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Research Updates

Hess Corporation (HES-US) 2

We reiterate our Buy rating on HES. We continue to believe that HES has a unique combination of a strong diversified asset base, with industry leading economics, as well as one of the strongest balance sheets amongst pure play E&P companies. As such, we believe the company is best positioned to wait out the low oil price environment without sacrificing its assets and subsequently take advantage a rebound of prices in the future and acquisition opportunities.

Whiting Petroleum Corporation (WLL-US) 3

We reiterate our Neutral rating on WLL. Business performance metrics continue to face headwinds from lower crude price and we do not expect a significant rebound in the company's growth metrics for the foreseeable future. Management has been aggressive in selling assets and cutting capex which we think is prudent given that the consensus for crude is now lower for longer. However, we do not see any catalyst for the company to drive increasing economic profit growth or shareholder value creation without crude moving substantially higher from current levels, and we believe WLL provides little opportunity for outperformance.

Company Notes

Hess Corporation (HES-US)

Oil, Gas & Consumable Fuels

Philip Van Deusen
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Research Action:

Reiterate Rating	
Rating:	Buy
Prior Rating:	Buy
Price 03/15/2016:	$50.17
52 Week High / Low:	$79.00 / $32.41
Key Data: (TTM as of Dec-15)	
Excess Cash per Share:	$8.41
Annual Dividend:	$1.00
Dividend Yield:	1.99%
Ave. Volume (30 Day):	6.2M
Shares Outstanding:	315.2M
Float:	279.4M
Equity MV:	$15,815.6M
Sales TTM:	$6,682.0M
Beta:	1.42
EBITDAR:	$3,037.8M
NOPAT:	-$1,484.2M
Total Invested Capital:	$29,823.4M
Return on Capital:	-4.72%
Cost of Capital:	6.80%
Economic Profit:	-$3,621.3M
Market Value Added:	-$5,191.4M
Current Operations Value:	-$23,433.8M
Future Growth Value:	$48,065.8M

- **We reiterate our Buy rating on HES.** We continue to believe that HES has a unique combination of a strong diversified asset base, with industry leading economics, as well as one of the strongest balance sheets amongst pure play E&P companies. As such, we believe the company is best positioned to wait out the low oil price environment without sacrificing its assets and subsequently take advantage a rebound of prices in the future and acquisition opportunities.

- **Performance metrics will remain under pressure, but HES's risk metrics remain a bright spot.** We are not forecasting significant improvements in HES's sales, or economic profit over the NTM. However, we believe that HES's risk metrics are some of the strongest of any pure play E&P operator. The company sports a total debt/total capital ratio of 29.5%, well above the industry average and HES has $4.3 billion in cash on its balance sheet with a total liquidity of $9.0 billion, giving it one of the most attractive liquidity profiles of its industry peers. The company has not had to make the dramatic cuts to capex like some of its peers for 2016 management has reduced its capital and exploratory budget 40% to $2.4 billion, and we view that positively and believe that is a reflection of its diversified assets.

- **Leading operating performance coupled with premier assets are key strengths for HES**. 40% of HES's production comes from sources outside the US in places like the North Sea, Africa and South East Asia; we view this as a distinct advantage because the economics in many of these plays are superior to Bakken region, where many of its peers operate. We note that HES continues to maintain leading cash margin within the industry; HES has $27.0 cash margin whereas its next competitor Apache (APA-US, not rated) has a $23.0 cash margin followed the rest of its peer group in diminishing order. HES's superior cash margin is a testament to the company's commitment to reducing well costs while driving we productivity and efficiency. We see this in the Bakken region as well where HES's Bakken drilling and completion costs have declined 62% since 2012 from $13.4 million to $5.1 million as of Q4 of 2015, while its Avg. 90-Day Initial Production (IP) remains well above the trend line of operators in the region.

For more information or a copy of our complete report, please contact us at (646) 780-8880 or research@tigressfp.com

Company Notes

Whiting Petroleum Corporation (WLL-US)

Oil, Gas & Consumable Fuels

Philip Van Deusen
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Research Action:

Reiterate Rating	
Rating:	Neutral
Prior Rating:	Neutral
Price 03/15/2016:	$8.01
52 Week High / Low:	$41.57 / $3.35
Key Data: (TTM as of Dec-15)	
Excess Cash per Share:	$0.34
Annual Dividend:	$0.00
Dividend Yield:	0.00%
Ave. Volume (30 Day):	35.9M
Shares Outstanding:	209.9M
Float:	206.9M
Equity MV:	$1,681.1M
Sales TTM:	$2,092.5M
Beta:	2.92
EBITDAR:	$1,051.1M
NOPAT:	-$210.7M
Total Invested Capital:	$10,711.4M
Return on Capital:	-1.81%
Cost of Capital:	6.64%
Economic Profit:	-$984.1M
Market Value Added:	-$3,675.3M
Current Operations Value:	-$4,117.0M
Future Growth Value:	$11,153.1M

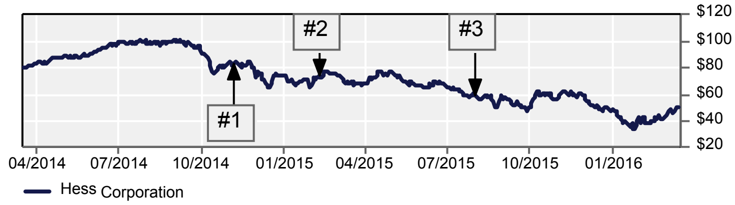
- **We reiterate our Neutral rating on WLL.** Business performance metrics continue to face headwinds from lower crude price and we do not expect a significant rebound in the company's growth metrics for the foreseeable future. Management has been aggressive in selling assets and cutting capex which we think is prudent given that the consensus for crude is now lower for longer. However, we do not see any catalyst for the company to drive increasing economic profit growth or shareholder value creation without crude moving substantially higher from current levels, and we believe WLL provides little opportunity for outperformance.
- **Declining performance metrics set to continue over the next twelve months (NTM)**. Sales declined 30.8% over the LTM from $3.0 billion to $2.1 billion; we see the rate of decline decelerating over the NTM to -27.6%. We also see no meaningful improvement in the WLL's ability to generate economic profit over the NTM either and are forecasting the company to generate -$723.8 million in economic profit over the next year. Despite these negative trends we expect the company's margin profile to improve as a result of its herculean cost cutting efforts.
- **WLL hunkering down in effort to ride out lower oil prices**. Management has taken great strides to fortify its balance sheet and boost its liquidity over the last year. WLL sold $512 million in assets in 2015, and the company continues to look for opportunities to divest its midstream and non-core E&P assets. We believe the company has adequate liquidity to lay low until crude price rebound and it becomes more economical to drill in the Bakken and Niobrara regions again. At of the end of 2015 the company had $2.7 billion in liquidity, with an additional $500 million borrowing base; WLL has no debt coming due until 2018 and no large maturities due until 2019. Furthermore, WLL is being extremely conservative with its capital budget for 2016, leaving 73 and 95 uncompleted wells in the Williston Basin and the Niobrara regions respectively; this has resulted in an 80% decrease in Capex to $500 million in 2016 which we believe is prudent given high levels uncertainty regarding crude prices.

For more information or a copy of our complete report, please contact us at (646) 780-8880 or research@tigressfp.com

Ratings History

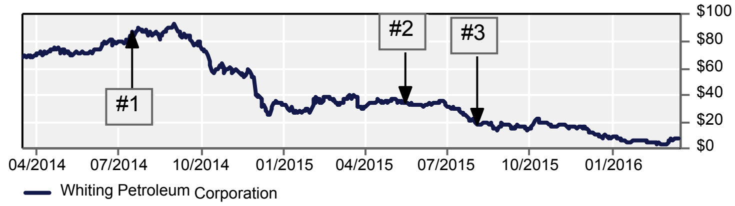
Hess Corporation (HES-US)

Item #	Date	Research Action	Rating	Price
#3	07/31/2015	Reiterate Rating	Buy	$59.01
#2	02/09/2015	Reiterate Rating	Buy	$73.78
#1	11/06/2014	Initiation of Coverage	Buy	$83.71



Whiting Petroleum Corporation (WLL-US)

Item #	Date	Research Action	Rating	Price
#3	08/04/2015	Reiterate Rating	Neutral	$18.98
#2	05/14/2015	Downgrade	Neutral	$33.93
#1	07/16/2014	Initiation of Coverage	Buy	$87.96



Tigress Research Methodology Overview

We employ proprietary quantitative valuation models combined with dynamic fundamental analysis based on the principles of Economic Profit to formulate timely and insightful investment ratings, analysis, strategies and recommendations.

We make key adjustments to reported financial data eliminating GAAP-based accounting distortions and measuring all companies on a cash operating basis.

Our proprietary research framework is a multi-factor model that scores and ranks companies based on their risk-adjusted ability to create Economic Profit relative to their current market value focusing on three key components:

Business Performance: Measuring economic profitability, growth and operating efficiency.

Risk: Measuring business sustainability, volatility, strength and consistency.

Valuation: Linking business performance to market value. Measuring value created relative to capital employed and enterprise multiples of economic profit and cash flow.

We score and rank 24 key measurements of performance, risk and value into relative market and industry investment recommendations.

For more information on our research methodology, please review the Tigress Investment Research Guide to Company Valuation and Analysis.

Glossary of Key Terms and Measures

Excess Cash per Share: Excess Cash per Share is the amount of excess cash divided by basic shares outstanding. Excess Cash consists of all cash and short-term securities less operating cash needed to run the business. Operating Cash is 5% of TTM net sales revenue.

EBITDAR: Earnings Before Interest, Taxes, Depreciation, Amortization, and Restructuring and Rent Costs. This is especially important when comparing companies that use a significant amount of leased assets like restaurants and retailers.

NOPAT: Net Operating Profit after Tax. Represents a company's after-tax cash operating profit excluding financing costs.

Total Invested Capital: Total Invested Capital the total cash investment that shareholders and debt holders have made during the life of company.

Return on Capital: Return on Capital equals NOPAT divided by Total Invested Capital. It is a key measure of operating efficiency. ROC quantifies how well a company generates cash flow relative to the capital invested in its business.

Cost of Capital: Is the proportionately weighted cost of each category of capital – common equity, preferred equity and debt.

Economic Profit: Economic Profit is the net operating income after tax less the opportunity cost of the total capital invested. It is the most important driver of shareholder value.

Current Operations Value: Current Operations Value is the portion of market value based on the discounted present value of the current earnings stream assuming it remains constant forever.

Future Growth Value: Future Growth Value is the portion of market value based on un-earned Economic Profit

For more information on the key terms and measures, please review the Tigress Investment Research Guide to Company Valuation and Analysis.

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Rating Distribution (03/15/2016)

Rating:	Meaning:	Companies Under Coverage #	Companies Under Coverage %	Relationship Companies Under Coverage* #	Relationship Companies Under Coverage* %
Strong Buy:	Expect significant price gains in the price of the stock relative to its industry peer group and general market over the next 12 months.	17	13%	0	0
Buy:	Expect out-performance for the price of the stock relative to its industry peer group and general market over the next 12 months.	58	44%	4	80%
Neutral:	Expect little or no outperformance opportunity over the next 12 months.	49	37%	1	20%
Underperform:	Expect underperformance for the price of the stock relative to its industry peer group and general market over the next 12 months.	7	5%	0	0
Sell:	Expect price decline or significant relative market and industry underperformance over the next 12 months.	0	0%	0	0
	Total	131	100%	5	100%

*Relationship Companies under research coverage are companies in which Tigress Financial Partners LLC or one of its affiliates has received compensation for investment banking or non-investment banking services from the company, affiliated entities and / or its employees within the past twelve months or expects to do so within the next three months.

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Company:	Disclosure:

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