HESS CORP
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The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are part of an effective registration statement filed with the Securities and Exchange Commission. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 4, 2016

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus Dated February 27, 2015)

10,000,000 Depositary Shares

Each Representing a 1/20th Interest in a Share of

Series A Mandatory Convertible Preferred Stock

Hess Corporation

% Series A Mandatory Convertible Preferred Stock

We are offering 10,000,000 depositary shares, each of which represents a 1/20th interest in a share of our % Series A Mandatory Convertible Preferred Stock, $1.00 par value per share, which we refer to in this prospectus supplement as our mandatory convertible preferred stock. The shares of mandatory convertible preferred stock will be deposited with Computershare Trust Company, N.A., as bank depositary, pursuant to a deposit agreement. Holders of the depositary shares will be entitled to a proportional fractional interest in the rights and preferences of the mandatory convertible preferred stock, including conversion, dividend, liquidation and voting rights, subject to the provisions of such deposit agreement.

Dividends on our mandatory convertible preferred stock will be payable on a cumulative basis when, as and if declared by our board of directors, or an authorized committee of our board of directors, at an annual rate of % on the liquidation preference of $1,000 per share. We may pay declared dividends in cash or, subject to certain limitations, in shares of our common stock, par value $1.00 per share, or in any combination of cash and common stock on February 1, May 1, August 1 and November 1 of each year, commencing on May 1, 2016 and ending on, and including, February 1, 2019.

Each share of our mandatory convertible preferred stock has a liquidation preference of $1,000 (and, correspondingly, each depositary share represents a liquidation preference of $50). Unless earlier converted, each share of our mandatory convertible preferred stock will automatically convert on the third business day immediately following the last trading day of the final averaging period into between and shares of our common stock, subject to anti-dilution adjustments. The number of shares of our common stock issuable on conversion will be determined based on the average VWAP (as defined herein) of our common stock over the 20 trading day period beginning on, and including, the 23rd scheduled trading day prior to February 1, 2019, which we refer to herein as the final averaging period. At any time prior to February 1, 2019, a holder of 20 depositary shares may cause the bank depositary to convert one share of our mandatory convertible preferred stock, on such holder s behalf, into a number of shares of our common stock equal to the minimum conversion rate of , subject to anti-dilution adjustments. If a holder of 20 depositary shares causes the bank depositary to convert one share of our mandatory convertible preferred stock, on such holder s behalf, during a specified period beginning on the effective date of a fundamental change (as described herein), the conversion rate will be adjusted under certain circumstances, and such holder will also be entitled to a make-whole dividend amount (as described herein).

Concurrently with this offering, we are also making a public offering of 25,000,000 shares of our common stock, par value $1.00 per share. The common stock will be offered pursuant to a separate prospectus supplement. The public offering price of our common stock is $ per share. In that offering, we have granted the underwriters of that offering an option to purchase up to an additional 3,750,000 shares of our common stock. The closing of our offering of the depositary shares is not conditioned upon the closing of the concurrent offering of our common stock, and the closing of the concurrent offering of our common stock is not conditioned upon the closing of this offering of the depositary shares.

Prior to this offering, there has been no public market for the depositary shares. We intend to apply to list the depositary shares on The New York Stock Exchange under the symbol HES.PRA. Our common stock is listed on The New York Stock Exchange under the symbol HES.

Investing in the depositary shares involves risks. See Risk Factors beginning on page S-16 of this prospectus supplement and on page 14 of the Annual Report on Form 10-K incorporated by reference herein to read about important facts you should consider before buying depositary shares.

	Per Share	**Total**
Public offering price	$ 50	$ 500,000,000
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to Hess Corporation	$	$

We have granted the underwriters an option to purchase, exercisable within 30 days from the date of this prospectus supplement, up to an additional 1,500,000 depositary shares, at the public offering price, less the underwriting discount.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the depositary shares to investors on or about , 2016.

Goldman, Sachs & Co.

Prospectus Supplement dated , 2016.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part, the prospectus supplement, including the documents incorporated by reference therein, describes the specific terms of this offering and certain matters relating to us. The second part, the accompanying prospectus, including the documents incorporated by reference therein, provides more general information, some of which may not apply to this offering. The accompanying prospectus was filed as part of our registration statement on Form S-3ASR (Registration No. 333-202379) with the Securities and Exchange Commission (the SEC) on February 27, 2015, as part of a shelf registration process. Under the shelf registration process, we may sell any combination of debt securities, warrants, common stock, preferred stock, depositary shares, purchase contracts and units in one or more offerings. Generally, when we refer to this prospectus supplement, we are referring to both parts of this document combined. We urge you to read carefully this prospectus supplement, the accompanying prospectus, the information incorporated by reference herein and therein, and any free writing prospectus that we authorize to be distributed to you before buying any of the securities being offered under this prospectus supplement. This prospectus supplement may supplement, update or change information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with statements made in the accompanying prospectus or any documents incorporated by reference therein, the statements made in this prospectus supplement will be deemed to modify or supersede those made in the accompanying prospectus and such documents incorporated by reference therein.

Neither we nor the underwriters have authorized anyone to provide you with information that is different from that contained in or incorporated by reference into this prospectus supplement or the accompanying prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information provided by this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein or therein is accurate as of any date other than the respective dates of such documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

Before you invest in our preferred stock, you should carefully read the registration statement described in the accompanying prospectus (including the exhibits thereto) of which this prospectus supplement and the accompanying prospectus form a part, as well as this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. The documents incorporated by reference into this prospectus supplement are described under Incorporation of Certain Documents by Reference.

In this prospectus supplement, we, us, our, the Company and Hess refer to Hess Corporation and its direct and i subsidiaries, as the context requires.

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FORWARD-LOOKING INFORMATION

Some statements contained in this prospectus supplement and the accompanying prospectus, including information incorporated by reference, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and are intended to be covered by the safe harbor created by those sections. In particular, such statements are included in references to our future results of operations and financial position, liquidity and capital resources, capital expenditures, asset sales, oil and gas production, tax rates, debt repayment, hedging, derivatives, market risk and environmental disclosures, off-balance sheet arrangements and contractual obligations and contingencies. Words such as expect(s), feel(s), believe(s), will, may, anticipate(s), estimate(s), plan(s), intend(s), forecast(s), guidance, could, would and similar expressions are intended to identify forward-looking statements. Our forward-looking statements are based on our current understanding and assessment of relevant factors and reasonable assumptions about the future. They are subject to known and unknown risks and uncertainties, including commodity risks related to the change in price of crude oil and natural gas, as well as to changes in market conditions, interest rates, foreign currency values, tax rates, government regulations and other factors, including those described in Risk Factors included or incorporated by reference herein, which could cause actual results to differ materially from future results expressed or implied by those forward-looking statements.

Given these uncertainties, investors are cautioned not to place undue reliance on our forward-looking statements. Investors are also urged to carefully review and consider the various disclosures we make, which attempt to advise interested parties of the factors that affect our business, including the Risk Factors included or incorporated by reference herein and the reports we file with the SEC from time to time, specifically our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. Except to the extent otherwise required by federal securities laws, we disclaim any intent or obligation to update publicly any forward-looking statements set forth in this prospectus supplement, the accompanying prospectus, or incorporated by reference herein or therein, whether as a result of new information, future events or otherwise.

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OUR COMPANY

We are a global Exploration and Production (E&P) company that explores for, develops, produces, purchases and sells crude oil, natural gas liquids, and natural gas with production operations primarily in the United States (U.S.), Denmark, Equatorial Guinea, the Joint Development Area of Malaysia/Thailand, Malaysia, and Norway. Our Bakken Midstream operating segment, which was established in the second quarter of 2015, provides fee-based services including crude oil and natural gas gathering, processing of natural gas and the fractionation of natural gas liquids, transportation of crude oil by rail car, terminaling and loading crude oil and natural gas and the storage and terminaling of propane, primarily in the Bakken shale play of North Dakota.

We are a Delaware corporation. Our principal executive offices are located at 1185 Avenue of the Americas, New York, New York 10036, our operating headquarters are located at 1501 McKinney Street, Houston, Texas 77010 and our telephone number is (212) 997-8500. We maintain a website at http://www.hess.com where general information about us is available. We are not incorporating the contents of the website into this prospectus supplement.

To find more information about us, please see the sections entitled Where You Can Find More Information and Incorporation of Certain Documents by Reference.

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RECENT DEVELOPMENTS

On January 27, 2016, we issued a press release reporting our estimated fourth quarter results, including an adjusted net loss, which excludes items affecting comparability, of $396 million or $1.40 per common share, for the fourth quarter of 2015, compared with adjusted net income of $53 million or $0.18 per share in the fourth quarter of 2014. Lower realized selling prices reduced adjusted net income by approximately $420 million compared with the prior-year quarter. On an unadjusted basis, we reported a net loss of $1,821 million for the fourth quarter of 2015 compared with a net loss of $8 million in the fourth quarter of 2014. Fourth quarter 2015 results included noncash goodwill and other impairment related charges totaling $1,359 million after tax. The after-tax results by major operating activity were as follows:

	Three Months Ended December 31, (unaudited)		Year Ended December 31, (unaudited)	
	2015	2014	2015	2014
	(In millions, except per share amounts)			
Net Income (Loss) Attributable to Hess Corporation:				
Exploration and Production	$ (1,713)	$ 83	$ (2,717)	$ 2,086
Bakken Midstream	11	8	86	10
Corporate, Interest and Other	(111)	(96)	(377)	(404)
Net income (loss) from continuing operations	(1,813)	(5)	(3,008)	1,692
Discontinued operations	(8)	(3)	(48)	625
Net income (loss) attributable to Hess Corporation	$ (1,821)	$ (8)	$ (3,056)	$ 2,317
Net income (loss) per share (diluted)	$ (6.43)	$ (0.03)	$ (10.78)	$ 7.53
Adjusted Net Income (Loss) Attributable to Hess Corporation:				
Exploration and Production	$ (328)	$ 138	$ (866)	$ 1,544
Bakken Midstream	11	8	86	10
Corporate, Interest and Other	(79)	(93)	(333)	(330)
Adjusted net income (loss) from continuing operations	(396)	53	(1,113)	1,224
Discontinued operations				84
Adjusted net income (loss) attributable to Hess Corporation[(1)]	$ (396)	$ 53	$ (1,113)	$ 1,308
Adjusted net income (loss) per share (diluted)	$ (1.40)	$ 0.18	$ (3.93)	$ 4.25
Weighted average number of shares (diluted)	283.2	289.0	283.6	307.7

(1) We refer to the term adjusted net income (loss) in this prospectus supplement. Adjusted net income (loss) is a non-GAAP (as defined herein) financial measure, which we define as reported net income (loss) attributable to

Hess Corporation excluding items identified as affecting comparability of earnings between periods. A reconciliation of the differences between adjusted net income (loss) and the most comparable financial measure calculated and presented in accordance with accounting principles generally accepted in the United States of America (GAAP) is below under *Reconciliation of U.S. GAAP to Non-GAAP Measures.* Management believes that this non-GAAP financial measure provides an additional means of analyzing our results. However, it should be viewed in addition to, and not as a substitute for, our reported results prepared in accordance with GAAP and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. Management uses this supplemental non-GAAP financial measure internally to understand, manage and evaluate our financial performance and make operating decisions.

Exploration and Production:

The Exploration and Production adjusted net loss in the fourth quarter of 2015 was $328 million compared with adjusted net income of $138 million in the fourth quarter of 2014. On an unadjusted basis, Exploration and Production had a net loss of $1,713 million in the fourth quarter of 2015, compared with net income of $83 million in the fourth quarter of 2014. Our average worldwide crude oil selling price, including the effect of hedging, was down 42 percent to $43.73 per barrel in the fourth quarter of 2015 from $75.34 per barrel in the fourth quarter of 2014. The average worldwide natural gas liquids selling price was $9.61 per barrel, down from $22.37 per barrel in the year-ago quarter while the average worldwide natural gas selling price was $3.44 per mcf in the fourth quarter of 2015 compared with $5.24 per mcf in the fourth quarter a year ago.

Excluding production from assets sold and Libya, pro forma net production in the fourth quarter of 2015 was 358,000 barrels of oil equivalent per day (boepd), up 4 percent from 343,000 boepd in the fourth quarter of 2014. Production growth at the Utica shale play (17,000 boepd), the Bakken shale play (7,000 boepd) and the Gulf of Mexico (5,000 boepd) was offset by lower production from the Joint Development area of Malaysia/Thailand (10,000 boepd) and Denmark (5,000 boepd). Our Algeria operations, which had production of 10,000 boepd in the fourth quarter of 2015 (9,000 boepd in the fourth quarter of 2014) were sold in December. We expect 2016 net production to be lower than 2015 net production. In addition, selling prices have declined thus far in 2016.

Oil and Gas Reserve Estimates:

Oil and gas proved reserves were 1,086 million barrels of oil equivalent (boe) at December 31, 2015, compared with 1,431 million boe at December 31, 2014. Lower crude oil prices and reduced drilling plans resulted in negative revisions to proved reserves of 282 million boe. Proved reserve additions and other technical revisions added 84 million boe in 2015, primarily from Bakken drilling activity in 2015. Proved developed reserves at December 31, 2015 were 795 million boe, up from 762 million boe at December 31, 2014.

Bakken Midstream:

Our Bakken Midstream segment had net income of $11 million in the fourth quarter of 2015 compared to $8 million in the prior-year quarter.

Capital and Exploratory Expenditures:

Exploration and Production capital and exploratory expenditures were $943 million in the fourth quarter of 2015 down from $1,575 million in the prior-year quarter reflecting reduced activities primarily in the United States, Norway and Equatorial Guinea Full year 2016 E&P capital and exploratory expenditures are forecast to be $2.4 billion or 40 percent lower than 2015.

Bakken Midstream capital expenditures were $103 million in the fourth quarter of 2015 and $133 million in the year-ago quarter. In 2016, the Bakken Midstream capital budget is $340 million up from full year 2015 capital expenditures of $296 million.

Liquidity:

Cash provided by operating activities was $623 million in the fourth quarter of 2015, compared with $1,074 million in the fourth quarter of 2014. At December 31, 2015, cash and cash equivalents, excluding Bakken Midstream, were $2,713 million compared with $2,444 million at December 31, 2014. Total debt, excluding Bakken Midstream, was

$5,920 million at December 31, 2015 compared with $5,987 million at December 31, 2014. Our debt to capitalization ratio, excluding Bakken Midstream, at December 31, 2015 was 24.4 percent. The debt to capitalization ratio at December 31, 2014 was 21.2 percent.

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Reconciliation of U.S. GAAP to Non-GAAP Measures:

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

	Three Months Ended December 31, (unaudited)		Year Ended December 31, (unaudited)	
	2015	2014	2015	2014
	(In millions)			
Net income (loss) attributable to Hess Corporation	$ (1,821)	$ (8)	$ (3,056)	$ 2,317
Less: Total items affecting comparability of earnings between periods	(1,425)	(61)	(1,943)	1,009
Adjusted net income (loss) attributable to Hess Corporation	$ (396)	$ 53	$ (1,113)	$ 1,308

Items Affecting Comparability of Earnings Between Periods:

The following table reflects the total after-tax income (expense) of items affecting comparability of earnings between periods:

	Three Months Ended December 31, (unaudited)		Year Ended December 31, (unaudited)	
	2015	2014	2015	2014
	(In millions)			
Exploration and Production	$ (1,385)	$ (55)	$ (1,851)	$ 542
Bakken Midstream				
Corporate, Interest and Other	(32)	(3)	(44)	(74)
Discontinued operations	(8)	(3)	(48)	541
Total items affecting comparability of earnings between periods	$ (1,425)	$ (61)	$ (1,943)	$ 1,009

Fourth quarter 2015 Exploration and Production results contained noncash charges of $1,359 million resulting from the low commodity price environment, including a nontaxable goodwill impairment charge related to the E&P segment of $1,098 million that was allocated in our financial results to U.S. and international operations. In addition, exploration costs include charges totaling $178 million after tax ($271 million pre tax) for the write-off of previously capitalized gas wells in Ghana, three previously capitalized wells in Australia that are not included in the most recent development concept, and the impairment of certain leasehold costs in the Gulf of Mexico. We also recognized an asset impairment charge of $83 million after tax ($133 million pre tax) associated with our legacy conventional assets in North Dakota.

Corporate, Interest and Other fourth quarter results include after tax charges of $41 million ($66 million pre tax) for our estimated liability resulting from HOVENSA LLC s bankruptcy settlement.

Our estimated fourth quarter results are subject to completion of audit procedures which could result in revising the information provided above.

Concurrent Common Stock Offering

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 25 million shares of our common stock (or 28.75 million shares, if the underwriters exercise their option to purchase up to an additional 3.75 million shares of our common stock in full) for cash. We estimate that the net proceeds from the concurrent common stock offering, after reflecting the underwriting discount and estimated offering expenses, will be approximately $ million (or $ million if the underwriters exercise their option to purchase additional shares of our common stock in full). There can be no assurance that the concurrent common stock offering will be completed.

The offering of depositary shares pursuant to this prospectus supplement and the accompanying prospectus is not contingent upon the closing of our concurrent common stock offering, and the concurrent offering of our common stock is not contingent upon the closing of the offering of depositary shares hereunder.

This prospectus supplement is not an offer to sell or a solicitation of an offer to buy any common stock being offered in the concurrent common stock offering.

Credit Ratings

Due to recent significant decreases in crude oil and U.S. natural gas prices, credit rating agencies are currently reviewing many companies in the industry, including us. On February 2, 2016, our corporate credit rating was downgraded by Standard & Poor s Ratings Services to BBB- (stable) from BBB (stable) and we anticipate that Moody s Investor Services, Inc. and Fitch Ratings are also likely to review our ratings and may decrease our ratings and outlook in the near term. Any rating downgrades will likely increase our future cost of financing and have a negative effect on the value of our indebtedness.

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THE OFFERING

The summary below describes the principal terms of the depositary shares and our mandatory convertible preferred stock. Certain of the terms and conditions described below are subject to important limitations and exceptions. Refer to the section of the accompanying prospectus entitled Description of the Preferred Stock, as supplemented by the Description of Mandatory Convertible Preferred Stock section of this prospectus supplement, for a more detailed description of the terms of the mandatory convertible preferred stock. As used in this section, the terms Hess, us, we, or our refer to Hess Corporation and not to any of its subsidiaries.

Securities we are offering	10,000,000 depositary shares, each of which represents a 1/20th interest in a share of our % Series A Mandatory Convertible Preferred Stock, $1.00 par value per share, which we refer to in this prospectus supplement as our mandatory convertible preferred stock. Each depositary share entitles the holder of such depositary share, through the bank depositary, to a proportional fractional interest in the rights and preferences of such share of mandatory convertible preferred stock, including conversion, dividend, liquidation and voting rights, subject to the terms of the deposit agreement.
Underwriters option	We have granted the underwriters a 30-day option to purchase up to 1,500,000 additional depositary shares, at the public offering price, less the underwriting discount.
Public offering price	$50 per depositary share.
Liquidation preference	$1,000 per share of our mandatory convertible preferred stock (equivalent to $50 per depositary share).
Dividends	% of the liquidation preference of $1,000 per share of our mandatory convertible preferred stock per year. Dividends will accumulate from the initial issue date (as defined below) and, to the extent that we are legally permitted to pay dividends and our board of directors, or an authorized committee thereof, declares a dividend payable with respect to our mandatory convertible preferred stock, we will pay such dividends in cash or, subject to certain limitations, by delivery of shares of our common stock or through any combination of cash and shares of our common stock, as determined by us in our sole discretion; *provided* that any unpaid dividends will continue to accumulate. Dividends that are declared will be payable on the dividend payment dates (as described below) to holders of record on the January 15, April 15, July 15 or October 15, as the case may be, immediately preceding the relevant dividend payment date (each, a

record date), whether or not such holders convert their depositary shares, or such depositary shares are automatically converted, after a record date and on or prior to the immediately succeeding dividend payment date. The expected dividend payable on the first dividend payment date is approximately $ per share of our mandatory convertible preferred stock (equivalent to $ per depositary share). Each subsequent dividend is expected to be approximately $ per share of our mandatory convertible preferred stock

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(equivalent to $ per depositary share). See Description of Mandatory Convertible Preferred Stock Dividends.

If we elect to make any payment of a declared dividend, or any portion thereof, in shares of our common stock, such shares shall be valued for such purpose at the average VWAP per share (as defined under Description of Mandatory Convertible Preferred Stock Definitions), of our common stock over the five consecutive trading day period ending on the second trading day immediately preceding the applicable dividend payment date (the five-day average price), *multiplied by* 97%. Notwithstanding the foregoing, in no event will the number of shares of our common stock delivered in connection with any declared dividend exceed a number equal to the total dividend payment *divided by* $, which amount represents approximately 35% of the initial price (as defined below), subject to adjustment in a manner inversely proportional to any adjustment to each fixed conversion rate (such dollar amount, as adjusted, the floor price). To the extent that the amount of the declared dividend as to which we have elected to deliver shares of our common stock in lieu of paying cash exceeds the product of the number of shares of common stock delivered in connection with such declared dividend and 97% of the five-day average price, we will, if we are legally able to do so, notwithstanding any notice by us to the contrary, pay such excess amount in cash.

The initial price equals $1,000, *divided by* the maximum conversion rate (as defined below), rounded to the nearest $0.0001, and is approximately equal to the per share public offering price of our common stock in the concurrent offering of our common stock (or, if such concurrent offering does not price, the closing price of our common stock on February , 2016).

Dividend payment dates

February 1, May 1, August 1 and November 1 of each year, commencing on May 1, 2016 and ending on, and including, February 1, 2019.

Redemption

Neither the depositary shares nor our mandatory convertible preferred stock is redeemable.

Mandatory conversion date

The third business day immediately following the last trading day of the final averaging period (as defined below). The mandatory conversion date is expected to be February 1, 2019.

Mandatory conversion

On the mandatory conversion date, each outstanding share of our mandatory convertible preferred stock, unless previously converted, will automatically convert into a number of shares of our common stock equal to the conversion rate as described below, and each depositary share will automatically convert into a number of shares of common stock equal to a proportionate fractional interest in such shares of common stock.

If we declare a dividend for the dividend period ending on February 1, 2019, we will pay such dividend to the holders of record on the applicable record date, as described above. If, on or prior to January 15, 2019, we have not declared all or any portion of all accumulated and unpaid dividends on the mandatory convertible preferred stock, the conversion rate will be adjusted so that holders receive an additional number of shares of common stock equal to the amount of accumulated and unpaid dividends that have not been declared (the additional conversion amount), *divided by* the greater of (i) the floor price and (ii) 97% of the five-day average price. To the extent that the additional conversion amount exceeds the product of such number of additional shares and 97% of the five-day average price, we will, if we are legally able to do so, pay such excess amount in cash.

Conversion rate

Upon conversion on the mandatory conversion date, the conversion rate for each share of our mandatory convertible preferred stock will be not more than shares of common stock and not less than shares of common stock (respectively, the maximum conversion rate and the minimum conversion rate), depending on the applicable market value of our common stock, as described below and subject to certain anti-dilution adjustments. Correspondingly, the conversion rate per depositary share will be not more than shares of common stock and not less than shares of common stock.

The applicable market value of our common stock is the average VWAP per share of our common stock over the final averaging period. The final averaging period is the 20 consecutive trading day period beginning on, and including, the 23rd scheduled trading day immediately preceding February 1, 2019. The conversion rate will be calculated as described under Description of Mandatory Convertible Preferred Stock Mandatory Conversion. The following table illustrates the conversion rate per share of our mandatory convertible preferred stock, subject to certain anti-dilution adjustments.

Applicable market value of our common stock	**Conversion rate per share of mandatory convertible preferred stock**
Greater than the threshold appreciation price	shares of common stock
Equal to or less than the threshold appreciation price but greater than or equal to the initial price	Between and shares of common stock, determined by dividing $1,000 by

	the applicable market value
Less than the initial price	shares of common stock

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The following table illustrates the conversion rate per depositary share, subject to certain anti-dilution adjustments:

Applicable market value of our common stock	Conversion rate per depositary share
Greater than the threshold appreciation price	shares of common stock
Equal to or less than the threshold appreciation price but greater than or equal to the initial price	Between and shares of common stock, determined by dividing $50 by the applicable market value
Less than the initial price	shares of common stock

The threshold appreciation price equals $1,000, *divided by* the minimum conversion rate, rounded to the nearest $0.0001, and represents an approximately % appreciation over the initial price.

Conversion at the option of the holder

Other than during a fundamental change conversion period (as defined below), at any time prior to February 1, 2019, a holder of mandatory convertible preferred stock may elect to convert such holder s shares of our mandatory convertible preferred stock, in whole or in part, at the minimum conversion rate of shares of common stock per share of mandatory convertible preferred stock (equivalent to shares of common stock per depositary share) as described under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder. This minimum conversion rate is subject to certain anti-dilution and other adjustments. Because each depositary share represents a 1/20th fractional interest in a share of our mandatory convertible preferred stock, a holder of depositary shares may convert its depositary shares only in lots of 20 depositary shares.

If, as of the effective date of any early conversion (the early conversion date), we have not declared all or any portion of the accumulated and unpaid dividends for all full dividend periods ending on the dividend payment date prior to such early conversion date, the conversion rate will be adjusted so that converting holders receive an additional number of shares of common stock equal to such amount of accumulated and unpaid dividends that have not been declared for such full dividend periods (the early conversion additional conversion amount), *divided by* the greater of (i) the floor price and (ii) the average VWAP per share of our common stock over the 20 consecutive trading day period ending on, and including, the third trading day immediately preceding the early conversion date (the early conversion average price). To the extent that the early conversion additional conversion amount exceeds the product of such number of additional shares and the early conversion average price, we will not have any obligation to pay the shortfall in cash.

Conversion at the option of the holder upon a fundamental change; fundamental change dividend make-whole amount

If a fundamental change (as defined under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount) occurs on or prior to February 1, 2019, holders of the mandatory convertible preferred stock will have the right to convert their shares of mandatory convertible preferred stock, in whole or in part, into shares of common stock at the fundamental change conversion rate during the period beginning on, and including, the effective date of such fundamental change and ending on, and including, the date that is 20 calendar days after such effective date (or, if later, the date that is 20 calendar days after holders receive notice of such fundamental change, but in no event later than February 1, 2019). The fundamental change conversion rate will be determined based on the effective date of the fundamental change and the price paid (or deemed paid) per share of our common stock in such fundamental change. Holders who convert shares of our mandatory convertible preferred stock during that period will also receive (1) a fundamental change dividend make-whole amount equal to the present value (calculated using a discount rate of % per annum) of all dividend payments on such shares (excluding any accumulated and unpaid dividends for any dividend period prior to the effective date of the fundamental change, including for the partial dividend period, if any, from, and including, the dividend payment date immediately preceding the effective date to, but excluding, the effective date (collectively, the accumulated dividend amount)) for all the remaining full dividend periods and for the partial dividend period from, and including, the effective date to, but excluding, the next dividend payment date, and (2) to the extent that there is any accumulated dividend amount, the accumulated dividend amount (clauses (1) and (2), together, the make-whole dividend amount), in the case of clauses (1) and (2), subject to our right to deliver shares of our common stock in lieu of all or part of such make-whole dividend amount; *provided* that if the effective date or the conversion date falls after the record date for a declared dividend and prior to the next dividend payment date, such dividend will be paid on such dividend payment date to the holders as of such record date, such dividend will not be included in the accumulated dividend amount, and the fundamental change dividend make-whole amount will not include the present value of the payment of such dividend. Because each depositary share represents a 1/20th fractional interest in a share of our mandatory convertible preferred stock, a holder of depositary shares may convert its depositary shares upon a fundamental change only in lots of 20 depositary shares.

If we elect to make any payment of the make-whole dividend amount, or any portion thereof, in shares of our common stock, such shares shall be valued for such purpose at 97% of the price paid (or deemed

paid) per share of our common stock in the fundamental change. Notwithstanding the foregoing, in no event will the number of shares of our common stock that we deliver in lieu of paying all or a portion of the make-whole dividend amount in cash exceed a number equal to the portion of the make-whole dividend amount to be paid by the delivery of common stock *divided by* the greater of (i) the floor price and (ii) 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change. To the extent that the portion of the make-whole dividend amount as to which we have elected to deliver shares of common stock in lieu of paying cash exceeds the product of the number of shares of common stock delivered in respect of such portion of the make-whole dividend amount and 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change, we will, if we are legally able to do so, notwithstanding any notice by us to the contrary, pay such excess amount in cash.

In addition, if we are prohibited from paying or delivering, as the case may be, the make-whole dividend amount (whether in cash or in shares of our common stock), in whole or in part, due to limitations of applicable Delaware law, the conversion rate will instead be increased by a number of shares of common stock equal to the cash amount of the aggregate unpaid and undelivered make-whole dividend amount, *divided by* the greater of (i) the floor price and (ii) 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change. To the extent that the cash amount of the aggregate unpaid and undelivered make-whole dividend amount exceeds the product of such number of additional shares and 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change, we will not have any obligation to pay the shortfall in cash.

See Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount.

Anti-dilution adjustments

The conversion rate may be adjusted in the event of, among other things: (1) stock dividends or distributions; (2) certain distributions to holders of our common stock of rights or warrants to purchase our common stock; (3) subdivisions or combinations of our common stock; (4) certain distributions to holders of our common stock of evidences of our indebtedness, shares of capital stock, securities, rights to acquire our capital stock, cash or other assets, including by spin-off; (5) certain distributions to holders of our common stock of cash; and (6) certain tender or exchange offers by us or one of our subsidiaries for our common stock, in each case subject to certain exceptions. See Description of Mandatory Convertible Preferred Stock Anti-dilution

Adjustments.

Voting rights	Except as specifically required by Delaware law or our Restated Certificate of Incorporation, which will include the certificate of

designations for the mandatory convertible preferred stock, the holders of mandatory convertible preferred stock will have no voting rights.

Whenever dividends on shares of mandatory convertible preferred stock have not been declared and paid for six or more dividend periods (including, for the avoidance of doubt, the dividend period beginning on, and including, the initial issue date and ending on, but excluding, May 1, 2016), whether or not consecutive, the holders of the mandatory convertible preferred stock, voting together as a single class with holders of all other preferred stock of equal rank having similar voting rights, will be entitled at our next special or annual meeting of stockholders to vote for the election of a total of two additional members of our board of directors, subject to certain limitations.

We will not, without the affirmative vote or consent of holders of at least two-thirds of the outstanding shares of mandatory convertible preferred stock and all other preferred stock of equal rank having similar voting rights, voting together as a single class, (1) authorize or create, or increase the authorized amount of, any specific class or series of stock ranking senior to the mandatory convertible preferred stock; (2) amend, alter or repeal the provisions of our Restated Certificate of Incorporation so as to adversely affect the rights, preferences, privileges or voting powers of the mandatory convertible preferred stock; or (3) consummate a binding share exchange or reclassification involving shares of mandatory convertible preferred stock or a merger or consolidation of us with another entity unless the mandatory convertible preferred stock remains outstanding or is replaced by preference securities with terms no less favorable to holders in any material respect, in each case, subject to certain exceptions.

See Description of Mandatory Convertible Preferred Stock Voting Rights and Description of Depositary Shares Voting the Mandatory Convertible Preferred Stock.

Ranking

The mandatory convertible preferred stock will rank with respect to dividend rights and/or rights upon our liquidation, winding-up or dissolution, as applicable:

senior to (i) our common stock and (ii) each other class or series of capital stock issued after the original issue date of the mandatory convertible preferred stock (which we refer to as the initial issue date) the terms of which do not expressly provide that such capital stock ranks either (x) senior to the mandatory convertible preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution or (y) on a parity with the mandatory convertible preferred stock as to dividend rights and rights upon our liquidation, winding-up or dissolution (which we refer to collectively as junior stock);

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on a parity with any class or series of capital stock issued after the initial issue date the terms of which expressly provide that such capital stock will rank on a parity with the mandatory convertible preferred stock as to dividend rights and rights upon our liquidation, winding-up or dissolution (which we refer to collectively as parity stock);

junior to each class or series of capital stock issued after the initial issue date the terms of which expressly provide that such capital stock will rank senior to the mandatory convertible preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution (which we refer to collectively as senior stock); and

junior to our existing and future indebtedness.

In addition, the mandatory convertible preferred stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, will be structurally subordinated to existing and future indebtedness of our subsidiaries as well as the capital stock of our subsidiaries held by third parties.

At September 30, 2015, we had total outstanding consolidated debt of approximately $6,552 million and no outstanding shares of preferred stock.

Related party purchases

John B. Hess, our Chief Executive Officer, and certain Hess family trusts have indicated their intention to purchase in the aggregate of our depositary shares for an aggregate purchase price of $ million in this offering, and to purchase in the aggregate shares of our common stock for an aggregate purchase price of $ million in the concurrent common stock offering.

Use of proceeds

We expect to receive net proceeds from this offering of approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional depositary shares in full), after deducting the underwriting discounts and estimated offering expenses. We expect to enter into capped call transactions with one or more of the underwriters or their affiliates (the option counterparties). We intend to use approximately $ million of the net proceeds from this offering to pay the cost of the capped call transactions. The remaining net proceeds from this offering, as well as the net proceeds from the concurrent common stock offering will strengthen our balance sheet and will be used for general corporate purposes, including funding our longer term capital needs. See Use of Proceeds.

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If the underwriters exercise their option to purchase additional depositary shares, we expect to use a portion of the net proceeds from the sale of the additional depositary shares to enter into additional capped call transactions with the option counterparties and for general corporate purposes.

Material U.S. federal tax consequences

The material U.S. federal income tax consequences of purchasing, owning and disposing of the depositary shares and any common stock received upon their conversion are described under United States Federal Income Tax Considerations.

Capped call transactions

In connection with the pricing of the depositary shares, we expect to enter into capped call transactions with the option counterparties. The capped call transactions are expected generally to reduce potential dilution to our common stock upon any conversion of mandatory convertible preferred stock, with such reduction subject to a cap. If the underwriters exercise their option to purchase additional depositary shares, we expect to enter into additional capped call transactions with the option counterparties.

In connection with establishing their initial hedge of the capped call transactions, the option counterparties or affiliates thereof expect to enter into various derivative transactions with respect to our common stock concurrently with or shortly after the pricing of the depositary shares. This activity could increase (or reduce the size of any decrease in) the market price of our common stock or the depositary shares at that time.

In addition, the option counterparties or affiliates thereof may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of the depositary shares and prior to the mandatory conversion date (and are likely to do so during the final averaging period). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the depositary shares, which could affect the value of the shares of our common stock that you will receive upon conversion of the mandatory convertible preferred stock and, to the extent the activity occurs during the final averaging period, it could also affect the number of shares of our common stock that you will receive upon conversion.

Listing

We intend to apply to list the depositary shares on The New York Stock Exchange under the symbol HES.PRA. Our common stock is listed on

	The New York Stock Exchange under the symbol HES.
Concurrent offering of common stock	Concurrently with this offering, we are also making a public offering of 25 million shares of our common stock pursuant to a separate

	prospectus supplement. In that offering, we have granted the underwriters of that offering an option to purchase up to an additional 3.75 million shares of our common stock. The closing of our offering of the depositary shares is not conditioned upon the closing of the concurrent offering of our common stock, and the closing of the concurrent offering of our common stock is not conditioned upon the closing of this offering of the depositary shares.
Transfer agent and registrar	Computershare Trust Company, N.A. is the transfer agent and registrar for the mandatory convertible preferred stock and our common stock.
Risk factors	See Risk Factors beginning on page S-16 of this prospectus supplement for a discussion of risks you should carefully consider before deciding to invest in the depositary shares.

As of January 31, 2016, 286,005,295 shares of common stock were outstanding, which excludes 6,911,378 shares of common stock upon exercise of outstanding options issuable under our equity compensation plans, 14,160,713 shares reserved for future issuance under such plans, our concurrent offering of common stock and shares of common stock issuable upon conversion of our mandatory convertible preferred stock (or shares of common stock issuable upon conversion of our mandatory convertible preferred stock if the underwriters exercise their option in respect of this offering in full), in each case, subject to anti-dilution, make-whole and other adjustments.

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RISK FACTORS

You should carefully consider the risks described below together with the risk factors described in reports we file with the SEC and incorporated by reference into the accompanying prospectus, as well as all of the other information in, and incorporated by reference into, this prospectus supplement and the accompanying prospectus, including in our Annual Report on Form 10-K for the year ended December 31, 2014, before you decide to invest in our depositary shares. If any of the risks actually occur, our business, financial condition or results of operations could suffer. In that event, you may lose all or part of your investment in the depositary shares.

Risks Related to the Depositary Shares and Our Mandatory Convertible Preferred Stock

You are making an investment decision in the depositary shares as well as in our mandatory convertible preferred stock.

As described in this prospectus supplement, you are investing in depositary shares that represent fractional interests in our mandatory convertible preferred stock. The bank depositary will rely solely on the dividend payments and other distributions on the mandatory convertible preferred stock it receives from us to fund all dividend payments and other distributions on the depositary shares.

You will bear the risk of a decline in the market price of our common stock between the pricing date for the depositary shares and the mandatory conversion date.

The number of shares of our common stock that you would receive upon mandatory conversion of our mandatory convertible preferred stock (and the related conversion of the depositary shares) is not fixed, but instead will depend on the applicable market value, which is the average VWAP per share of our common stock over the final averaging period, which is the 20 consecutive trading day period beginning on, and including, the 23rd scheduled trading day immediately preceding February 1, 2019, which is the scheduled mandatory conversion date. The aggregate market value of the shares of our common stock that you would receive upon mandatory conversion may be less than the aggregate liquidation preference of the mandatory convertible preferred stock represented by your depositary shares. Specifically, if the applicable market value of our common stock is less than the initial price of $ (which is approximately equal to the per share public offering price of our common stock in the concurrent offering of our common stock (or, if such concurrent offering does not price, the closing price of our common stock on February , 2016)), subject to certain anti-dilution adjustments, the market value of the shares of our common stock that you would receive upon mandatory conversion of each share of mandatory convertible preferred stock will be less than the $1,000 liquidation preference per share of mandatory convertible preferred stock (and, accordingly the market value of shares of our common stock that you would receive upon mandatory conversion of each depositary share will be less than the $50 liquidation preference per depositary share), and an investment in the depositary shares would result in a loss. Accordingly, you will bear the entire risk of a decline in the market price of our common stock. Any such decline could be substantial.

In addition, because the number of shares delivered to you upon mandatory conversion will be based upon the applicable market value, which is the average VWAP per share of our common stock over the final averaging period, the shares of common stock you receive upon mandatory conversion may be worth less than the shares of common stock you would have received had the applicable market value been equal to the VWAP per share of our common stock on the mandatory conversion date or the average VWAP of our common stock over a different period of days.

Purchasers of the depositary shares may not realize any or all of the benefit of an increase in the market price of shares of our common stock.

The aggregate market value of the shares of our common stock that you will receive upon mandatory conversion of each share of our mandatory convertible preferred stock (and the related conversion of the

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depositary shares) on the mandatory conversion date will only exceed the liquidation preference of $1,000 per share of mandatory convertible preferred stock (and the liquidation preference of $50 per depositary share) if the applicable market value of our common stock exceeds the threshold appreciation price of $, subject to certain anti-dilution adjustments. The threshold appreciation price represents an appreciation of approximately % over the initial price. If the applicable market value of our common stock exceeds the threshold appreciation price, you will receive on the mandatory conversion date approximately % (which percentage is approximately equal to the initial price *divided by* the threshold appreciation price) of the value of our common stock that you would have received if you had made a direct investment in our common stock on the date of this prospectus supplement. This means that the opportunity for equity appreciation provided by an investment in the depositary shares (and the underlying mandatory convertible preferred stock) is less than that provided by a direct investment in shares of our common stock.

In addition, if the market value of our common stock appreciates and the applicable market value of our common stock is equal to or greater than the initial price but less than or equal to the threshold appreciation price, the aggregate market value of the shares of our common stock that you would receive upon mandatory conversion will only be equal to the aggregate liquidation preference of the mandatory convertible preferred stock (and, correspondingly, the aggregate market value of our common stock that you would receive upon the related mandatory conversion of the depositary shares will only be equal to the aggregate liquidation preference of the depositary shares), and you will realize no equity appreciation on our common stock.

The market price of our common stock, which may fluctuate significantly, will directly affect the market price for the depositary shares.

We expect that, generally, the market price of our common stock will affect the market price of the depositary shares more than any other single factor. This may result in greater volatility in the market price of the depositary shares than would be expected for nonconvertible preferred stock or depositary shares representing nonconvertible preferred stock. The market price of our common stock could fluctuate significantly in response to a number of factors, including the market prices of crude oil, natural gas liquids and natural gas, which are influenced by the Organization of Petroleum Exporting Countries (OPEC), worldwide supply and demand, exploration, development and production costs, the price and availability of alternative fuels or energy and conservation and environmental protection efforts, among other factors, the successful replacement of our oil and gas production and reserves, changing laws and regulations that may impact our business, our ability to obtain financing on satisfactory terms, changes in recommendations by financial analysts as well as economic, financial, political and other factors, many of which are beyond our control. For more information regarding such factors, see the section of this prospectus supplement below entitled Risks Related to Ownership of Our Common Stock and Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014.

In addition, we expect that the market price of the depositary shares will be influenced by yield and interest rates in the capital markets, the time remaining to the mandatory conversion date, our creditworthiness and the occurrence of certain events affecting us that do not require an adjustment to the fixed conversion rates. Fluctuations in yield rates in particular may give rise to arbitrage opportunities based upon changes in the relative values of the depositary shares and our common stock. Any such arbitrage could, in turn, affect the market prices of our common stock and the depositary shares. The market price of our common stock could also be affected by possible sales of our common stock by investors who view the depositary shares as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our common stock. This trading activity could, in turn, affect the market price of the depositary shares.

Recent regulatory actions may adversely affect the trading price and liquidity of the depositary shares.

We expect that many investors in, and potential purchasers of, the depositary shares will employ, or seek to employ, a convertible arbitrage strategy with respect to the depositary shares. Investors would typically implement such a strategy by selling short the common stock underlying the convertible securities and dynamically adjusting their short position while continuing to hold the securities. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a Limit Up-Limit Down program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the depositary shares to effect short sales of our common stock, borrow our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the depositary shares.

The fundamental change conversion rate and the payment of the fundamental change dividend make-whole amount upon the occurrence of certain fundamental changes may not adequately compensate you for the lost option value and lost dividends as a result of early conversion upon a fundamental change.

If a fundamental change (as defined under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount) occurs on or prior to February 1, 2019, the fundamental change conversion rate will apply to any shares of mandatory convertible preferred stock (and, accordingly, the depositary shares) converted during the fundamental change conversion period (as defined under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount) unless the stock price is less than $ or above $ (in each case, subject to adjustment) and, with respect to those shares of mandatory convertible preferred stock (and, accordingly, those depositary shares) converted, you will also receive, among other consideration, a fundamental change dividend make-whole amount, subject to our right to deliver shares of common stock in lieu of all or part of such amount and subject to Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount. The number of shares of common stock to be issued upon conversion in connection with a fundamental change will be determined as described under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount. Although the fundamental change conversion rate and the payment of the fundamental change dividend make-whole amount are generally designed to compensate you for the lost option value that you would suffer and lost dividends as a result of converting your depositary shares representing our mandatory convertible preferred stock upon a fundamental change, the fundamental change conversion rate is also designed to compensate us for the lost option value that we would suffer as a result of any such conversion. As a result, in many cases the fundamental change conversion rate will be less than the conversion rate that would apply upon mandatory conversion. The fundamental change conversion rate and fundamental change dividend make-whole amount are generally only an approximation of such lost option value and lost dividends and may not adequately compensate you for your actual loss. Furthermore, our obligation to deliver a number of shares of common stock, per share of the mandatory convertible preferred stock (and your corresponding right to receive a proportionate number of shares of our common stock per depositary share), equal to the fundamental change conversion rate and pay the fundamental change dividend make-whole amount (whether paid or delivered, as the case may be, in cash or shares of our common stock) upon a conversion during the fundamental change conversion period could be considered a penalty under state law, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

The fixed conversion rates of the mandatory convertible preferred stock and, in turn, the depositary shares may not be adjusted for all dilutive events that may adversely affect the market price of the depositary shares or the common stock issuable upon conversion of the mandatory convertible preferred stock.

The fixed conversion rates of the mandatory convertible preferred stock and, in turn, the depositary shares, are subject to adjustment only for share subdivisions and combinations, share dividends and specified other transactions. See Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments for further discussion of anti-dilution adjustments. However, other events, such as grants under employee benefit or incentive plans, offerings of our common stock or securities convertible into common stock (other than those set forth under Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments) for cash or in connection with acquisitions, regular quarterly cash dividends that do not exceed the initial dividend threshold (as defined under Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments) or third-party tender or exchange offers, which may adversely affect the market price of our common stock, may not result in any adjustment. Further, if any of these other events adversely affects the market price of our common stock, it may also adversely affect the market price of the depositary shares. In addition, the terms of our mandatory convertible preferred stock and the depositary shares do not restrict our ability to offer common stock or securities convertible into common stock in the future, including offering a new series of preferred stock that ranks equally with our mandatory convertible preferred stock as to dividend payments and liquidation preference, or to engage in other transactions that could dilute our common stock. We have no obligation to consider the specific interests of the holders of our mandatory convertible preferred stock or the depositary shares in engaging in any such offering or transaction.

The concurrent offering of our common stock, and the possibility of the sale of our common stock in the future, could reduce the market price of our common stock and, in turn, the depositary shares.

Concurrently with this offering, we are offering 25 million shares of our common stock, plus up to 3.75 million additional shares of our common stock if the underwriters in that offering exercise their option to purchase such additional shares of our common stock in full. This offering is not conditioned on the closing of the concurrent offering of our common stock, and the concurrent offering of our common stock is not conditioned on the closing of this offering. In the future, we may sell additional shares of our common stock to raise capital or acquire interests in other companies by using a combination of cash and our common stock or just our common stock. Any of these events may dilute your ownership interest in our company and have an adverse impact on the price of our common stock and, in turn, the depositary shares. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options and upon conversion of the mandatory convertible preferred stock. Furthermore, sales of a substantial amount of our common stock in the public market, or the perception that these sales may occur, could reduce the market price of our common stock and, in turn, the depositary shares. This could also impair our ability to raise additional capital through the sale of our securities.

You will have no rights with respect to our common stock until you convert your depositary shares, but you may be adversely affected by certain changes made with respect to our common stock.

You will have no rights with respect to our common stock, including voting rights, rights to respond to common stock tender offers, if any, and rights to receive dividends or other distributions on our common stock, if any, prior to the conversion date with respect to a conversion of your depositary shares, but your investment in the depositary shares may be negatively affected by these events. Upon conversion, you will be entitled to exercise the rights of a holder of common stock only as to matters for which the record date occurs on or after the conversion date. For example, in the event that an amendment is proposed to our Restated Certificate of Incorporation or our By-laws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date, you will not be entitled to vote on the amendment, unless it would adversely affect the rights, preferences, privileges and voting powers of the mandatory convertible preferred stock, although you will nevertheless be subject to any changes in the powers, preferences or rights of our common stock.

You will have no voting rights except under limited circumstances, and you will need to act through the bank depositary to exercise voting rights with respect to our mandatory convertible preferred stock.

You do not have voting rights, except with respect to certain amendments to the terms of the mandatory convertible preferred stock, in the case of certain dividend arrearages, in certain other limited circumstances and except as specifically required by Delaware law. You will have no right to vote for any members of our board of directors except in the case of certain dividend arrearages. If dividends on any shares of the mandatory convertible preferred stock have not been declared and paid for the equivalent of six or more dividend periods (including, for the avoidance of doubt, the dividend period beginning on, and including, the initial issue date and ending on, but excluding, May 1, 2016), whether or not for consecutive dividend periods, the holders of shares of mandatory convertible preferred stock, voting together as a single class with holders of any and all other classes or series of our preferred stock ranking equally with the mandatory convertible preferred stock either as to dividends and the distribution of assets upon liquidation, dissolution or winding up and having similar voting rights, will be entitled to vote for the election of a total of two additional members of our board of directors, subject to the terms and limitations described under Description of Mandatory Convertible Preferred Stock Voting Rights. Holders of depositary shares must act through the bank depositary to exercise any voting rights in respect of our mandatory convertible preferred stock.

Our mandatory convertible preferred stock will rank junior to all of our and our subsidiaries liabilities, as well as the capital stock of our subsidiaries held by third parties, in the event of a bankruptcy, liquidation or winding up of our or our subsidiaries assets.

In the event of a bankruptcy, liquidation or winding up, our assets will be available to make payments to holders of our mandatory convertible preferred stock only after all of our liabilities have been paid. In addition, our mandatory convertible preferred stock will rank structurally junior to all existing and future liabilities of our subsidiaries, as well as the capital stock of our subsidiaries held by third parties. Your rights to participate in the assets of our subsidiaries upon any liquidation or reorganization of any subsidiary will rank junior to the prior claims of that subsidiary s creditors and third party equity holders. In the event of a bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying our and our subsidiaries liabilities, to pay any amounts to the holders of our mandatory convertible preferred stock then outstanding. At September 30, 2015, we and our subsidiaries had total outstanding consolidated debt of approximately $6,552 million, and we had no outstanding shares of preferred stock.

Our ability to pay dividends on our mandatory convertible preferred stock may be limited.

Our payment of dividends on our mandatory convertible preferred stock in the future will be determined by our board of directors (or an authorized committee thereof) in its sole discretion and will depend on business conditions, our financial condition, earnings and liquidity, and other factors.

The agreements governing any future indebtedness of ours may limit our ability to pay cash dividends on our capital stock, including the mandatory convertible preferred stock. In the event that the agreements governing any such indebtedness restrict our ability to pay dividends in cash on the mandatory convertible preferred stock, we may be unable to pay dividends in cash on the mandatory convertible preferred stock unless we can refinance the amounts outstanding under such agreements.

In addition, under Delaware law, our board of directors (or an authorized committee thereof) may declare dividends on our capital stock (whether in cash or in shares of our common stock) only to the extent of our statutory surplus (which is defined as the amount equal to total assets minus total liabilities, in each case at fair market value, minus statutory capital), or if there is no such surplus, out of our net profits for the then current and/or immediately preceding fiscal year. Further, even if we are permitted under our contractual obligations and Delaware law to pay cash dividends on the mandatory convertible preferred stock, we may not have sufficient cash to pay dividends in cash on the mandatory convertible preferred stock (and, in turn, on the depositary shares).

If upon mandatory conversion or an early conversion at the option of a holder (other than during a fundamental change conversion period, except in limited circumstances) we have not declared all or any portion of the accumulated and unpaid dividends payable on the mandatory convertible preferred stock for specified periods, the applicable conversion rate will be adjusted so that converting holders receive an additional number of shares of common stock having a market value generally equal to the amount of such accumulated and unpaid dividends, subject to the limitations described under Description of the Mandatory Convertible Preferred Stock Mandatory Conversion and Conversion at the Option of the Holder. If upon an early conversion during the fundamental change conversion period we have not declared all or any portion of the accumulated and unpaid dividends payable on the mandatory convertible preferred stock for specified periods, we will pay the amount of such accumulated and unpaid dividends in cash, shares of our common stock or any combination thereof, in our sole discretion (or, in certain circumstances, make a corresponding adjustment to the conversion rate), subject in each case to the limitations described under Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount. In the case of mandatory conversion or conversion upon a fundamental change, if these limits to the adjustment of the conversion rate or the amount of such dividends payable in shares, as applicable, are reached, we will pay the shortfall in cash if we are legally permitted to do so. We will not have an obligation to pay the shortfall in cash if these limits to the adjustment of the conversion rate are reached in the case of an early conversion at the option of the holder (or in the case of an early conversion during the fundamental change conversion period, if we are required to make an adjustment to the conversion rate in respect of any accumulated and unpaid dividends).

You may be subject to tax upon an adjustment to the conversion rate of the mandatory convertible preferred stock and the depositary shares even though you do not receive a corresponding cash distribution.

The conversion rate of the mandatory convertible preferred stock and the depositary shares is subject to adjustment in certain circumstances. Refer to Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments. If, as a result of an adjustment (or failure to make an adjustment), your proportionate interest in our assets or earnings and profits is increased, you may be deemed to have received for U.S. federal income tax purposes a taxable dividend without the receipt of any cash or property. If you are a non-U.S. holder (as defined under United States Federal Income Tax Considerations), such deemed dividend generally will be subject to U.S. federal withholding tax (currently at a 30% rate, or such lower rate as may be specified by an applicable treaty), which may be set off against subsequent payments on the depositary shares. Refer to United States Federal Income Tax Considerations for a further discussion of U.S. federal tax implications for U.S. holders (as defined therein) and non-U.S. holders.

Non-U.S. holders may be subject to U.S. income tax with respect to gain on disposition of their depositary shares or common stock.

We have not determined whether we are a United States real property holding corporation (USRPHC). We can give no assurance that we are not or will not become one in the future. If we are or become a USRPHC, non-U.S. holders that own (or are treated as owning under constructive ownership rules) more than 5% of our depositary shares or common stock during a specified time period may be subject to U.S. federal income tax on a sale, exchange, conversion or other disposition of such depositary shares or common stock or distributions on our depositary shares that are treated as a return of capital and may be required to file a U.S. federal income tax return. See United States Federal Income Tax Considerations Tax Consequences Applicable to Non-U.S. Holders.

An active trading market for the depositary shares does not exist and may not develop.

The depositary shares are a new issue of securities with no established trading market. We intend to apply to list the depositary shares on The New York Stock Exchange under the symbol HES.PRA. Even if the depositary shares are approved for listing on The New York Stock Exchange, such listing does not guarantee that

a trading market for the depositary shares will develop or, if a trading market for the depositary shares does develop, the depth or liquidity of that market or the ability of the holders to sell the depositary shares, or to sell the depositary shares at a favorable price.

The capped call transactions may affect the value of the depositary shares and our common stock.

In connection with the pricing of the depositary shares, we expect to enter into capped call transactions with the option counterparties. The capped call transactions are expected generally to reduce the potential dilution upon conversion of the mandatory convertible preferred stock, with such reduction subject to a cap. If the underwriters exercise their option to purchase additional depositary shares, we expect to enter into additional capped call transactions with the option counterparties.

In connection with establishing their initial hedge of the capped call transactions, the option counterparties or affiliates thereof expect to enter into various derivative transactions with respect to our common stock concurrently with or shortly after the pricing of the depositary shares. This activity could increase (or reduce the size of any decrease in) the market price of our common stock or the depositary shares at that time.

In addition, the option counterparties or affiliates thereof may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of the depositary shares and prior to the mandatory conversion date (and are likely to do so during the final averaging period). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the depositary shares, which could affect the value of the shares of our common stock that you will receive upon conversion of the mandatory convertible preferred stock and, to the extent the activity occurs during the final averaging period, it could also affect the number of shares of our common stock that you will receive upon conversion.

In addition, if any such capped call transactions fail to become effective, whether or not this offering of depositary shares is completed, the option counterparties may unwind their hedge positions with respect to our common stock, which could adversely affect the value of our common stock and, if the depositary shares have been issued, the value of the depositary shares.

Risks Related to Ownership of Our Common Stock

The market price of our common stock may be volatile or may decline and it may be difficult for you to resell shares of our common stock at prices you find attractive.

The market price of our common stock has historically experienced and may continue to experience volatility. The price of our common stock could be subject to wide fluctuations in the future in response to a number of events or factors, including, among others, (i) the market prices of crude oil, natural gas liquids and natural gas, which is influenced by OPEC, worldwide supply and demand, exploration, development and production costs, the price and availability of alternative fuels or energy and conservation and environmental protection efforts, among other factors; (ii) the successful replacement of our oil and gas production and reserves, including proved undeveloped reserves; (iii) the inherent uncertainties that exist in estimating quantities of proved reserves and future net revenues from those reserves, and actual quantities, which may be lower than estimated; (iv) decisions made under joint operating agreements, which we may not control, and the partners under such agreements failing to meet their obligations; (v) changing laws and regulations and other governmental actions, including environmental laws and regulations, and environmental risks; (vi) political instability in areas where we operate; (vii) competition from other companies in our industry; (viii) our failure to meet financial analysts performance or financing expectations; (ix) changes in recommendations by financial analysts; (x) our ability to obtain necessary financing on satisfactory terms, (xi) our ability to manage commodity price hedging and counterparty risk and (xii) changes in market valuations of other companies in our industry. For more information regarding such factors, see Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014.

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Other risks described elsewhere under Risk Factors in this prospectus supplement and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus also could materially and adversely affect our stock price and, in turn, the market price of the depositary shares.

Anti-takeover provisions in our organizational documents and under Delaware law may impede or discourage a takeover, which could cause the market price of our common stock to decline.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing stockholders, which, under certain circumstances, could reduce the market price of our common stock and the value of your depositary shares. In addition, protective provisions in our Restated Certificate of Incorporation and By-laws could prevent a takeover, which could harm our stockholders.

The mandatory convertible preferred stock and the depositary shares may adversely affect the market price of our common stock.

The market price of our common stock is likely to be influenced by the mandatory convertible preferred stock and the depositary shares. For example, the market price of our common stock could become more volatile and could be depressed by:

- investors anticipation of the potential resale in the market of a substantial number of additional shares of our common stock received upon conversion of the mandatory convertible preferred stock (and, correspondingly, the depositary shares);

- possible sales of our common stock by investors who view the depositary shares as a more attractive means of equity participation in us than owning shares of our common stock; and

- hedging or arbitrage trading activity that may develop involving the depositary shares and our common stock.

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USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately $ million, or $ million if the underwriters exercise their option to purchase additional depositary shares in full, after deducting the underwriting discounts and estimated offering expenses. We expect to enter into capped call transactions with the option counterparties. We intend to use approximately $ million of the net proceeds from this offering to pay the cost of the capped call transactions. See Description of Capped Call Transactions. The remaining net proceeds from this offering, as well as the net proceeds from the concurrent common stock offering will strengthen our balance sheet and will be used for general corporate purposes, including funding our longer term capital needs.

If the underwriters exercise their option to purchase additional depositary shares, we expect to use a portion of the net proceeds from the sale of the additional depositary shares to enter into additional capped call transactions with the option counterparties and for general corporate purposes.

The offering of depositary shares pursuant to this prospectus supplement and the accompanying prospectus is not contingent upon the closing of our concurrent common stock offering, and the concurrent offering of our common stock is not contingent upon the closing of the offering of depositary shares hereunder.

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CAPITALIZATION

The following table sets forth our consolidated capitalization and cash and cash equivalents position as of September 30, 2015:

- on an actual basis; and
- as adjusted to give effect to the completion of this offering and the concurrent common stock offering, after deducting the underwriting discounts and estimated offering expenses (assuming, in each case, no exercise of the underwriters option to purchase additional shares).

You should read the following table in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and the notes thereto that are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	At September 30, 2015	
(in millions)	**Actual**	**As Adjusted[(2)]**
Cash and cash equivalents	$ 3,013[(1)]	$
Total debt	6,552[(1)]	6,552
Stockholders equity		
% Series A Mandatory Convertible Preferred Stock, par value $1.00 per share, 20,000,000 shares authorized for issuance		
Common stock, par value $1.00 per share, 600,000,000 shares authorized for issuance, 286,097,193 shares issued[(3)]	286	
Capital in excess of par value	4,097	
Retained earnings	18,530	18,530
Accumulated other comprehensive loss	(1,582)	(1,582)
Total Hess Corporation stockholders equity	21,331	
Noncontrolling interests	1,032	1,032
Total equity	22,363	
Total capitalization	$ 28,915	$

(1) As of December 31, 2015, our cash and cash equivalents totaled $2,716 million, and our total debt was $6,630 million.

(2) The entry into the capped call transaction will result in a net decrease in additional paid-in capital and, therefore, a net decrease in total Hess Corporation stockholders equity, total stockholders equity and total capitalization,

which is not reflected in the amounts shown in the table above.

(3) Actual common shares outstanding at September 30, 2015 do not reflect shares reserved for issuance in connection with 6,969,891 stock options, 842,878 performance share units, shares that will be reserved for issuance upon conversion of the % Series A Mandatory Convertible Preferred Stock and 25,000,000 shares of common stock to be issued in our concurrent common stock offering.

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RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The ratio of earnings to fixed charges shows the coverage of earnings before income taxes to fixed charges, which consist primarily of interest expense. Our ratio of earnings to fixed charges for each of the periods indicated is as follows:

	Nine Months Ended September 30,	Year ended December 31,				
	2015	2014	2013	2012	2011	2010
Ratio of Earnings to Fixed Charges[1]	[2]	6.5	9.0	7.1	7.5	8.2

(1) No preferred stock was outstanding for any period presented in the table above and, accordingly, our ratio of earnings to combined fixed charges and preferred stock dividends is the same as our ratio of earnings to fixed charges.

(2) The earnings to fixed charges ratio for the nine months ended September 30, 2015 was less than one. The deficiency to achieve a ratio of one was $1,951 million that is comprised of a deficit of $1,613 million and fixed charges of $338 million.

We compute the ratio of earnings to fixed charges by dividing earnings by fixed charges. For purposes of this computation, fixed charges consist of interest expense, capitalized interest, amortization of debt discount and financing costs and the estimated interest portion of rental expense. Earnings are defined as consolidated income from continuing operations before income taxes, plus fixed charges (excluding capitalized interest), amortization of capitalized interest and distributed earnings of investees accounted for under the equity method, less earnings (losses) of equity method investees and pretax noncontrolling interests in consolidated subsidiaries with no fixed charges.

We compute the ratio of earnings to combined fixed charges and preferred stock dividends by dividing earnings by the sum of fixed charges and dividends on our preferred stock. Preferred stock dividends are defined as earnings before tax required to pay the dividends on outstanding preferred stock.

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PRICE RANGE OF COMMON STOCK AND DIVIDENDS DECLARED

Our common stock, par value $1.00 per share, is traded on the New York Stock Exchange under the trading symbol HES. The following table sets forth the high and low closing sales prices per share for the periods indicated below, together with the dividends declared per share for such periods.

	High	Low	Dividends Per Common Share
Fiscal Year 2016:			
Quarter ended March 31, 2016 (through February 3, 2016)	$ 48.18	$ 34.38	
Fiscal Year 2015:			
Quarter ended December 31, 2015	$ 62.79	$ 47.44	$ .25
Quarter ended September 30, 2015	$ 65.71	$ 48.26	$ .25
Quarter ended June 30, 2015	$ 78.09	$ 64.99	$ .25
Quarter ended March 31, 2015	$ 77.34	$ 65.70	$ .25
Fiscal Year 2014:			
Quarter ended December 31, 2014	$ 91.59	$ 65.45	$ .25
Quarter ended September 30, 2014	$ 101.10	$ 94.32	$ .25
Quarter ended June 30, 2014	$ 98.89	$ 83.58	$ .25
Quarter ended March 31, 2014	$ 83.22	$ 73.92	$ .25

On February 3, 2016, the closing sale price of our common stock on the New York Stock Exchange was $42.99 per share. At the close of business on February 3, 2016, there were 4,446 holders of record of our common stock.

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DESCRIPTION OF MANDATORY CONVERTIBLE PREFERRED STOCK

The following is a summary of certain terms of our % Series A Mandatory Convertible Preferred Stock, par value $1.00 per share, which we refer to in this prospectus supplement as our mandatory convertible preferred stock, but is not necessarily complete. The following summary supplements and, to the extent that it is inconsistent, replaces, the description of our preferred stock in the accompanying prospectus.

A copy of our Restated Certificate of Incorporation, as well as the certificate of designations for the mandatory convertible preferred stock, and the form of mandatory convertible preferred stock share certificate are available upon request from us at the address set forth under Where You Can Find More Information. The following summary of the terms of the mandatory convertible preferred stock is subject to, and qualified in its entirety by reference to, the provisions of such documents.

The bank depositary will initially be the sole holder of our mandatory convertible preferred stock. However, the holders of depositary shares will be entitled, through the bank depositary, to exercise the rights, preferences, privileges and voting powers of the holders of our mandatory convertible preferred stock, subject to the terms of the deposit agreement and as described under Description of Depositary Shares below. Each depositary share represents a 1/20th interest in a share of our mandatory convertible preferred stock

As used in this section, the terms Hess, us, we or our refer to Hess Corporation and not any of its subsidiaries.

General

Under our Restated Certificate of Incorporation, our board of directors is authorized, without further stockholder action, to issue up to 20,000,000 shares of preferred stock, par value $1.00 per share, in one or more series, with such voting powers (if any), designation, powers, preferences, and relative, participating, optional or other rights, if any, and any qualifications, limitations or restrictions, as shall be set forth in the resolutions providing therefor. We do not currently have any shares of our preferred stock outstanding. At the consummation of this offering, we will issue 500,000 shares of mandatory convertible preferred stock in the form of 10,000,000 depositary shares. In addition, we have granted the underwriters an option to purchase up to 75,000 additional shares of our mandatory convertible preferred stock in the form of 1,500,000 depositary shares, in accordance with the procedures set forth under Underwriting.

When issued, the mandatory convertible preferred stock and any common stock issued upon the conversion of the mandatory convertible preferred stock will be fully paid and nonassessable. The holders of the mandatory convertible preferred stock will have no preemptive or preferential rights to purchase or subscribe to stock, obligations, warrants or other securities of Hess of any class. Computershare Trust Company, N.A. is the transfer agent and registrar of our common stock and will serve as transfer agent, registrar, conversion and dividend disbursing agent for the mandatory convertible preferred stock.

We do not intend to list our mandatory convertible preferred stock on any securities exchange or any automated dealer quotation system, but we do intend to apply to list the depositary shares on The New York Stock Exchange as described under Description of Depositary Shares Listing.

Ranking

The mandatory convertible preferred stock, with respect to dividend rights and/or rights upon our liquidation, winding-up or dissolution, as applicable, ranks:

senior to (i) our common stock and (ii) each other class or series of capital stock issued after the initial issue date the terms of which do not expressly provide that such capital stock ranks either (x) senior to the mandatory convertible preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution or (y) on a parity with the mandatory convertible preferred stock as to dividend rights and rights upon our liquidation, winding-up or dissolution (which we refer to collectively as junior stock);

on a parity with any class or series of capital stock issued after the initial issue date the terms of which expressly provide that such capital stock will rank on a parity with the mandatory convertible preferred stock as to dividend rights and rights upon our liquidation, winding-up or dissolution (which we refer to collectively as parity stock);

junior to each class or series of capital stock issued after the initial issue date the terms of which expressly provide that such capital stock will rank senior to the mandatory convertible preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution (which we refer to collectively as senior stock); and

junior to our existing and future indebtedness.

In addition, the mandatory convertible preferred stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, will be structurally subordinated to existing and future indebtedness of our subsidiaries as well as the capital stock of our subsidiaries held by third parties.

At September 30, 2015, we had total outstanding consolidated debt of approximately $6,552 million and no outstanding shares of preferred stock.

Dividends

Subject to the rights of holders of any class of capital stock ranking senior to the mandatory convertible preferred stock with respect to dividends, holders of shares of mandatory convertible preferred stock will be entitled to receive, when, as and if declared by our board of directors, or an authorized committee thereof, out of funds legally available for payment, cumulative dividends at the rate per annum of % on the liquidation preference of $1,000 per share of mandatory convertible preferred stock (equivalent to $ per annum per share), payable in cash, by delivery of shares of our common stock or through any combination of cash and shares of our common stock, as determined by us in our sole discretion (subject to the limitations described below). See Method of Payment of Dividends. Declared dividends on the mandatory convertible preferred stock will be payable quarterly on February 1, May 1, August 1 and November 1 of each year to, and including, February 1, 2019, commencing May 1, 2016 (each, a dividend payment date), at such annual rate, and dividends shall accumulate from the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the initial issue date of the mandatory convertible preferred stock, whether or not in any dividend period or periods there have been funds legally available for the payment of such dividends. Declared dividends will be payable on the relevant dividend payment date to holders of record as they appear on our stock register at 5:00 p.m., New York City time, on the January 15, April 15, July 15 or October 15, as the case may be, immediately preceding the relevant dividend payment date (each, a record date), whether or not such holders convert their shares, or such shares are automatically converted, after a record date and on or prior to the immediately succeeding dividend payment date. These record dates will apply regardless of whether a particular record date is a business day. A business day means any day other than a Saturday or Sunday or other day on which commercial banks in New York City are authorized or required by law or executive order to close. If a dividend payment date is not a business day, payment will be made on the next succeeding business day, without any interest or other payment in lieu of interest accruing with respect to this delay.

A full dividend period is the period from, and including, a dividend payment date to, but excluding, the next dividend payment date, except that the initial dividend period will commence on, and include, the initial issue date of our mandatory convertible preferred stock and will end on, and exclude, the May 1, 2016 dividend payment date. The amount of dividends payable on each share of mandatory convertible preferred stock for each full dividend period (after the initial dividend period) will be computed by dividing the annual dividend rate by four. Dividends payable on the mandatory convertible preferred stock for the initial dividend period and any partial dividend period will be computed based upon the actual number of days elapsed during the period over a 360-day year (consisting of twelve 30-day months). Accordingly, the dividend on the mandatory convertible preferred stock for the first dividend period, assuming the initial issue date is February , 2016, will be approximately $ per share (based on the annual dividend rate of % and a liquidation preference of $1,000 per share) and will be payable, when, as and if declared, on May 1, 2016. The dividend on the mandatory convertible preferred stock for each subsequent full dividend period, when, as and if declared, will be approximately $ per share (based on the annual dividend rate of % and a liquidation preference of $1,000 per share). Accumulated dividends will not bear interest if they are paid subsequent to the applicable dividend payment date.

No dividend will be declared or paid upon, or any sum or number of shares of common stock set apart for the payment of dividends upon, any outstanding share of the mandatory convertible preferred stock with respect to any dividend period unless all dividends for all preceding dividend periods have been declared and paid upon, or a sufficient sum or number of shares of common stock have been set apart for the payment of such dividends upon, all outstanding shares of mandatory convertible preferred stock.

Our ability to declare and pay cash dividends and make other distributions with respect to our capital stock, including the mandatory convertible preferred stock, may be limited by the terms of any future indebtedness. In addition, our ability to declare and pay dividends may be limited by applicable Delaware law. See Risk Factors Risks Related to the Depositary Shares and Our Mandatory Convertible Preferred Stock Our ability to pay dividends on our mandatory convertible preferred stock may be limited.

So long as any share of the mandatory convertible preferred stock remains outstanding, no dividend or distribution shall be declared or paid on the common stock or any other shares of junior stock, and no common stock or other junior stock or parity stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by us or any of our subsidiaries unless all accumulated and unpaid dividends for all preceding dividend periods have been declared and paid upon, or a sufficient sum or number of shares of common stock have been set apart for the payment of such dividends upon, all outstanding shares of mandatory convertible preferred stock. The foregoing limitation shall not apply to: (i) a dividend payable on any common stock or other junior stock in shares of any common stock or other junior stock; (ii) the acquisition of shares of any common stock or other junior stock in exchange for shares of any common stock or other junior stock and the payment of cash in lieu of any fractional share; (iii) purchases of fractional interests in shares of any common stock or other junior stock pursuant to the conversion or exchange provisions of such shares of other junior stock or any securities exchangeable for or convertible into such shares of common stock or other junior stock; (iv) redemptions, purchases or other acquisitions of shares of common stock or other junior stock in connection with the administration of any employee benefit plan in the ordinary course of business, including, without limitation, the forfeiture of unvested shares of restricted stock or share withholdings upon exercise, delivery or vesting of equity awards granted to officers, directors and employees and the payment of cash in lieu of any fractional share; (v) any dividends or distributions of rights or common stock or other junior stock in connection with a stockholders rights plan or any redemption or repurchase of rights pursuant to any stockholders rights plan, and the payment of cash in lieu of fractional shares; (vi) the acquisition by us or any of our subsidiaries of record ownership in common stock or other junior stock or parity stock for the beneficial ownership of any other persons (other than us or any of our subsidiaries), including as trustees or custodians; (vii) the exchange or conversion of junior stock for or into other junior stock; and (viii) the exchange or conversion of parity stock for or into other parity stock (with the same or lesser aggregate liquidation amount) or junior stock and the payment of cash in lieu of fractional shares.

When dividends on shares of the mandatory convertible preferred stock have not been paid in full on any dividend payment date or declared and a sum or number of shares of common stock sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date, no dividends may be declared or paid on any parity stock unless dividends are declared on the mandatory convertible preferred stock such that the respective amounts of such dividends declared on the mandatory convertible preferred stock and each such other class or series of parity stock shall bear the same ratio to each other as all accumulated and unpaid dividends per share on the shares of the mandatory convertible preferred stock and such class or series of parity stock (subject to their having been declared by the board of directors, or an authorized committee thereof, out of legally available funds) bear to each other, in proportion to their respective liquidation preferences; *provided* that any unpaid dividends will continue to accumulate.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the board of directors, or an authorized committee thereof, may be declared and paid on any securities, including common stock and other junior stock, from time to time out of any funds legally available for such payment, and holders of the mandatory convertible preferred stock shall not be entitled to participate in any such dividends.

If we (or an applicable withholding agent) are required to withhold on distributions of common stock to a holder (see United States Federal Income Tax Considerations) and pay the applicable withholding taxes, we may, at our option, or an applicable withholding agent may, withhold such taxes from payments of cash or shares of common stock payable to such holder.

Method of Payment of Dividends

Subject to the limitations described below, we may pay any declared dividend (or any portion of any declared dividend) on the mandatory convertible preferred stock (whether or not for a current dividend period or any prior dividend period), determined in our sole discretion:

- by paying cash;
- by delivering shares of our common stock; or
- through any combination of paying cash and delivering shares of our common stock.

We will make each payment of a declared dividend on the mandatory convertible preferred stock in cash, except to the extent we elect to make all or any portion of such payment in shares of our common stock. We will give the holders of the mandatory convertible preferred stock notice of any such election, and the portion of such payment that will be made in cash and the portion that will be made in common stock, on the earlier of the date we declare such dividend and the tenth scheduled trading day (as defined below) immediately preceding the dividend payment date for such dividend.

If we elect to make any payment of a declared dividend, or any portion thereof, in shares of our common stock, such shares shall be valued for such purpose at the average VWAP per share (as defined below) of our common stock over the five consecutive trading day period ending on the second trading day immediately preceding the applicable dividend payment date (the five-day average price), *multiplied by* 97%.

No fractional shares of common stock will be delivered to the holders of the mandatory convertible preferred stock in respect of dividends. We will instead pay a cash adjustment to each holder that would otherwise be entitled to a fraction of a share of common stock based on the five-day average price.

To the extent a shelf registration statement is required in our reasonable judgment in connection with the issuance of or for resales of common stock issued as payment of a dividend, including dividends paid in connection with a conversion, we will, to the extent such a registration statement is not currently filed and effective, use our commercially reasonable efforts to file and maintain the effectiveness of such a shelf registration statement until the earlier of such time as all such shares of common stock have been resold thereunder and such time as all such shares are freely tradable without registration by holders other than our

7.34 6/17/2023 1,243 4,969 8.05 6/20/2024 15,468 61,869 11.42 10/23/2024 3,726 13.42 6/19/2025

James A. Simms

10,000 15,000 5.35 5/14/2023 28,280 27,415 6.29 6/17/2023 10,000 7.34 6/17/2023 7,541 8.38 6/17/2023 1,764

Claudio Tuozzolo

5,000 15,000 5.35 5/14/2023 6,280 9,415 6.29 6/17/2023 3,528 5,291 5.67 6/21/2023 1,243 4,969 8.05 6/20/2024

(1) Generally, stock options with time-based vesting provisions awarded under the Vicor 2000 Plan become exercisable in five equal annual installments, beginning on the first anniversary of the date of grant.

(2) The unexercisable option vesting schedule under the Vicor 2000 Plan as of December 31, 2015, is as follows:

Named Executive Officer	**Grant Date**	**Underlying Shares**	**Vesting Date**
Philip D. Davies	5/14/2013	6,000	5/14/2016
	5/14/2013	6,000	5/14/2017
	5/14/2013	6,000	5/14/2018
	6/17/2013	20,000	6/17/2016
	6/17/2013	10,000	6/17/2017
	10/23/2014	7,852	10/23/2016
	10/23/2014	7,851	10/23/2017
	10/23/2014	7,851	10/23/2018
	10/23/2014	7,851	10/23/2019

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Named Executive Officer	Grant Date	Underlying Shares	Vesting Date
Barry Kelleher	5/14/2013	5,000	5/14/2016
	5/14/2013	5,000	5/14/2017
	5/14/2013	5,000	5/14/2018
	6/17/2013	4,000	6/17/2016
	6/17/2013	4,000	6/17/2017
	6/17/2013	4,000	6/17/2018
	6/17/2013	855	6/17/2016
	6/17/2013	855	6/17/2017
	6/17/2013	854	6/17/2018
	6/17/2013	639	6/17/2016
	6/17/2013	639	6/17/2017
	6/17/2013	639	6/17/2018
	6/17/2013	1,645	6/17/2016
	6/17/2013	1,645	6/17/2017
	6/17/2013	1,644	6/17/2018
	6/20/2014	1,243	6/20/2016
	6/20/2014	1,242	6/20/2017
	6/20/2014	1,242	6/20/2018
	6/20/2014	1,242	6/20/2019
	10/23/2014	15,468	10/23/2016
	10/23/2014	15,467	10/23/2017
	10/23/2014	15,467	10/23/2018
	10/23/2014	15,467	10/23/2019
	6/19/2015	746	6/19/2016
	6/19/2015	745	6/19/2017
	6/19/2015	745	6/19/2018
	6/19/2015	745	6/19/2019
	6/19/2015	745	6/19/2020
James A. Simms	5/14/2013	5,000	5/14/2016
	5/14/2013	5,000	5/14/2017
	5/14/2013	5,000	5/14/2018
	6/17/2013	6,000	6/17/2016
	6/17/2013	6,000	6/17/2017
	6/17/2013	6,000	6/17/2018
	6/17/2013	855	6/17/2016
	6/17/2013	855	6/17/2017
	6/17/2013	854	6/17/2018
	6/17/2013	639	6/17/2016
	6/17/2013	639	6/17/2017
	6/17/2013	639	6/17/2018
	6/17/2013	1,645	6/17/2016
	6/17/2013	1,645	6/17/2017
	6/17/2013	1,644	6/17/2018
	6/17/2013	7,541	6/17/2016
	6/20/2014	1,243	6/20/2016
	6/20/2014	1,242	6/20/2017
	6/20/2014	1,242	6/20/2018
	6/20/2014	1,242	6/20/2019
	10/23/2014	6,752	10/23/2016
	10/23/2014	6,752	10/23/2017
	10/23/2014	6,752	10/23/2018
	10/23/2014	6,752	10/23/2019
	6/19/2015	746	6/19/2016
	6/19/2015	745	6/19/2017
	6/19/2015	745	6/19/2018
	6/19/2015	745	6/19/2019
	6/19/2015	745	6/19/2020

Named Executive Officer	Grant Date	Underlying Shares	Vesting Date
Claudio Tuozzolo	5/14/2013	5,000	5/14/2016
	5/14/2013	5,000	5/14/2017
	5/14/2013	5,000	5/14/2018
	6/17/2013	855	6/17/2016
	6/17/2013	855	6/17/2017
	6/17/2013	854	6/17/2018
	6/17/2013	1,645	6/17/2016
	6/17/2013	1,645	6/17/2017
	6/17/2013	1,644	6/17/2018
	6/17/2013	639	6/17/2016
	6/17/2013	639	6/17/2017
	6/17/2013	639	6/17/2018
	6/21/2013	1,764	6/21/2016
	6/21/2013	1,764	6/21/2017
	6/21/2013	1,763	6/21/2018
	6/20/2014	1,243	6/20/2016
	6/20/2014	1,242	6/20/2017
	6/20/2014	1,242	6/20/2018
	6/20/2014	1,242	6/20/2019
	6/19/2015	746	6/19/2016
	6/19/2015	745	6/19/2017
	6/19/2015	745	6/19/2018
	6/19/2015	745	6/19/2019
	6/19/2015	745	6/19/2020

2007 VI Chip Plan

Named Executive Officer	Number of Shares Underlying Unexercised Options Exercisable(1)	Number of Shares Underlying Unexercised Options Unexercisable(1)(2)	Option Exercise Price per Share	Option Expiration Date
Barry Kelleher	50,000		$ 1.00	5/14/2017
James A. Simms	100,000		1.00	12/31/2020
Patrizio Vinciarelli	4,000,000		1.00	6/4/2017
		1,500,000	1.00	12/31/2020

(1) Under the 2007 VI Chip Plan, Mr. Kelleher, Mr. Simms, and Dr. Vinciarelli have been awarded non-qualified stock options with time-based vesting provisions. Mr. Kelleher was awarded 50,000 such options in 2008, Mr. Simms was awarded 100,000 such options in 2010, and Dr. Vinciarelli was awarded 4,000,000 such options in 2007. Such options possess a 10-year term and became exercisable over five equal annual installments, beginning on the first anniversary of the date of grant.

(2) Under the 2007 VI Chip Plan, Dr. Vinciarelli, in 2010, was awarded 1,500,000 non-qualified stock options with vesting provisions tied to achievement of certain margin targets by VI Chip. Each quarter, management assesses the probability such margin targets will be achieved within the term of the options and records stock-based compensation expense related to such options based on this assessment. However, the margin targets have not been achieved and, accordingly, no such options have vested.

2001 Picor Plan

Named Executive Officer	Number of Shares Underlying Unexercised Options Exercisable(1)	Number of Shares Underlying Unexercised Options Unexercisable(1)(2)	Option Exercise Price per Share	Option Expiration Date
James A. Simms	200,000		$ 0.57	11/1/2020
Claudio Tuozzolo	150,000		0.88	6/5/2016
	125,000		1.01	6/12/2018
	1,329,340		0.57	11/1/2020
	151,947	101,297	0.64	6/18/2022
	123,200	492,800	0.41	4/14/2024
	4,800	19,200	0.41	9/10/2024

(1) Stock options awarded under the 2001 Picor Plan become exercisable in five equal annual installments beginning on the first anniversary of the date of grant.

(2) The unexercisable option vesting schedule under the 2001 Picor Plan is as follows as of December 31, 2015:

Named Executive Officer	Grant Date	Underlying Shares	Vesting Date
Claudio Tuozzolo	6/18/2012	50,649	6/18/2016
	6/18/2012	50,648	6/18/2017
	4/14/2014	123,200	4/14/2016
	4/14/2014	123,200	4/14/2017
	4/14/2014	123,200	4/14/2018
	4/14/2014	123,200	4/14/2019
	9/10/2014	4,800	9/10/2016
	9/10/2014	4,800	9/10/2017
	9/10/2014	4,800	9/10/2018
	9/10/2014	4,800	9/10/2019

OPTIONS EXERCISES AND STOCK VESTED FOR FISCAL 2015

The following table presents option exercises by our Named Executive Officers during 2015. All options exercised by Named Executive Officers during 2015 were under the Vicor 2000 Plan as follows:

2000 Vicor Plan

Named Executive Officer	Number of Shares Acquired upon Exercise	Value Realized upon Exercise(1)
Claudio Tuozzolo	5,000	$ 38,459

(1) Represents the difference between the exercise price and the fair market value of the underlying Common Stock on the date of exercise.

POTENTIAL PAYMENTS UPON TERMINATION, UPON A CHANGE OF CONTROL, AND UPON TERMINATION FOLLOWING A CHANGE OF CONTROL

As all of our employees are employees-at-will, no amounts become due or payable to any of our executives upon termination of employment, regardless of whether a change of control has occurred. However, each of the Vicor 2000 Plan, the 2007 VI Chip Plan, and the 2001 Picor Plan provides that all unvested options thereunder will become vested and exercisable as of a change of control, as defined in each of the plans. Accordingly, our Named Executive Officers would have received the amounts set forth below based on the vesting of their unvested options had a change of control of the Corporation occurred on December 31, 2015. All amounts below relate to unvested stock options under the Vicor 2000 Plan as the unvested outstanding awards under the 2007 VI Chip Plan and the 2001 Picor Plan were out-of-the-money on December 31, 2015.

Vicor 2000 Plan

Named Executive Officer	Number of Unvested Options as of December 31, 2015(1)	Intrinsic Value of Unvested Options as of December 31, 2015(2)
Philip D. Davies	48,000	$ 152,760
Barry Kelleher	41,384	122,471
James A. Simms	54,925	145,032
Claudio Tuozzolo	34,675	106,765

(1) Information for the Vicor 2000 Plan excludes unvested options with exercise prices exceeding the market value of the Corporation s stock as of December 31, 2015.

(2) Calculated as the aggregate amount by which the fair market value as of December 31, 2015 of the shares underlying the unvested options (i.e., the product of the closing price of a share of Common Stock as reported on the NASDAQ-GS on that date, $9.12, and the number of unvested options) exceeded the aggregate exercise price of the unvested options as of that date.

DIRECTORS COMPENSATION FOR FISCAL 2015

Overview of Director Compensation

The level of compensation of non-employee Directors is reviewed on an annual basis by the Board as a whole. To determine the appropriateness of the current level of compensation for non-employee Directors, the Board reviews data from a number of different sources including publicly available data describing director compensation in peer companies.

Non-employee Directors are compensated through a combination of cash payments and awards of options for the purchase of our Common Stock. Each non-employee Director receives a quarterly retainer of $7,500 for his or her services. Expenses incurred by non-employee Directors in attending Board meetings and meetings of the Audit Committee and the Compensation Committee are reimbursed by the Corporation.

Directors who are employees do not receive cash compensation for service on the Board.

Additionally, each Director, other than any Director holding in excess of 10% of the total number of shares of the capital stock of the Corporation (i.e., Dr. Vinciarelli), receives an annual grant of non-qualified stock options following the Annual Meeting of Stockholders under the Vicor 2000 Plan. Currently, the formula to calculate the stock option award is $50,000 divided by the closing price of a share of Common Stock as reported on the NASDAQ-GS on the day of the Annual Meeting of Stockholders. Accordingly, on June 19, 2015, each Director, other than Dr. Vinciarelli, was awarded non-qualified stock options to purchase up to 3,726 shares of Common Stock at an exercise price of $13.42 per share. Stock options granted to Directors as compensation for their service on the Board vest at a rate of 20% per year on each of five successive anniversaries of the date of award.

The table below reflects non-employee Director compensation for fiscal 2015:

Non-Employee Director	Fees Earned or Paid in Cash	Option Awards(1)	Total Compensation
Samuel J. Anderson	$ 30,000	$ 27,278	$ 57,278
Jason L. Carlson	30,000	27,278	57,278
Estia J. Eichten	30,000	27,278	57,278
Liam K. Griffin	30,000	27,278	57,278
David T. Riddiford	30,000	27,278	57,278

(1) These amounts reflect the aggregate grant date fair value of stock option awards granted during 2015. For the five awards shown, the formula used to calculate the number of stock options annually awarded to Directors, excluding Dr. Vinciarelli, is $50,000 divided by the closing price of a share of Common Stock as reported on the NASDAQ-GS on the day of the Annual Meeting of Stockholders. Accordingly, on June 19, 2015, the five non-employee Directors were awarded non-qualified stock options to purchase up to 3,726 shares of Common Stock at an exercise price of $13.42 per share. Refer to Note 3, Stock-Based Compensation and Employee Benefit Plans , in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015, filed on March 8, 2016, for the relevant assumptions used to determine the valuation of option awards.

(2) The aggregate grant date fair value and aggregate number of stock options awarded and outstanding as of December 31, 2015 was as follows:

Name	Grant Date Fair Value of Stock Options	Number of Awards Outstanding
Samuel J. Anderson	$ 77,666	24,644
Jason L. Carlson	99,197	41,228
Estia J. Eichten	87,507	34,452
Liam K. Griffin	143,788	41,228
David T. Riddiford	87,507	34,452
	$ 495,665	176,004

The table below reflects employee Director compensation for fiscal 2015:

Employee Director(1)	Option Awards(2)	Total Compensation
H. Allen Henderson	$ 27,278	$ 27,278

(1) Dr. Vinciarelli has been omitted from this table, as he receives no compensation for serving on the Board. Messrs. Kelleher, Simms, and Tuozzolo have been omitted from this table because their stock option awards are included in the Summary Compensation Table.

(2) These amounts reflect the aggregate grant date fair value of stock option awards granted during 2015. For the award shown, the formula used to calculate the number of stock options annually awarded to Directors, excluding Dr. Vinciarelli, is $50,000 divided by the closing price of a share of Common Stock as reported on the NASDAQ-GS on the day of the Annual Meeting of Stockholders. Accordingly, on June 19, 2015, Mr. Henderson, an employee at the time of the award, was awarded non-qualified stock options to purchase up to 3,726

shares of Common Stock at an exercise price of $13.42 per share. Refer to Note 3, Stock-Based Compensation and Employee Benefit Plans , in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015, filed on March 8, 2016, for the relevant assumptions used to determine the valuation of option awards.

(3) The aggregate grant date fair value and aggregate number of stock options awarded and outstanding as of December 31, 2015 was as follows:

Name	Grant Date Fair Value of Stock Options	Number of Awards Outstanding
H. Allen Henderson	$ 98,450	31,665

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REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (CD&A) required by Item 402(b) of Regulation S-K for the year ended December 31, 2015, with management. Based on the reviews and discussions referred to above, the Compensation Committee recommended to the Board that the CD&A be included in this Proxy Statement and be incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the SEC and distribution to Stockholders.

Submitted by the Compensation Committee:

Jason L. Carlson, Chairman

Estia J. Eichten

Liam K. Griffin

David T. Riddiford

Compensation Committee Interlocks and Insider Participation

Messrs. Carlson, Eichten, Griffin, and Riddiford serve on the Compensation Committee. Messrs. Carlson, Eichten, Griffin, and Riddiford are independent Directors, and the Board is not aware of any committee interlocks or other relationships that would require disclosure pursuant to Item 407(e)(4) of Regulation S-K.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees the Corporation s financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report with management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed and discussed with our independent registered public accounting firm, KPMG, which is responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles, the quality, not just the acceptability, of the Corporation s accounting principles and such other matters as are required to be discussed with the Audit Committee in accordance with standards established by the Public Company Accounting Oversight Board (PCAOB) under Standard No. 16 Communications with Audit Committees. In addition, the Audit Committee has discussed with KPMG the auditors independence from management and the Corporation, including the matters in the written disclosures from the independent auditors required by applicable requirements of the PCAOB regarding independent accountant s communications with the audit committee concerning independence. The Audit Committee discussed with KPMG the overall scope and plans for its audit. The Audit Committee periodically meets with KPMG, with and without management present, to discuss the results of its audit, its evaluation of the Corporation s internal controls and the overall quality of the Corporation s financial reporting.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board approved) that the audited financial statements be included in the Corporation s Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the SEC, which occurred on March 8, 2016.

Submitted by the Audit Committee:

Jason L. Carlson, Chairman

Estia J. Eichten

Liam K. Griffin

David T. Riddiford

Certain Relationships and Related Transactions

In September 2015, Intersil Corporation (Intersil) acquired, through a statutory merger, Great Wall Semiconductor Corporation (GWS), in which the Corporation held non-voting convertible preferred stock. GWS and its subsidiary designed and sold semiconductors, conducted research and development activities, and developed and licensed patents. Mr. Anderson, a Director of the Corporation, was the founder, Chairman of the Board, President and Chief Executive Officer (CEO), as well as the majority voting shareholder, of GWS. The Corporation accounted for its investment in GWS under the equity method. The Corporation determined, while GWS was a variable interest entity, the Corporation was not the primary beneficiary. The key factors in the Corporation s assessment were that the CEO of GWS had: (i) the power to direct the activities of GWS that most significantly impact its economic performance, and (ii) an obligation to absorb losses or the right to receive benefits from GWS, respectively, that could potentially be significant to GWS.

At the time of the merger transaction, the Corporation s gross investment totaled $4,999,719. However, during the fourth quarter of 2008, the Corporation determined a decline in value judged to be other-than-temporary had occurred and, as such, the investment s recorded value on the Consolidated Balance Sheet, as of December 31, 2008, was reduced to zero. Management s decision to reduce the remaining investment balance to zero at that time was based on GWS continued operating losses, the impact of the global economic crisis on the current and short-term outlook for its operations, a negative working capital position as of December 31, 2008, and a valuation based on discounted cash flows.

Under the terms of the merger agreement between GWS and Intersil, and in accordance with the terms of the shareholder agreement under which the Corporation made its investments, all preferred stock was redeemed at full preference value (i.e., purchased for cash equal to the original investment amount). This redemption was effected through the exchange of a share of preferred stock for (a) the right to receive the preference value in cash upon surrender of the preferred shares and (b) the non-transferable right to receive certain cash payments as additional consideration, after a period of 16 months, associated with (i) the release by Intersil of some or all of the $2,625,000 portion of total consideration held in escrow by Intersil for potential funding of indemnification and related obligations made by GWS and its selling shareholders and (ii) additional consideration of up to $4,000,000, payable in the event Intersil achieved certain revenue goals related to GWS products. Immediately after the closing of the merger transaction, the Corporation received the full preference value, equal to its gross investment in GWS. Because the net investment on the Corporation s Consolidated Balance Sheet had a value of zero, the full preference value was recorded as a gain from sale of equity method investment in the third quarter of 2015. Just prior to the merger, the Corporation also received, as a dividend from GWS, shares of an entity in which GWS held an investment. Such shares were deemed by the Corporation to have a value of zero on the date of receipt.

While the Corporation s shares of preferred stock were never converted into shares of non-voting common stock, as provided for in the terms of the shareholder agreement under which the Corporation made its investment, the proportionate share of the contingent amounts described above was calculated assuming such a conversion, resulting in a *pro forma* proportionate share for the Corporation of any amounts paid of 27.0%. The Corporation will record its proportionate share of any additional consideration when it is determined to be realizable. As a former stockholder of GWS, the Corporation is subject to the indemnification provisions in the merger agreement, as noted above. In certain cases, the Corporation s indemnification obligation can extend to the full amount of the merger consideration received by the Corporation, however, the Corporation believes the likelihood of any such indemnification obligation occurring is remote.

The Corporation and GWS were parties to an intellectual property cross-licensing agreement, a license agreement (see below), and two supply agreements, under which the Corporation purchased certain components from GWS. Intersil, through the merger transaction, has assumed all of GWS rights and obligations under these agreements. Corporation purchases from GWS totaled approximately $1,662,000 for the nine months ended September 30, 2015, the approximate date of the sale.

The Corporation s policy and procedures with respect to the review, approval, and/or ratification of related party transactions are set forth in the Charter of the Audit Committee and, in summary, require the Audit Committee to review and approve all related party transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404, and to discuss with management the business rationale for the transactions, whether the transactions are on terms that are fair to the Corporation, and whether appropriate disclosures have been made. The related party transactions described above were subject to this policy.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Corporation s executive officers and Directors, and persons who own more than 10% of a registered class of the Corporation s equity securities (collectively, Insiders), to file reports of ownership and changes in ownership with the SEC. Insiders are required by SEC regulations to furnish the Corporation with copies of all Section 16(a) forms they file. To the Corporation s knowledge, based solely on a review of copies of such reports and written representations that no other reports were required during the fiscal year ended December 31, 2015, all transactions in the Corporation s securities that were engaged in by Insiders, and therefore required to be disclosed pursuant to Section 16(a) of the Exchange Act, were timely reported.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee, acting under authorization of the Board of Directors, pursuant to the Audit Committee Charter, and following the Corporation s By-Laws, selected KPMG as the independent registered public accounting firm for the Corporation for the fiscal year ending December 31, 2015. A representative of KPMG is expected to be present at the Annual Meeting and will be given the opportunity to make a statement. The representative is expected to be available to respond to appropriate questions from Stockholders.

The following table summarizes the fees for services rendered by KPMG for the fiscal years ended December 31, 2015 and 2014 in each of the following categories:

Name	**2015**	**2014**
Audit Fees	$ 1,049,000	$ 895,000
Audit Related Fees	27,000	25,000
Tax Fees	225,000	141,000
Total Fees	$ 1,301,000	$ 1,061,000

Audit Fees include services provided in connection with the audit of the Corporation s consolidated financial statements (including internal control reporting under Section 404 of the Sarbanes-Oxley Act of 2002), the reviews of the Corporation s quarterly reports on Form 10-Q, assistance with and review of documents filed with the SEC, statutory audits required internationally and accounting consultations that relate to the audited financial statements.

Audit-Related Fees include services provided in connection with audits of the 401(k) tax-qualified retirement saving plan sponsored by the Corporation.

Tax Fees include services provided in connection with tax compliance, tax advice, tax planning, and assistance with tax audits.

Pursuant to the provisions of the Charter of the Audit Committee, the Audit Committee must pre-approve all auditing services and the terms thereof and non-audit services (other than non-audit services prohibited under Section 10A(g) of the Exchange Act or the applicable rules of the SEC or the PCAOB) to be provided to the Corporation by our independent registered public accounting firm; provided, however, the pre-approval requirement is waived with respect to the provision of non-audit services for the Corporation if the *de minimus* provisions of Section 10A(i)(1)(B) of the Exchange Act are satisfied. Under the Charter, the authority to pre-approve non-audit services may be delegated to one or more members of the Audit Committee, who are required to present all decisions to pre-approve an activity to the full Audit Committee at its first meeting following such decision. The Audit Committee approved all audit and non-audit services provided to the Corporation by KPMG for fiscal years 2015 and 2014.

The Audit Committee has selected KPMG as the Corporation s independent registered public accounting firm for the fiscal year ending December 31, 2016.

STOCKHOLDER PROPOSALS

Stockholder proposals intended to be presented at the 2017 Annual Meeting of Stockholders must be received by the Corporation on or before January 9, 2017, in order to be considered for inclusion in the Corporation s proxy statement and form of proxy. These proposals must also comply with the rules of the SEC governing the form and content of proposals in order to be included in the Corporation s proxy statement and form of proxy and should be directed to: James A. Simms, Corporate Secretary, Vicor Corporation, 25 Frontage Road, Andover, Massachusetts 01810. It is suggested that any Stockholder proposal be transmitted by certified mail, return receipt requested.

In addition, our By-Laws provide that, for any Stockholder proposal or Director nomination to be properly presented at the 2017 Annual Meeting of Stockholders, but not for inclusion in our proxy statement and form of proxy, the Stockholder proposal or Director nomination must comply with the requirements set forth in our By-Laws and we must receive notice of the matter not less than 90 nor more than 120 days prior to June 16, 2017. Thus, to be timely, notice of a Stockholder proposal or Director nomination for the 2017 Annual Meeting of Stockholders must be received by our Corporate Secretary no earlier than February 20, 2017 and no later than March 21, 2017. However, if the 2017 Annual Meeting of Stockholders is not scheduled to be held within a period that commences on May 20, 2017 and ends on July 16, 2017, and instead, such meeting is scheduled to be held on a date outside that period, notice of a Stockholder proposal or Director nomination, to be timely, must be received by our Corporate Secretary by the later of 90 days prior to such other meeting date or 10 days following the date such other meeting date is first publicly announced or disclosed.

Notwithstanding the foregoing notice deadlines under our By-Laws, in the event that the number of Directors to be elected to our Board at the 2017 Annual Meeting of Stockholders is increased and either all of the nominees for Director at the 2017 Annual Meeting of Stockholders or the size of the increased Board is not publicly announced or disclosed by us by March 24, 2017, notice will be considered timely, but only with respect to nominees for any new positions created by such increase, if the notice is delivered to our Corporate Secretary no later than 10 days following the first date all such nominees or the size of the increased Board is publicly announced or disclosed.

Proxies solicited by the Board will confer discretionary voting authority with respect to Stockholder proposals, other than proposals to be considered for inclusion in the Corporation s proxy statement described above, that the Corporation receives at the above address after March 24, 2017. These proxies will also confer discretionary voting authority with respect to Stockholder proposals, other than proposals to be considered for inclusion in the Corporation s proxy statement described above, that the Corporation receives on or before March 24, 2017, subject to SEC rules governing the exercise of this authority.

Using a **black ink** pen, mark your votes with an **X** as shown in

X

this example. Please do not write outside the designated areas.

q **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 17, 2016:

The Notice of Annual Meeting, Proxy Statement, Proxy Card and Annual Report are available at www.vicorpower.com.

A Proposals The Board of Directors recommends a vote FOR all the nominees listed.

1. Proposal to fix the number of Directors at ten and to elect the following Directors to hold office until the 2017 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified.

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	For	Withhold		For	Withhold		For	Withhold
01 - Samuel J. Anderson	¨	¨	02 - Estia J. Eichten	¨	¨	03 - Barry Kelleher	¨	¨
04 - David T. Riddiford	¨	¨	05 - James A. Simms	¨	¨	06 - Claudio Tuozzolo	¨	¨
07 - Patrizio Vinciarelli	¨	¨	08 - Jason L. Carlson	¨	¨	09 - Liam K. Griffin	¨	¨
10 - H. Allen Henderson	¨	¨						

2. In their discretion, the proxies are authorized to vote upon any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof.

B **Non-Voting Items**

Change of Address Please print new address below.

C **Authorized Signatures** **This section must be completed for your vote to be counted.** **Date and Sign Below**

Please sign exactly as your name(s) appear(s) on the books of the Corporation. Joint owners should each sign personally. Trustees and other fiduciaries should indicate the capacity in which they sign, and where more than one name appears, a majority must sign. If a corporation, this signature should be that of an authorized officer who should state his or her title.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

/ /

Dear Stockholder,

Please take note of the important information enclosed with this Proxy Card, which includes issues related to the management and operation of your Corporation that require your immediate attention. These are discussed in detail in the enclosed proxy materials.

Your vote counts, and you are strongly encouraged to exercise your right to vote your shares.

Please mark the boxes on this Proxy Card to indicate how your shares will be voted. Then sign the card, detach it and return your proxy vote in the enclosed postage paid envelope.

Your vote must be received prior to the 2016 Annual Meeting of Stockholders on June 17, 2016.

Thank you in advance for your prompt consideration of these matters.

Sincerely,

Vicor Corporation

q **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

Proxy Vicor Corporation **COMMON**

PROXY FOR ANNUAL MEETING OF STOCKHOLDERS JUNE 17, 2016

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

AND MAY BE REVOKED PRIOR TO ITS EXERCISE.

The undersigned hereby constitutes and appoints Patrizio Vinciarelli and James A. Simms, and each of them, as Proxies of the undersigned, with full power to appoint his substitute, and authorizes each of them to represent and to vote all shares of Common Stock of Vicor Corporation (the Corporation) held by the undersigned at the close of business on April 29, 2016, at the Annual Meeting of Stockholders to be held at the offices of Foley & Lardner LLP, 111 Huntington Avenue, Boston, Massachusetts 02199, on Friday, June 17, 2016 at 9:00 a.m., local time, and at any adjournments or postponements thereof. Directions to the Foley & Lardner office can be found on the firm s website: http://www.foley.com/boston/. Questions may be forwarded to invrel@vicorpower.com.

When properly executed, this proxy will be voted in the manner directed herein by the undersigned stockholder(s). **IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR THE PROPOSAL TO FIX THE NUMBER OF DIRECTORS AT TEN AND THE ELECTION OF ALL THE NOMINEES FOR DIRECTOR, AND IN THE DISCRETION OF THE PROXIES UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.** A stockholder wishing to vote in accordance with the Board of Directors recommendation need only sign and date this proxy and return it in the envelope provided.

The undersigned hereby acknowledges receipt of a copy of the accompanying Notice of Annual Meeting of Stockholders, the Proxy Statement with respect thereto and the Corporation s 2015 Annual Report to Stockholders and hereby revokes any proxy or proxies heretofore given. This proxy may be revoked at any time before it is exercised.

PLEASE VOTE, DATE AND SIGN ON REVERSE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

Using a **black ink** pen, mark your votes with an **X** as shown in

X

this example. Please do not write outside the designated areas.

q **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 17, 2016:

The Notice of Annual Meeting, Proxy Statement, Proxy Card and Annual Report are available at www.vicorpower.com.

A Proposals The Board of Directors recommends a vote FOR all the nominees listed.

1. Proposal to fix the number of Directors at ten and to elect the following Directors to hold office until the 2017 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified.

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	For	Withhold		For	Withhold		For	Withhold
01 - Samuel J. Anderson	¨	¨	02 - Estia J. Eichten	¨	¨	03 - Barry Kelleher	¨	¨
04 - David T. Riddiford	¨	¨	05 - James A. Simms	¨	¨	06 - Claudio Tuozzolo	¨	¨
07 - Patrizio Vinciarelli	¨	¨	08 - Jason L. Carlson	¨	¨	09 - Liam K. Griffin	¨	¨
10 - H. Allen Henderson	¨	¨						

2. In their discretion, the proxies are authorized to vote upon any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof.

B **Non-Voting Items**

Change of Address Please print new address below.

C **Authorized Signatures** **This section must be completed for your vote to be counted.** **Date and Sign Below**

Please sign exactly as your name(s) appear(s) on the books of the Corporation. Joint owners should each sign personally. Trustees and other fiduciaries should indicate the capacity in which they sign, and where more than one name appears, a majority must sign. If a corporation, this signature should be that of an authorized officer who should state his or her title.

Date (mm/dd/yyyy) Please print date below.	Signature 1 Please keep signature within the box.	Signature 2 Please keep signature within the box.
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Dear Stockholder,

Please take note of the important information enclosed with this Proxy Card, which includes issues related to the management and operation of your Corporation that require your immediate attention. These are discussed in detail in the enclosed proxy materials.

Your vote counts, and you are strongly encouraged to exercise your right to vote your shares.

Please mark the boxes on this Proxy Card to indicate how your shares will be voted. Then sign the card, detach it and return your proxy vote in the enclosed postage paid envelope.

Your vote must be received prior to the 2016 Annual Meeting of Stockholders on June 17, 2016.

Thank you in advance for your prompt consideration of these matters.

Sincerely,

Vicor Corporation

q **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

Proxy Vicor Corporation **CLASS B COMMON**

PROXY FOR ANNUAL MEETING OF STOCKHOLDERS JUNE 17, 2016

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

AND MAY BE REVOKED PRIOR TO ITS EXERCISE.

The undersigned hereby constitutes and appoints Patrizio Vinciarelli and James A. Simms, and each of them, as Proxies of the undersigned, with full power to appoint his substitute, and authorizes each of them to represent and to vote all shares of Common Stock of Vicor Corporation (the Corporation) held by the undersigned at the close of business on April 29, 2016, at the Annual Meeting of Stockholders to be held at the offices of Foley & Lardner LLP, 111 Huntington Avenue, Boston, Massachusetts 02199, on Friday, June 17, 2016 at 9:00 a.m., local time, and at any adjournments or postponements thereof. Directions to the Foley & Lardner office can be found on the firm s website: http://www.foley.com/boston/. Questions may be forwarded to invrel@vicorpower.com.

When properly executed, this proxy will be voted in the manner directed herein by the undersigned stockholder(s). **IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR THE PROPOSAL TO FIX THE NUMBER OF DIRECTORS AT TEN AND THE ELECTION OF ALL THE NOMINEES FOR DIRECTOR, AND IN THE DISCRETION OF THE PROXIES UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.** A stockholder wishing to vote in accordance with the Board of Directors recommendation need only sign and date this proxy and return it in the envelope provided.

The undersigned hereby acknowledges receipt of a copy of the accompanying Notice of Annual Meeting of Stockholders, the Proxy Statement with respect thereto and the Corporation s 2015 Annual Report to Stockholders and hereby revokes any proxy or proxies heretofore given. This proxy may be revoked at any time before it is exercised.

PLEASE VOTE, DATE AND SIGN ON REVERSE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.