entry Transfer Facility, in any such case together with a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof) with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message and any other required documents, all within three New York Stock Exchange business days after the date hereof.

Name of Firm, Agent or Trustee:

Address (Include Zip Code):

Area Code and Telephone Number:

Authorized Signature:

Name (Please Type or Print):

Title:

Date:

NOTE:

DO NOT SEND LASMO ADRS WITH THIS FORM; LASMO ADRS SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

RECOMMENDED CASH AND SHARE OFFER

by

AMERADA HESS CORPORATION

and by

GOLDMAN SACHS INTERNATIONAL
on its behalf
(outside the United States)

for

all of the issued and to be issued share capital of

LASMO PLC

THERE WILL BE AN INITIAL OFFER PERIOD WHICH WILL EXPIRE AT 3:00 PM (LONDON TIME), 10:00 AM (NEW YORK CITY TIME) ON JANUARY , 2001, UNLESS EXTENDED. AT THE CONCLUSION OF THE INITIAL OFFER PERIOD, INCLUDING ANY EXTENSION THEREOF, IF ALL CONDITIONS OF THE OFFER HAVE BEEN SATISFIED, FULFILLED OR, WHERE PERMITTED, WAIVED, THE OFFER WILL BE EXTENDED FOR A SUBSEQUENT OFFER PERIOD OF AT LEAST 14 CALENDAR DAYS. HOLDERS OF LASMO PLC ("LASMO") SECURITIES WILL HAVE WITHDRAWAL RIGHTS DURING THE INITIAL OFFER PERIOD, INCLUDING ANY EXTENSION THEREOF, BUT NOT DURING THE SUBSEQUENT OFFER PERIOD (EXCEPT IN LIMITED CIRCUMSTANCES).

December , 2000

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees:

Amerada Hess Corporation (the "Offeror") is offering to purchase, upon the terms and subject to the conditions set forth in the Offer Document dated December , 2000 (the "Offer Document") and the related Letter of Transmittal and Form of Acceptance (which, as amended or supplemented from time to time, together constitute the "Offer"), (i) all issued and to be issued ordinary shares of 25p each of LASMO ("LASMO Shares") for L98.29 in cash and 1 new share of the Offeror for every 78.7 LASMO Shares and (ii) all American Depositary Shares of LASMO ("LASMO ADSs"), each representing 3 LASMO Shares and evidenced by American Depositary Receipts ("LASMO ADRs"), for L294.87 in cash and 3 new shares of the Offeror for every 78.7 LASMO ADSs. LASMO Shares and LASMO ADSs are referred to collectively as "LASMO Securities".

Holders of LASMO Securities who validly accept the Offer may elect to vary the proportions in which they receive shares of the Offeror and cash (the "Mix and Match Election"). The Mix and Match Election will remain open until 3:00 p.m. (London time), 10:00 a.m. (New York time) on , 2001. The maximum number of new Offeror shares to be issued under the Offer and the maximum amount of cash to be paid under the Offer will not be varied as a result of the Mix and Match Election. Accordingly, the ability of holders of LASMO Securities to make a Mix and Match Election will depend on the extent to which other holders of LASMO Securities make opposite elections. Other relevant terms of the Mix and Match Election are set out in paragraph 5 of Part B of Appendix I of the Offer Document.

For your information and for forwarding to those of your clients for whom you hold LASMO ADSs registered in your name or in the name of your nominee, we are enclosing the following documents:

1. The Offer Document;
2. The Letter of Transmittal to be used by holders of LASMO ADSs to accept the Offer;

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3. The Notice of Guaranteed Delivery;
4. A printed form of letter that may be sent to your clients for whose account you hold LASMO ADSs registered in your name or in the name of a nominee, with space provided for obtaining such clients' instructions with regard to the

Offer;

5. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and

6. The return envelope addressed to the US Depository.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENT AS PROMPTLY AS POSSIBLE.

THE OFFER CANNOT BE ACCEPTED IN RESPECT OF LASMO SHARES BY MEANS OF A LETTER OF TRANSMITTAL OR NOTICE OF GUARANTEED DELIVERY. A FORM OF ACCEPTANCE FOR ACCEPTING THE OFFER IN RESPECT OF LASMO SHARES CAN BE OBTAINED FROM THE INFORMATION AGENT OR THE UK RECEIVING AGENT (AS EACH SUCH TERM IS DEFINED IN THE OFFER DOCUMENT).

In all cases, payment for LASMO ADSs purchased pursuant to the Offer will be made only after timely receipt by the US Depository of LASMO ADRs evidencing such LASMO ADSs or a confirmation of book-entry transfer, together with the Letter of Transmittal properly completed and duly executed, and any other documents required by the Letter of Transmittal.

If a holder of LASMO ADSs wishes to accept the Offer in respect of ADSs and the ADRs evidencing such ADSs are not immediately available or the procedure for book-entry transfer cannot be completed on a timely basis, or if time will not permit all required documents to reach the US Depository while the Offer remains open for acceptances, such holder's acceptance of the Offer in respect of ADSs may be effected by following the guaranteed delivery procedures specified in paragraph 12(h) of Part B of Appendix I of the Offer Document.

The Offeror will not pay any fees or commissions to any broker, dealer or other person (other than Goldman Sachs International and the Information Agent as described in the Offer to Purchase) in connection with the solicitation of acceptances of the Offer. You will, however, be reimbursed for customary mailing and handling expenses incurred by you in forwarding the enclosed materials to your client.

Inquiries you may have with respect to the Offer should be addressed to the Information Agent at the addresses and telephone numbers set forth in the Offer to Purchase. Additional copies of the enclosed materials may be obtained from the Information Agent.

Capitalized terms and certain other terms used herein and not otherwise defined herein shall have the respective meanings assigned to them in the Offer to Purchase.

Very truly yours,

AMERADA HESS CORPORATION

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON, THE AGENT OF THE OFFEROR, THE US DEPOSITARY, THE INFORMATION AGENT OR THE UK RECEIVING AGENT OR AUTHORIZE YOU OR ANY OTHER PERSON TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF ANY OF THEM WITH RESPECT TO THE OFFER NOT CONTAINED IN THE OFFER TO PURCHASE OR THE LETTER OF TRANSMITTAL.

THIS DOCUMENT SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO AUSTRALIA,
CANADA OR JAPAN.

RECOMMENDED CASH AND SHARE OFFER

by

AMERADA HESS CORPORATION

and by

GOLDMAN SACHS INTERNATIONAL

on its behalf
(outside the United States)

for

all of the issued and to be issued share capital of

LASMO PLC

THERE WILL BE AN INITIAL OFFER PERIOD WHICH WILL EXPIRE AT 3:00 P.M. (LONDON TIME), 10:00 A.M. (NEW YORK CITY TIME) ON JANUARY , 2001, UNLESS EXTENDED. AT THE CONCLUSION OF THE INITIAL OFFER PERIOD, INCLUDING ANY EXTENSION THEREOF, IF ALL CONDITIONS OF THE OFFER HAVE BEEN SATISFIED, FULFILLED OR, WHERE PERMITTED, WAIVED, THE OFFER WILL BE EXTENDED FOR A SUBSEQUENT OFFER PERIOD OF AT LEAST 14 CALENDAR DAYS. HOLDERS OF LASMO PLC ("LASMO") SECURITIES WILL HAVE WITHDRAWAL RIGHTS DURING THE INITIAL OFFER PERIOD, INCLUDING ANY EXTENSION THEREOF, BUT NOT DURING THE SUBSEQUENT OFFER PERIOD (EXCEPT IN LIMITED CIRCUMSTANCES).

December , 2000

To Our Clients:

Enclosed for your consideration is the Offer Document dated December , 2000 (the "Offer Document"), the Letter of Transmittal and Notice of Guaranteed Delivery relating to an offer by Amerada Hess Corporation (the "Offeror"), to purchase, upon the terms and subject to the conditions set forth in the Offer Document and the accompanying Letter of Transmittal (collectively, the "Offer"), (i) all issued and to be issued ordinary shares of 25p each of LASMO ("LASMO Shares") for L98.29 in cash and 1 new share of the Offeror for every 78.7 LASMO Shares held and (ii) all American Depositary Shares of LASMO ("LASMO ADSs"), each representing 3 LASMO Shares and evidenced by American Depositary Receipts ("LASMO ADRs") for L294.87 in cash and 3 new shares of the Offeror for every 78.7 LASMO ADSs. LASMO Shares and LASMO ADSs are referred to collectively as "LASMO Securities."

Holders of LASMO Securities who validly accept the Offer may elect to vary the proportions in which they receive shares of the Offeror and cash (the "Mix and Match Election"). The Mix and Match Election will remain open until 3:00 p.m. (London time), 10:00 a.m. (New York time) on January , 2001. The maximum number of new Offeror shares to be issued under the Offer and the maximum amount of cash to be paid under the Offer will not be varied as a result of the Mix and Match Election. Accordingly, the ability of holders of LASMO Securities to make a Mix and Match Election will depend on the extent to which other holders of LASMO Securities make opposite elections. Other relevant terms of the Mix and Match Election are set out in paragraph 5 of Part B of Appendix I of the Offer Document.

We are the holder of record of LASMO ADSs evidenced by LASMO ADRs held by us for your account. An acceptance of the Offer in respect of such LASMO ADSs can be made only by us as the holder of record and pursuant to your instructions. Accordingly, we request instructions as to whether you wish to have us

accept the Offer on your behalf in respect of any or all LASMO ADSs held by us for your account pursuant to the terms and subject to the conditions set forth in the Offer Document.

Your attention is invited to the following:

1. The Offer is being made for all LASMO Shares and LASMO ADSs and has been unanimously recommended by the Directors of LASMO.
2. The Offer is on the terms and subject to the conditions set forth in Appendix I to the Offer Document.
3. The Initial Offer Period will expire at 3:00 p.m. (London time), 10:00 a.m. (New York City time) on January , 2001, unless extended (in accordance with the terms thereof).
4. At the conclusion of the Initial Offer Period, including any extension thereof, if all conditions of the Offer have been satisfied, fulfilled or, where permitted, waived, the Offer will be extended for a Subsequent Offer Period of at least 14 calendar days.
5. Holders of LASMO ADSs will not be obligated to pay brokerage fees or commissions or, except as otherwise provided in Instruction 6 of the Letter of Transmittal, stock transfer taxes applicable to a sale of LASMO ADSs evidenced by LASMO ADRs to the Offeror.

If you wish to have us accept the Offer in respect of any or all of the LASMO ADSs evidenced by LASMO ADRs held by us for your account, please so instruct us by completing, executing and returning to us the instruction form contained in this letter. If you authorize us to accept the Offer in respect of your LASMO ADSs evidenced by LASMO ADRs, the Offer will be accepted in respect of all such LASMO ADSs unless otherwise indicated in such instruction form. Please forward your instruction form to us in ample time to permit us to accept the Offer on your behalf prior to the expiration of the Offer. The specimen Letter of Transmittal is furnished to you for your information only and cannot be used by you to accept the Offer in respect of LASMO ADSs evidenced by LASMO ADRs held by us for your account.

Capitalized terms and certain other terms used herein and not otherwise defined herein shall have the respective meanings assigned to them in the Offer Document.

INSTRUCTIONS WITH RESPECT TO THE OFFER FOR ALL LASMO SHARES AND
LASMO ADSS EVIDENCED BY LASMO ADRS

The undersigned acknowledge(s) receipt of your letter and the Offer Document dated December , 2000 (the "Offer Document"), and the related Letter of Transmittal relating to an offer by the Offeror, to purchase, upon the terms and subject to the conditions set forth in the Offer Document and the accompanying Letter of Transmittal (collectively, the "Offer"), (i) all issued and to be issued LASMO shares for L98.29 in cash and 1 new share of the Offeror for every 78.7 LASMO Shares and (ii) all LASMO ADSs, each representing 3 LASMO Shares and evidenced by LASMO ADRs for L294.87 in cash and 3 new shares of the Offeror for every 78.7 LASMO ADSs.

This will instruct you to accept the Offer in respect of the number of LASMO ADSs indicated below (or, if no numbers are indicated below, all Lasmo ADSs without a Mix and Match Election with all cash payments in US dollars) held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer Document.

Dated: , 200

NUMBER OF LASMO ADSS TO BE TENDERED*:

MIX AND MATCH ELECTION (OPTIONAL)**
Number of LASMO ADSs in respect of which
you wish to receive additional Offeror
Shares:

Number of LASMO ADSs in respect of which

Signature(s)

Please print name(s)

Address(es)

you wish to receive additional cash:

POUNDS STERLING ELECTION (OPTIONAL)***

Check box ONLY if you wish to receive all
(but not part) of the amount of cash
consideration to be paid in pounds
sterling: []

Area Code and Telephone Number

Employer Identification or
Social Security No.

* Unless otherwise indicated, it will be assumed that the Offer is to be accepted in respect of all LASMO ADSs held by us for your account.

** To elect to vary the proportion in which you receive Amerada Hess Shares and cash in respect of your holding of LASMO ADSs: (a) you should indicate the number of LASMO ADSs in respect of which you wish to receive additional Amerada Hess Shares or (b) you should indicate the number of LASMO ADSs in respect of which you wish to receive additional cash. You must also indicate the Number of LASMO ADSs to be Tendered. The number of LASMO ADSs indicated for the "Mix and Match Election" must not exceed the number indicated for LASMO ADSs to be Tendered. If the number of LASMO ADSs indicated for the "Mix and Match Election" exceeds the number indicated for LASMO ADSs to be Tendered, you will be deemed to have made an election in respect of your entire holding of LASMO ADSs (as indicated in Number of ADSs to be Tendered) to receive shares of the Offeror or cash as appropriate. If the elections cannot be satisfied in full, they will be scaled down on a pro rata basis.

*** If you wish to receive all (but not part) of the cash consideration in pounds sterling, please check the box. If you do not check such box all cash payments payable pursuant to the Offer will be paid in US dollars in an amount converted from pounds sterling to US dollars at the exchange rate obtainable by the US Depository on the spot market in London at approximately 12:00 noon (London time) on the date the cash consideration is made available by the Offeror to the US Depository for delivery to holders of LASMO ADSs.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER FOR THE PAYEE (YOU) TO GIVE THE PAYER. -- Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer. All "Section" references are to the Internal Revenue Code of 1986, as amended. "IRS" is the Internal Revenue Service.

| FOR THIS TYPE OF ACCOUNT: | GIVE THE SOCIAL SECURITY NUMBER OF -- |
|--|---|
| 1. Individual | The individual |
| 2. Two or more individuals (joint account) | The actual owner of the account or, if combined funds, the first individual on the account(1) |
| 3. Custodian account of a minor (Uniform Gift to Minors Act) | The minor(2) |
| 4. a. The usual revocable savings trust (grantor is also trustee) | The grantor-trustee(1) |
| b. So-called trust account that is not a legal or valid trust under state law. | The actual owner(1) |
| 5. Sole proprietorship | The owner(3) |

| FOR THIS TYPE OF ACCOUNT: | GIVE THE EMPLOYER IDENTIFICATION NUMBER OF -- |
|--|---|
| 6. Sole proprietorship | The owner (3) |
| 7. A valid trust, estate, or pension | |
| The legal entity(4) trust | |
| 8. Corporate | The corporation |
| 9. Association, club, religious, charitable, educational, or other tax-exempt organization account | The organization |
| 10. Partnership | The partnership |
| 11. A broker or registered nominee | The broker or nominee |
| 12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agriculture program payments | The public entity |

(1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.

- (2) Circle the minor's name and furnish the minor's social security number.
- (3) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your social security number or your employer identification number (if you have one).
- (4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the taxpayer identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

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GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9

PAGE 2

OBTAINING A NUMBER

If you do not have a taxpayer identification number, obtain Form SS-5, Application for a Social Security Card, at the local Social Security Administration office, or Form SS-4, Application for Employer Identification Number, by calling 1 (800) TAX-FORM, and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempt from withholding include:

- An organization exempt from tax under section 501(a), an individual retirement account (IRA), or a custodial account under Section 403(b)(7), if the account satisfies the requirements of Section 401(f)(2).
- The United States or a state thereof, the District of Columbia, a possession of the United States, or a political subdivision or wholly-owned agency or instrumentality of any one or more of the foregoing.
- An international organization or any agency or instrumentality thereof.
- A foreign government and any political subdivision, agency or instrumentality thereof.

Payees that may be exempt from backup withholding include:

- A corporation.
- A financial institution.
- A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
- A real estate investment trust.
- A common trust fund operated by a bank under Section 584(a).
- An entity registered at all times during the tax year under the Investment Company Act of 1940.
- A middleman known in the investment community as a nominee or a custodian.
- A futures commission merchant registered with the Commodity Futures Trading Commission.
- A foreign central bank of issue.
- A trust exempt from tax under Section 664 or described in Section 4947.

Payments of dividends and patronage dividends generally exempt from backup withholding include:

- Payments to nonresident aliens subject to withholding under Section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one non-resident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) payments made by an ESOP.

Payments of interest generally exempt from backup withholding include:

- Payments of interest on obligations issued by individuals. Note: You maybe subject to backup withholding if this Interest is \$600 or more and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under Section 852).
- Payments described in section 6049(b)(5) to non-resident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage or student loan interest paid to you.

Certain payments, other than payments of interest, dividends, and patronage dividends, that are exempt from information reporting are also exempt from backup withholding. For details, see sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N.

EXEMPT PAYEES DESCRIBED ABOVE MUST FILE FORM W-9 OR A SUBSTITUTE FORM W-9 TO

AVOID POSSIBLE ERRONEOUS BACKUP WITHHOLDING, FILE THIS FORM WITH THE PAYER.
FURNISH YOUR TAX-PAYER IDENTIFICATION NUMBER, COMPLETE PART 2 AND CHECK THE BOX
IN PART 4 OF THE FORM, AND RETURN TO THE PAYER IF THE PAYMENTS ARE OF INTEREST,
DIVIDENDS, OR PATRONAGE DIVIDENDS. ALSO SIGN AND DATE THE FORM.

PRIVACY ACT NOTICE. -- Section 6109 requires you to provide your correct
taxpayer identification number to payers, who must report the payments to the
IRS. The IRS uses the number for identification purposes and may also provide
this information to various government agencies for tax enforcement or
litigation purposes. Payers must be given the numbers whether or not recipients
are required to file tax returns. Payers must generally withhold 31% of taxable
interest, dividend, and certain other payments to a payee who does not furnish a
taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES

(1) FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER -- If you fail to furnish
your taxpayer identification number to a payer, you are subject to a penalty of
\$50 for each such failure unless your failure is due to reasonable cause and not
to willful neglect.

(2) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING -- If you
wish to make a false statement with no reasonable basis that results in no
backup withholding, you are subject to a \$500 penalty.

(3) CRIMINAL PENALTY FOR FALSIFYING INFORMATION -- Willfully falsifying
certifications or affirmations may subject you to criminal penalties including
fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX
CONSULTANT OR THE INTERNAL REVENUE SERVICE

This announcement is neither an offer to purchase nor a solicitation of an offer to sell LASMO Securities. The Offer is made in the United States by Amerada Hess Corporation solely by the Offer Document dated December ____, 2000 and related Letter of Transmittal and Form of Acceptance and is not being made to, nor will acceptances be accepted from or on behalf of, holders of LASMO Securities in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those United States jurisdictions whose securities laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of the Offeror by one or more registered brokers or dealers licensed under the laws of those jurisdictions. The Offer Document, the Letter of Transmittal, the Form of Acceptance and related materials should not be forwarded or transmitted in or into Canada, Australia or Japan.

NOTICE OF RECOMMENDED CASH AND SHARE OFFER

by

AMERADA HESS CORPORATION

and by

GOLDMAN SACHS INTERNATIONAL

on its behalf

(outside the United States)

for

all of the issued and to be issued share capital of
LASMO PLC

On the following basis:

| | |
|--|---|
| FOR EVERY 78.7 LASMO SHARES HELD | (POUND)98.29 IN CASH AND 1 NEW AMERADA HESS SHARE |
| FOR EVERY 78.7 LASMO ADSS HELD | (POUND)294.87 IN CASH AND 3 NEW AMERADA HESS SHARES |
| (EACH ADS REPRESENTING 3 LASMO SHARES) | |

Amerada Hess Corporation (the "Offeror"), is offering to purchase, on the terms and subject to the conditions set forth in the Offer Document dated December ____, 2000 (the "Offer Document"), the related Letter of Transmittal and Form of Acceptance (which, as amended or supplemented from time to time, together constitute the "Offer"), (i) all issued and to be issued ordinary shares of 25 pence each (the "LASMO Shares") of LASMO plc ("LASMO") for (pound)98.29 in cash and 1 new share of the Offeror for every 78.7 LASMO shares and (ii) all American Depositary Shares of LASMO, each representing three LASMO Shares ("ADSs") and evidenced by American Depositary Receipts ("ADRs"), for (pound)294.87 in cash and 3 new shares of the Offeror for every 78.7 ADSs. LASMO Shares and ADSs are referred to collectively as "LASMO Securities".

Holders of LASMO Securities who validly accept the Offer may elect to vary the proportions in which they receive shares of the Offeror and cash (the "Mix and Match Election"). The Mix and

Match Election will remain open until 3:00 p.m. (London time), 10:00 a.m. (New York time) on January __, 2001. The maximum number of new Offeror shares to be issued under the Offer and the maximum amount of cash to be paid under the Offer will not be varied as a result of the Mix and Match Election. Accordingly, the ability of holders of LASMO Securities to make a Mix and Match Election will depend on the extent to which other holders of LASMO Securities make opposite elections. Other relevant terms of the Mix and Match Election are set out in paragraph 5 of Part B of Appendix I of the Offer Document.

THE OFFER WILL EXPIRE AT 3:00 P.M. (LONDON TIME), 10:00 A.M. (NEW YORK CITY TIME), ON [WEEKDAY], JANUARY __, 2001, UNLESS THE OFFER IS EXTENDED (THE "INITIAL OFFER PERIOD"). AT THE CONCLUSION OF THE INITIAL OFFER PERIOD, INCLUDING ANY EXTENSION THEREOF, IF ALL CONDITIONS OF THE OFFER HAVE BEEN

SATISFIED, FULFILLED OR, WHERE PERMITTED, WAIVED, THE OFFER WILL BE EXTENDED FOR A SUBSEQUENT OFFER PERIOD OF AT LEAST 14 CALENDAR DAYS (THE "SUBSEQUENT OFFER PERIOD"). HOLDERS OF LASMO SECURITIES WILL HAVE THE RIGHT TO WITHDRAW THEIR ACCEPTANCES OF THE OFFER DURING THE INITIAL OFFER PERIOD, INCLUDING ANY EXTENSION THEREOF, BUT NOT DURING THE SUBSEQUENT OFFER PERIOD (OTHER THAN IN LIMITED CIRCUMSTANCES).

The Directors of LASMO who have been so advised by Schroder Salomon Smith Barney ("Schroder"), consider the terms of the Offer to be fair and reasonable. In providing advice to the Directors of LASMO, Schroder has taken into account the commercial assessments of such Directors. Accordingly, the Directors of LASMO unanimously recommend all holders of LASMO Securities to accept the Offer.

The Offer is conditional upon, among other things, valid acceptances being received (and not, where permitted, withdrawn) by the expiration of the Offer in respect of not less than 90% in nominal value of LASMO Shares (including LASMO Shares represented by ADSs) to which the Offer relates (or such lower percentage as the Offeror may decide), provided that such condition (the "Acceptance Condition") will not be satisfied unless the Offeror and/or its wholly owned subsidiaries shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise), LASMO Securities carrying in the aggregate more than 50% of the voting rights then exercisable at general meetings of LASMO. The Offeror reserves the right to reduce the percentage of LASMO Securities required to satisfy the Acceptance Condition at any time prior to all of the conditions being satisfied, fulfilled or, where permitted, waived. At least five business days prior to any such reduction, the Offeror will announce that it has reserved the right to reduce the Acceptance Condition. Such announcement will state the exact percentage to which the Acceptance Condition may be reduced, will state that such reduction is possible but that the Offeror need not declare its actual intentions until it is required to do so under the City Code on Takeovers and Mergers of the UK (the "City Code") and will contain language advising LASMO Securityholders to withdraw their LASMO Securities if their willingness to accept the Offer would be affected by a reduction of the Acceptance Condition. The Offeror will not make such an announcement unless the Offeror determines there is a significant possibility that sufficient number of acceptances will be received to permit the Acceptance Condition to be satisfied at

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such reduced level. Upon any announcement being made that the percentage of LASMO Shares (including LASMO Shares represented by ADSs) required to satisfy the Acceptance Condition may be reduced, the Offer shall not be capable of becoming or being declared unconditional in all respects until the expiry of at least five business days thereafter. LASMO Securityholders will be able to accept the Offer for at least five business days after a reduction of the Acceptance Condition either during the Initial Offer Period or the Subsequent Offer Period. Other conditions of the Offer are set out in Part A of Appendix I of the Offer Document.

The Offeror reserves the right (but will not be obliged, other than as may be required by the City Code or the Exchange Act (as defined below) and the rules and regulations thereunder) at any time or from time to time to extend the Offer and, in such event, will make a public announcement of such extension in the manner described below. Except with the consent of the Panel or Takeovers and Mergers of the UK (the "Panel"), the Offer shall not be capable of becoming unconditional as to acceptances (nor, therefore, unconditional in all respects) and, accordingly, the Initial Offer Period is not (except with the consent of the Panel) capable of being extended, after midnight (London time), 7:00 pm (New York City time), on [DAY 60]. Any decision to extend the Offer will be announced by 8:00 am (London time) in the United Kingdom and 8:00 am (New York City time) in the United States on the relevant day (or such later time and/or date as the Panel may agree).

If all of the conditions to the Offer are satisfied, fulfilled or, where permitted, waived at the expiration of the Initial Offer Period, the consideration for LASMO Securities purchased pursuant to the Offer will be paid, with respect to LASMO Securities tendered during the Initial Offer Period, within 14 calendar days after the expiration of the Initial Offer Period and, with respect to LASMO Securities tendered during the Subsequent Offer Period, within 14 calendar days of the tendering date. In all cases, payment of LASMO

Securities purchased pursuant to the Offer will be made only after timely receipt by either the Bank of New York in its capacity as depository for the Offer in the United States (the "US Depository") or Computershare Services PLC in its capacity as the UK receiving agent (the "UK Receiving Agent"), as the case may be, of (i) certificates representing the LASMO Shares, ADRs representing the ADSs, or (only in the case of ADSs) timely confirmation of a book-entry transfer of such ADSs evidenced by ADRs into the US Depository's account pursuant to the procedures set forth in the Offer Document, (ii) the Letter of Transmittal (in the case of acceptances relating to ADSs) or the relevant Form of Acceptance (in the case of acceptances relating to LASMO Shares), properly completed and duly executed, with any required signature guarantees, and (iii) any other documents required by the Letter of Transmittal or the Form of Acceptance. Instead of receiving cash consideration in pounds sterling, holders of LASMO Shares who so wish may elect, in accordance with the terms set forth in the Offer Document, to receive US dollars. Holders of LASMO ADSs are entitled under the terms of the Offer to receive cash consideration in pounds sterling. To facilitate the settlement of the Offer, unless they elect to receive pounds sterling, holders of LASMO ADSs will receive cash consideration in US dollars.

If all of the conditions to the Offer have been either satisfied, fulfilled or, to the extent permitted, waived and the Offeror has acquired or contracted to acquire, pursuant to the Offer or otherwise, at least 90 per cent. in nominal value of the LASMO Shares (including LASMO Shares represented by LASMO ADSs) to which the Offer relates, before the end of the four month

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period provided by the United Kingdom Companies Act, the Offeror will be entitled, and intends, to acquire the remaining LASMO Securities on the same terms as the Offer pursuant to the compulsory acquisition procedure set out in sections 428 to 430E of the United Kingdom Companies Act.

If a holder of ADSs wishes to accept the Offer in respect of ADSs and the ADRs evidencing such ADSs are not immediately available or the procedures for book-entry transfer cannot be completed on a timely basis, or if time will not permit all required documents to reach the US Depository while the Offer remains open for acceptances, such holder's acceptance of the Offer in respect of ADSs may be effected by following the guaranteed delivery procedures set forth in the Offer Document.

Except as described below and in the Offer Document, acceptances of the Offer for LASMO Securities are irrevocable. Acceptances of the Offer may be withdrawn pursuant to the procedures set out below at any time during the Initial Offer Period, including any extension thereof, but not during the Subsequent Offer Period, except in certain limited circumstances as described in the Offer Document. To be effective, a written notice of withdrawal must be timely received by the party (either the UK Receiving Agent or the US Depository) to whom the acceptance was originally sent at one of the addresses set forth in the Offer Document and must specify the name of the person who has tendered LASMO Securities, the number of LASMO Securities to be withdrawn and (if share certificates or ADSs have been tendered) the name of the registered holder of the LASMO Securities, if different from the name of the person whose acceptance is to be withdrawn. In respect of ADSs, if ADRs have been delivered or otherwise identified to the US Depository then, prior to the physical release of such ADRs, the serial numbers shown on such ADRs must be submitted, and, unless the ADSs evidenced by such ADRs have been delivered by an Eligible Institution (as defined in the Offer Document), the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If ADSs evidenced by ADRs have been delivered pursuant to the procedures for book-entry transfer set forth in the Offer Document, any notice of withdrawal must also specify the name and number of account at the Book-Entry Transfer Facility to be credited with the withdrawn ADSs and must otherwise comply with such Book-Entry Transfer Facility's procedures. All questions as to the validity (including time of receipt) of any notice of withdrawal will be determined by the Offeror, whose determination (except as required by the Panel) shall be final and binding.

The information required to be disclosed by Rule 14d-6(e) (1) (vii) of the General Rules and Regulations under the United States Securities Exchange Act of 1934,

as amended (the "Exchange Act"), is contained in the Offer Document and incorporated herein by reference. LASMO has provided the Offeror with LASMO shareholder list and security position listings for the purpose of disseminating the Offer to holders of LASMO Securities. The Offer Document, the Letter of Transmittal and/or the Form of Acceptance are being mailed to holders of record of LASMO Securities and are being furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names or the names of whose nominees appear as holders of record for subsequent transmittal to beneficial owners of LASMO Securities.

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THE OFFER DOCUMENT AND RELATED MATERIALS CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISIONS ARE MADE WITH RESPECT TO THE OFFER.

Requests for assistance or copies of the Offer Document, the Letter of Transmittal, the Form of Acceptance and all other related materials may be directed to the Information Agent as set forth below, and copies will be furnished promptly at the Offeror's expense. No fees or commissions will be paid to brokers, dealers or other persons (other than Goldman Sachs International and the Information Agent) for soliciting tenders of LASMO Securities pursuant to the Offer.

The Information Agent for the Offer is:

D.F. King & Co., Inc.

UNITED KINGDOM
2 London Wall Buildings
2nd Floor
London Wall
London EC2M 5PP
Freephone: 0800 169 6962
Collect: +44 (0)20 7920 9700

UNITED STATES
77 Water Street,
20th Floor
New York,
New York 10005
Toll-Free: 1 (800) 628 8536
Collect: (212) 269-5550

December ____, 2000

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RECOMMENDED CASH AND SHARE OFFER
BY

AMERADA HESS CORPORATION
AND BY

GOLDMAN SACHS INTERNATIONAL

ON ITS BEHALF
(OUTSIDE THE UNITED STATES)

FOR

ALL OF THE ISSUED AND TO BE ISSUED SHARE CAPITAL OF

LASMO PLC

Goldman Sachs International ("Goldman Sachs") announces on behalf of Amerada Hess Corporation ("Amerada Hess") that Goldman Sachs is making a recommended cash and share offer (the "Offer") on behalf of Amerada Hess (except in the United States, where Amerada Hess is making the Offer on its own behalf) to acquire all of the issued and to be issued share capital in LASMO plc ("LASMO"). The full terms and conditions of the Offer and the Mix and Match Election and the Loan Note Alternative (including details of how the Offer may be accepted) are set out in the offer document dated and posted on - December 2000 (the "Offer Document"), the Form of Acceptance and the Letter of Transmittal. Terms defined in the Offer Document have the same meanings in this advertisement.

The Offer is (pound)98.29 in cash and 1 new Amerada Hess Share for every 78.7 LASMO Shares held and (pound)294.87 and 3 new Amerada Hess Shares for every 78.7 LASMO ADSs held (each ADS representing 3 LASMO Shares)

The Offer values the entire issued share capital of LASMO plc (diluted for the likely exercise of outstanding options) at approximately (pound)2.4 billion.

Holders of LASMO Shares and/or ADSs ("LASMO Securityholders") who validly accept the Offer may elect under a Mix and Match Election to vary the proportions in which they receive Amerada Hess Shares and cash (and/or Loan Notes, if appropriate) as consideration, subject to other such holders making opposite elections.

As an alternative to some or all of the cash consideration which would otherwise be receivable under the Offer, holders of LASMO Shares (other than US persons and certain overseas shareholders) who validly accept the Offer will be entitled to Loan Notes to be issued by Amerada Hess. The Loan Notes will be issued on the basis of (pound)1 nominal value of Loan Notes for every (pound)1 of cash otherwise available under the Offer.

The Offer is made at 3.00 p.m. (London time), 10.00 a.m. (New York time) on - December 2000 and is capable of acceptance from and after that time. Copies of the Offer Document and Forms of Acceptance are available for collection from the UK Receiving Agent, Computershare Services PLC at PO Box 859, The Pavillions, Bridgwater Road, Bristol, BS99 1XZ or the Information Agent, D.F. King & Co., Inc. at 2 London Wall Buildings, 2nd Floor, London Wall, London EC2M 5PP.

The Offer is made to all LASMO Securityholders including those to whom the Offer Document may not be despatched who hold LASMO Securities, or who are entitled to have LASMO Securities unconditionally allotted or issued to them. The Offer will be open for acceptance until 3.00 p.m. (London time), 10.00 a.m. (New York time) on - 2001 (or such later time(s) and/or date(s) as Amerada Hess, subject to the rules of the City Code, may decide).

The board of LASMO, which has been so advised by Schroder Salomon Smith Barney, stated that it considers the terms of the Offer to be fair and reasonable and has unanimously recommended LASMO Securityholders to accept the Offer. The directors of LASMO, Schroder Investment Management and Electrafina S.A. have

irrevocably undertaken to accept the Offer in respect of their beneficial holdings amounting to 270,276,705 LASMO Shares representing approximately 20.1 per cent. of LASMO's existing issued share capital. In providing advice to the board of LASMO, Schroder Salomon Smith Barney has taken into account the commercial assessments of the LASMO directors.

The Offer, including the Loan Note Alternative, is not being made, directly or indirectly, in or into Canada, Australia or Japan and will not be capable of acceptance from within Canada, Australia or Japan. Accordingly the Offer Document and the Form of Acceptance or the Letter of Transmittal are not being and must not be mailed or otherwise distributed or sent in, into or from Canada, Australia or Japan.

The availability of the Offer to persons who are not resident in the United Kingdom or the United States may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom or the United States should inform themselves about and observe any applicable requirements and should read the details in this regard which are contained in Paragraph 9 of Part B of Appendix I of the Offer Document and the relevant provisions of the Form of Acceptance or Letter of Transmittal before taking any action.

This advertisement is not being published or otherwise distributed or sent to, into or from Canada, Australia or Japan. Persons reading this advertisement (including nominees, trustees and custodians) must not distribute or send this advertisement, the Offer Document, a Form of Acceptance or a Letter of Transmittal (or any other documentation related to the Offer) in, into or from Canada, Australia or Japan nor use the Canadian, Australian or Japanese

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mails for any purpose, directly or indirectly, in connection with the Offer. Doing so may invalidate any purported acceptance of the Offer.

The Loan Notes which may be issued pursuant to the Offer have not been and will not be listed on any stock exchange and have not been, and will not be, registered under the United States Securities Act of 1933 (as amended), or under the laws of any State of the United States, nor will any steps be taken to enable the Loan Notes to be offered in compliance with the applicable Securities Laws of Canada or Japan and no prospectus in relation to the Loan Notes has been, nor will be, lodged with the Australian Securities Commission. Accordingly, the Loan Notes may not be offered, sold, resold, or delivered or distributed, directly or indirectly, in or into the United States, or to or for the account or benefit of any US person, except pursuant to an exemption from, or in a transaction not subject to, the requirements of the Securities Act or the relevant securities laws of any State of the United States, Canada, Australia or Japan.

Goldman Sachs International, which is regulated in the United Kingdom by The Securities and Futures Authority Limited, is acting for Amerada Hess and no-one else in connection with the Offer and will not be responsible to anyone other than Amerada Hess for providing the protections afforded to customers of Goldman Sachs International nor for giving advice in relation to the Offer.

Schroder Salomon Smith Barney, which is regulated in the United Kingdom by The Securities and Futures Authority Limited, is acting for LASMO and no one else in connection with the Offer and will not be responsible to anyone other than LASMO for providing the protections afforded to customers of Schroder Salomon Smith Barney nor for giving advice in relation to the Offer.

The Directors of Amerada Hess as listed in the Offer Document, accept responsibility for the information contained in this advertisement and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

- December 2000