

HESS CORPORATION

2009 Corporate Sustainability Report



SCOPE OF REPORT

The principal facilities and assets operated by Hess Corporation and its subsidiaries during calendar year 2009 are included in this report. Environment, health, safety and social responsibility (EHS & SR) data refer to gross figures from operated facilities as well as for third-party activities where Hess has overall responsibility as specified in contractual arrangements.

The information provided in this report has been guided by the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines. To ensure oil and gas sector specific coverage, we have also followed the joint International Petroleum Industry Environmental Conservation Association and the American Petroleum Institute's Oil and Gas Industry Guidance on Sustainability Reporting.

Report content was selected based on GRI's principles and guidance. Materiality, based on applicability, degree of impact and risk, as well as stakeholder interest, was considered for each GRI indicator. Where an indicator was deemed to be of significant materiality, reliable and verifiable quantitative data have been provided to the extent practicable given our current corporate data collection and aggregation systems.

The GRI's Reporting Guidance for Boundary Setting was applied to determine the inclusion of operational


performance data for three key joint ventures not under Hess' direct operational control but where we have significant influence: the HOVENSA Refinery in the U.S. Virgin Islands, the Joint Development Area (JDA) in Malaysia/Thailand and SonaHess in Algeria.

To facilitate comparisons with prior years' reports, data from HOVENSA has been presented separately. SonaHess and JDA performance data are included in Hess totals. Also, some quantitative EHS performance data have been reported on a normalized basis to facilitate year-on-year comparisons.

Net equity greenhouse gas (GHG) emissions have been reported for operations in which Hess had an equity interest but that were operated by other companies. With the exception of net equity GHG emissions, this report does not include EHS & SR data on assets operated by other companies in which Hess has an equity interest.

The quality of the information and data included in this report was reviewed by ERM Certification and Verification Services (ERM CVS), an accredited independent third party. ERM CVS' verification statement has been included at the end of this report. ERM CVS also provided an opinion on the self-declared GRI Application Level.

Report Application Levels

		C	C+	B	B+	A	A+
Optional	Mandatory	Self Declared					<input checked="" type="checkbox"/>
		Third Party Checked		Report Externally Assured		Report Externally Assured	
		GRI Checked		Report Externally Assured		Report Externally Assured	Report



WE SUPPORT

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

Note: Following a review by ERM CVS, our external verifier, Hess is self-declaring a GRI Application level of A+ in conformance with the GRI Sustainability Reporting Guidelines.

On the cover: Student at Hess model school, Equatorial Guinea

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MESSAGE FROM THE CHAIRMAN

John B. Hess

Chairman of the Board
and Chief Executive Officer



In 2009 our company delivered strong performance in a challenging environment, marking further progress in our strategy to build a company that will sustain long term profitable growth while making a positive impact on the communities where we do business. Hess is committed to help meet the world's demand for energy in a way that protects the health and safety of our stakeholders and respects the environment.

A critical challenge for our company and our industry is that we expect demand for energy to rise significantly in the years ahead. Currently 85 percent of the world's energy comes from hydrocarbons: 35 percent oil, 30 percent coal and 20 percent natural gas. A key driver of energy demand growth is world population, estimated to increase from 6.8 billion today to 9 billion by 2050, largely in the developing countries of the world. With a corresponding rise in living standards, hydrocarbon energy will be required to support economic development. While renewable energy will be needed and should be encouraged to help meet future energy demand and contribute to reducing our carbon footprint, it currently does not have the scale, timeframe or economics to alter materially the growing demand for hydrocarbons. As a consequence, more investment is required to find and develop hydrocarbon resources as well as to improve efficiency in their use so that we reduce the risk of escalating energy prices that would threaten world economic growth.

Until the recent tragic accident in the deepwater Gulf of Mexico, our industry had an excellent record globally in safety performance and environmental protection. With the devastating loss of life, ecological damage to the Gulf coast and severe economic impact on local communities, it is clear that significant improvements

in deepwater drilling standards and oil spill response are required. While our company believes we have extremely high performance requirements for the safety of drilling operations, we and our industry need to do all we can to learn from this disaster and to take the necessary precautions to ensure such a tragedy never happens again.

While we have a huge challenge ahead of us in meeting future energy demand, we must also address the growing threat to sustainable development posed by climate change and reduce CO₂ emissions to leave a cleaner environment for future generations. Hess supports U.S. climate change legislation that treats all affected parties equitably and in a cost effective manner. We believe that the most equitable way to implement U.S. climate change legislation is to impose a carbon tax. We also support long term international collaboration for moderating energy demand by implementing efficiency standards and diversifying and increasing energy supply, including oil, natural gas, cleaner coal, nuclear and renewables such as wind, solar and biofuels.

A portion of our investment strategy includes moving quickly to access and develop the world's abundance of unconventional hydrocarbon resources through significant initiatives in the United States and international areas. Another component of our strategy includes an investment in the construction of an advanced technology natural gas powered electricity generation plant based in New Jersey that will provide power to New York City. We are also pursuing the commercial development of hydrogen fuel cells for use in safe, clean and efficient transportation systems through our Nuvera Fuel Cells subsidiary.

HESS CORPORATION PERFORMANCE

The global reach of our operations demands our commitment to key voluntary international initiatives and standards with respect to human rights, environmental protection and financial transparency. We support the Extractive Industries Transparency Initiative, the Voluntary Principles on Security and Human Rights, the United Nations Global Compact, the Universal Declaration on Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work. In 2009 we strengthened implementation of the Voluntary Principles, as well as related commitments to human rights and transparency.

Hess has many types of stakeholder engagements that shape our business environment and influence our business success. Our objective is to be transparent and engage with our stakeholders on their issues of concern in a manner that is both constructive and productive.

In 2009 our safety performance was the best ever since we began collecting data as we reduced our workforce recordable incident rate by 27 percent and experienced zero fatalities. This progress is a result of the commitment of our entire work force and the success of our management systems. We remain focused on continuous improvement in this area.

The Hess Leadership Team endorsed a comprehensive Climate Change Strategy, reviewed with the Board of Directors, for managing our carbon footprint. This strategy included a five year target for a reduction of 20 percent in the company's greenhouse gas emissions intensity. We made substantial progress toward achieving that target in 2009, reducing emissions intensity by 11 percent against the 2008 baseline. As part of our strategy, we also committed to reducing by 50 percent the combined flaring emissions at our operations in Algeria and Equatorial Guinea over five years. In 2009, we successfully reduced the combined flaring at these operations by 45 percent. In addition, our Climate Change Network is implementing a corporate-wide Energy Efficiency program, which we anticipate having in place by next year, along with performance targets.

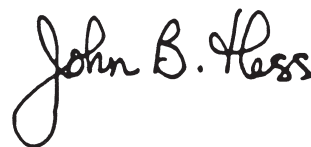
Hess is dedicated to attracting, energizing, developing and retaining a highly talented diversified workforce that is capable of delivering strong business results. Women comprise 40 percent of our global workforce.

In 2009, with a strong focus on learning and development, more than 22 percent of professional employees assumed new roles within the company. A core part of our progress is a social responsibility strategy that is guided by our Values, Code of Conduct, policies and management systems that protect our employees, customers, host communities and the environment. Before the company makes a major new investment, we conduct an Environmental and Social Impact Assessment to understand the potential effects of our operation. We continue to pursue a focused social responsibility strategy centered on health and education through partnerships with host governments and leading non-governmental organizations to develop sustainable programs.

OUR COMMITMENT

We are proud of our achievements but aware that we face significant challenges, including political instability, human rights and environmental concerns in certain areas where we conduct operations; national and international climate change measures; demand for affordable, clean and renewable energy; global competition for skilled and experienced workers and the risk of technical obstacles in finding and developing hydrocarbon reserves.

In the coming years, we will continue to pursue our strategy of sustainable growth targeting first quartile operating performance across our business. Our company will do its part in helping to build a balanced and comprehensive approach to energy security and protection of the environment to ensure sustainable development. We are proud of the progress we have made in the growth of our company and we recognize that success is a long journey. With the continuing support of our customers, employees, investors, business partners and communities where we do business, we are confident that we are building a sustainable enterprise that will make a positive impact on the world around us.



John B. Hess

Chairman of the Board
and Chief Executive Officer

ACCOMPLISHMENTS, CHALLENGES AND OPPORTUNITIES

PERFORMANCE AGAINST OUR VALUES

ACCOMPLISHMENTS

METRIC



- Strong financial and operating performance in a challenging economic environment.
- Increased comprehensiveness and quality of sustainability performance disclosures.

- \$740 million net income; 7 percent production growth.
- GRI G3 A+ application level, strong sustainability rankings.



- No fatalities; best-ever workforce safety performance; no catastrophic incidents.
- Focused efforts to improve employee wellness through prevention.

- No fatalities; 0.82 employee and 0.64 workforce recordable incident rates; site-specific targets for preventive safety actions.
- Employee participation in health risk screening activities.



- Established five-year, 20 percent GHG intensity reduction target; reduced direct GHG emissions and flaring.
- Proactive programs implemented to minimize oil spills.

- Achieved 11 percent GHG intensity reduction toward 20 percent five-year target.
- Reduced flaring in Equatorial Guinea and Algeria by 45 percent toward 50 percent five-year flare reduction target.
- No oil spills greater than 50 barrels; 80 percent reduction in spill volume.



- Upgraded Global Talent Management and Succession Process.
- Increased number of positions held by foreign nationals.

- 22 percent professionals in new roles; 34 percent increase in mentoring; 35 percent women/minorities in U.S. leadership program.
- 60-90 percent nationals in major overseas operations.



- Human Rights policy developed with stakeholder input; risk assessment, training conducted in Asia Pacific.
- Organized industry training session for Civil Society members of Equatorial Guinea EITI Commission.

- Human Rights policy approved and disseminated; site visits, training in three countries.
- Actively promote Extractive Industries Transparency Initiative (EITI) implementation in countries where Hess operates.



- Equatorial Guinea education program met program objectives.
- Social Investment strategy more aligned with business strategy, focused on education and health.

- Nearly 1,200 teachers trained; improved data informs planning; 40 schools refurbished.
- New Social Responsibility Policy and Spending Guidelines developed and issued.

CHALLENGES

- Execute strategy to generate sustainable E&P growth and maximize M&R current returns.
- Continue to improve global data collection and quality control at the field level.

- Continue to improve safety culture and management systems to reduce incident risks.
- Provide global wellness program sensitive to local cultures.

- Capital investment that achieves GHG emissions intensity reductions.
- Maintain progress and prevent isolated incidents.

- Prepare employees for advancement; recruit skilled professionals; integrate new hires.
- Reduce reliance on expatriates around the world.

- Ensure broad knowledge and best practice companywide; training to encourage supplier and contractor respect for policy.
- Encourage Equatorial Guinea to reapply for EITI candidate status.

- Sustainability of effort beyond grant period.
- Ensure that activities reflect changing business realities.

OPPORTUNITIES

- Attractive portfolio of investment opportunities to deliver sustainable growth in reserves and production.
- Continue to address stakeholder expectations.
- Improve organizational competence through training.

- Continue to mature culture of safety excellence.
- Achieve aspirational goal of zero safety incidents.
- Reduction in health risks by increasing awareness, preventative screening and changes in behaviors.

- Continue mitigation through energy efficiency, flare and vent minimization and increase renewable and alternative energy.
- Continue to reduce spill frequency and volume.

- Continue to build globally diverse workforce as we grow.
- Recruit and develop local talent for leadership roles.

- Assessment and training scheduled for Africa in 2010.
- Build on Equatorial Guinea progress by publishing EITI dataset.

- Program benefits foster sustained efforts by government and community.
- Social spend more integrated with overall stakeholder engagement.

OUR GLOBAL
REACH



Okume Complex, Equatorial Guinea

20
COUNTRIES
WORLDWIDE

13,300
EMPLOYEES
WORLDWIDE

1.44
BILLION BARRELS
PROVED RESERVES

Hess Corporation (NYSE: HES) is a leading global independent energy company engaged in the exploration for and production of crude oil and natural gas, as well as in refining and in marketing refined petroleum products, natural gas and electricity. We are headquartered in New York City and employ 13,300 people in 20 countries. Our strategy is to build a company that will sustain profitable growth and create significant shareholder value.

We are committed to meeting the highest standards of corporate citizenship by protecting the health and safety of our employees, safeguarding the environment and making a positive impact on the communities in which we do business.

EXPLORATION AND PRODUCTION

In 2009 Hess net oil and gas production averaged 408,000 barrels of oil equivalent per day and the company's proved reserves grew to 1.44 billion barrels of oil equivalent.

Increased production resulted from the startup of the Shenzi Field in the deepwater Gulf of Mexico, higher production at the Malaysia/Thailand Joint Development Area (JDA) and strong operating performance across the portfolio. During the year we continued to build our position in the North Dakota Bakken shale play, the Marcellus shale play in northeastern Pennsylvania and acquired new acreage in the United States, Indonesia, Australia and Norway to build our exploration portfolio.

Our Exploration and Appraisal team drilled successful wells in Australia, Malaysia, Libya, the United Kingdom and Peru.

MARKETING AND REFINING

Hess is the leading independent gasoline convenience store retailer on the U.S. East Coast with 1,357 Hess-branded locations. Hess Energy Marketing is a major supplier of natural gas, fuel oil and electricity to commercial, industrial and utility customers and offers a suite of green and carbon-neutral products.

OUR VALUES

Hess Values set the framework and establish the ethical standards by which we conduct our business.

Integrity We are committed to the highest level of integrity in all our relationships.

People We are committed to attracting, retaining and energizing the best people by investing in their professional development and providing them with challenging and rewarding opportunities for personal growth.

Performance We are committed to a culture of performance that demands and rewards outstanding results throughout our business.

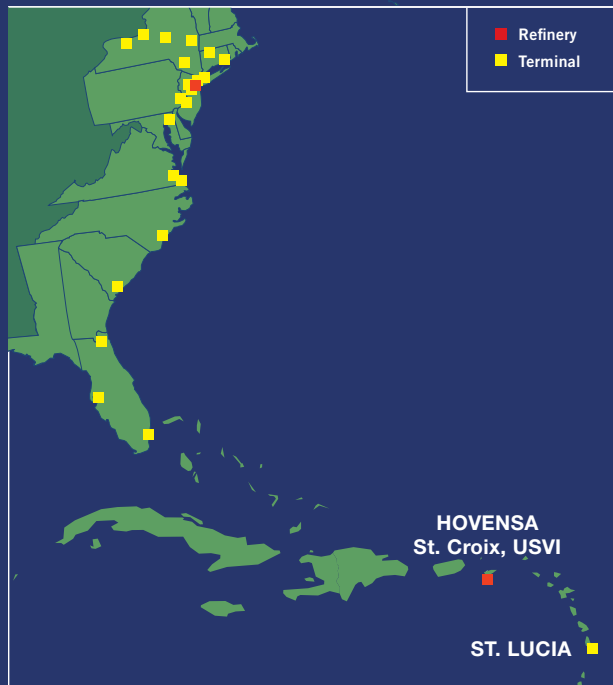
Value Creation We are committed to creating shareholder value based on sustained financial performance and long-term profitable growth.

Social Responsibility We are committed to meeting the highest standards of corporate citizenship by protecting the health and safety of our employees, safeguarding the environment and creating a long-lasting, positive impact on the communities where we do business.

Independent Spirit We are committed to preserving the special qualities and unique personality that have made us a successful independent enterprise.

OPERATIONAL HIGHLIGHTS

Marketing & Refining Area Detail



UNITED STATES M&R HIGHLIGHTS

- Energy Marketing provided energy to 22,000 commercial and industrial customers in the eastern United States and increased electricity sales volumes by 37 percent.
- Retail Operations increased convenience store sales by 11 percent, acquired 11 gasoline convenience stores in Massachusetts and expanded its Dunkin' Donuts offering to 367 sites.
- Our HOVENSA JV refinery averaged 402,000 BPD of gross crude runs and our Port Reading refining facility averaged 63,000 BPD of feedstock runs in 2009.
- Nuvera Fuel Cells, a wholly owned subsidiary of Hess, received two U.S. Department of Energy awards for fuel cell research and development.



UNITED STATES E&P HIGHLIGHTS

PRODUCTION

- Completed startup of Shenzi field in deepwater Gulf of Mexico.
- Drilled 33 wells and increased production in North Dakota.

DEVELOPMENT

- Expanded Seminole Gas Plant to support Permian production in Texas.
- Completed plans to expand Tioga Gas Plant in North Dakota.

EXPLORATION

- Acquired 80,000 net acres in Marcellus shale gas play in northeastern Pennsylvania.

SOUTH AMERICA HIGHLIGHTS

EXPLORATION

- Drilled two wells offshore Brazil, one of which resulted in a notice of discovery.



▲ Country of Operation

EUROPE & RUSSIA HIGHLIGHTS

PRODUCTION

- Announced strategic asset trade subject to various approvals; Hess to assume Shell's interest in two fields in Norway. Shell to assume Hess' interest in Clair Field in the U.K. and all interests in Gabon.
- Achieved annual production of 37,000 BPD in Russia.

AFRICA HIGHLIGHTS

EXPLORATION

- Drilled and successfully tested appraisal well in Libya.

ASIA & AUSTRALIA HIGHLIGHTS

PRODUCTION

- Full year Phase 2 natural gas sales in Malaysia/Thailand JDA.

DEVELOPMENT

- Commissioned liquefied petroleum gas processing facility in Indonesia.

EXPLORATION

- Awarded South Sesulu block in Indonesia.
- Discovered natural gas at six wells offshore Australia.

Business Performance Highlights

2009

Sales and other operating revenue	\$ Million	29,614
Net income	\$ Million	740
Capital and exploratory expenditures	\$ Million	3,245
Total assets	\$ Million	29,465
Total debt	\$ Million	4,467
Stockholders' equity	\$ Million	13,528

Exploration and Production

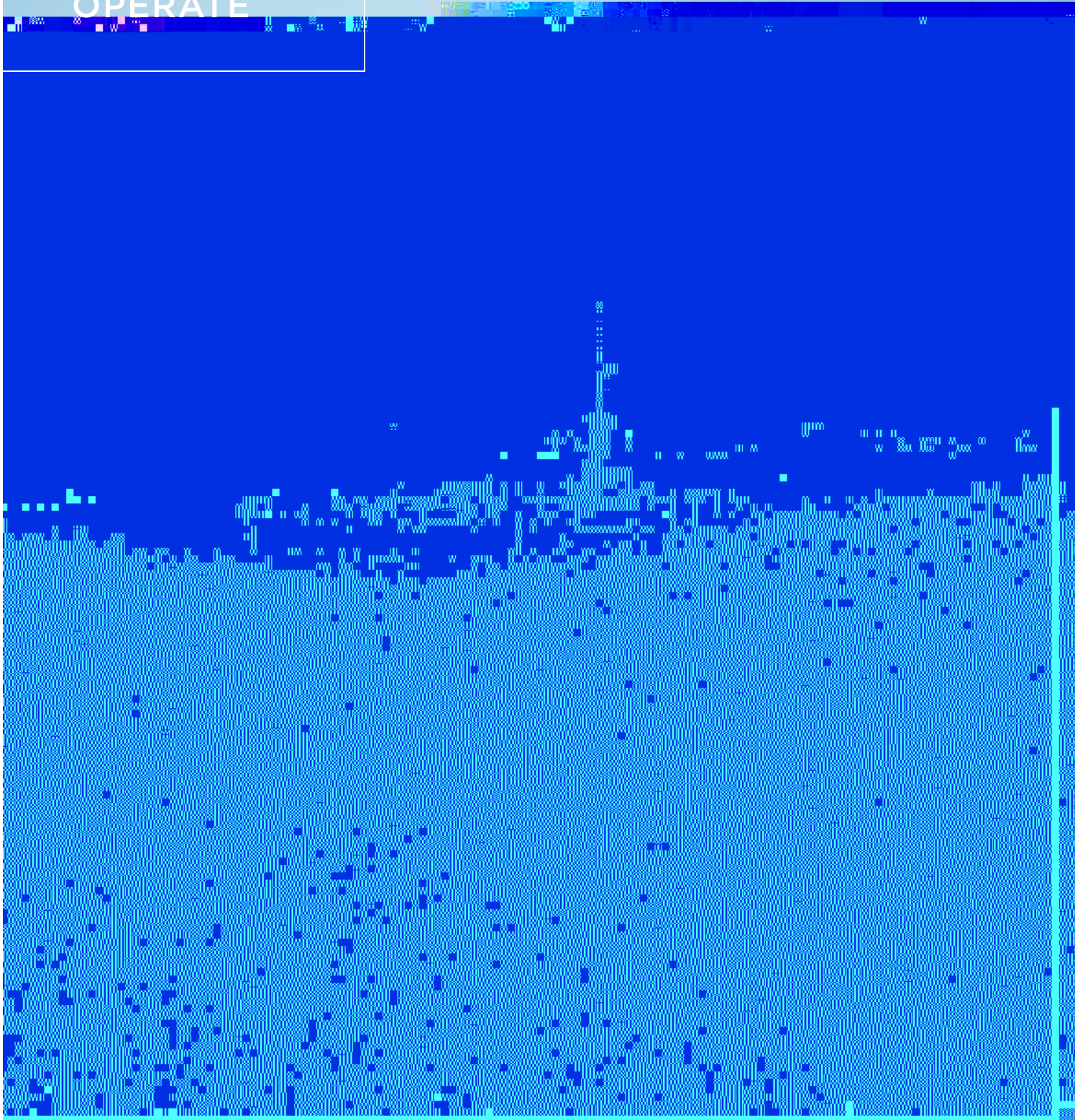
Total net hydrocarbons produced	000 BOE/D	408
Proved reserves (total)	000 BOE	1,437
United States	%	21
Europe	%	30
Africa	%	23
Asia and others	%	26
Reserve life	Years	9.5
Replaced production	%	103

Marketing and Refining

Refined petroleum product sales	000 BOE/D	473
Convenience store sales*	\$ Million	1,164
HOVENSA gross crude runs	000 BOE/D	402
Port Reading feedstock runs	000 BOE/D	63

*excludes fuel sales

HOW WE OPERATE



Drilling operations in North Dakota

12 YEARS OF
SUSTAINABILITY
REPORTING

\$8 BILLION IN DIRECT
ECONOMIC
CONTRIBUTIONS

5 VOLUNTARY
COMMITMENTS
TO HUMAN
RIGHTS

STRATEGY AND APPROACH

Our company is committed to meeting the global demand for energy in a manner that safeguards the health and safety of our employees, protects the environment and makes a sustainable and positive impact on the communities where we operate.

The Hess Values – Integrity, People, Performance, Value Creation, Social Responsibility and Independent Spirit – form the structure and establish the ethical standards by which we conduct our business.

We view the Hess Values as core components of our approach to operational excellence. Our Code of Business Conduct and Ethics, as well as our Environment, Health, Safety and Social Responsibility (EHS&SR) policies, management systems and initiatives are all designed to ensure that we identify and manage the risks associated with our operations, products and services.

Our membership in key industry associations ensures that we follow best industry practices and that our positions on legislative and regulatory matters are well represented to appropriate stakeholders.

We report openly on our sustainability performance and are committed to engaging productively with our stakeholders. The company endorses key international voluntary initiatives that are designed to protect the environment, promote universal human rights and provide financial transparency. We value a diverse supply chain and the contributions we make to our local economies.

BOARD AND MANAGEMENT STRUCTURE

Board of Directors The Board of Directors is responsible for overseeing the business of the company,

including its financial and non-financial performance. The Board consists of 13 directors, 10 of whom are independent. The Board is chaired by John B. Hess, who is also Chief Executive Officer of the company. Eight regular meetings are held annually and there are three principal committees: Audit; Compensation and Management Development; and Corporate Governance and Nominating. All members of the committees are independent, in accordance with New York Stock Exchange and Securities and Exchange Commission (SEC) rules. Each committee has a written charter that sets forth its purpose and responsibilities. More information on the Board of Directors and relevant SEC filings is available on www.hess.com.

Audit Committee The Audit Committee fulfills the Board of Directors' responsibility to oversee the company's financial statements, financial reporting practices, systems of internal accounting and financial and disclosure controls, internal audit function, retention and oversight of independent auditors, management of risk, and the company's environment, health, safety and social responsibility programs. The committee has six members, meets six times a year and routinely reviews the company's environment, health, safety and social responsibility performance.

Related Party Transactions Hess directors and executive officers are required to bring to the company's attention all related party transactions, including those that must be disclosed under Securities and Exchange Commission regulations. The Hess Code of Business Conduct and Ethics provides that any company representative, including a director or officer, who considers conducting a transaction that might give rise to a conflict of interest, must report the transaction in advance to the company's legal department for review.

Communication with the Board of Directors

Stockholders and interested parties who wish to communicate or request a meeting with members of the Board of Directors or with only non-management directors or any specified individual director may do so by e-mail at directors@hess.com, or by writing to them in care of:

Chairperson of the Corporate Governance
and Nominating Committee
Hess Corporation
P.O. Box 2694
Easton, Maryland 21601

Hess Leadership Team The Hess Leadership Team provides strategic business direction and makes key operational decisions for the company. The Leadership Team, consisting of eight corporate executive officers, establishes strategies to provide a clear focus on the promotion of environment, health, safety and social responsibility policies, as well as management systems that protect the company's workforce, customers and local communities. Executive compensation is linked in part to select environment, health, safety and social responsibility performance metrics. The Hess Leadership Team also establishes performance objectives and holds business units accountable for their performance. The company's business units and line management are responsible for incorporating environment, health, safety and social responsibility expectations into business activities and providing adequate resources and mechanisms to meet performance objectives.

Operational Excellence Leadership Team

Executives representing Exploration and Production (E&P), Marketing and Refining (M&R), EHS&SR, Global Process Excellence and Information Technology make up the Operational Excellence Leadership Team (OELT). This team, commissioned in 2009 by the company's chief executive officer and chaired by the president of E&P, reports to the Hess Leadership Team and provides leadership in the five "pillars" that comprise our Operational Excellence (OE) framework: EHS&SR, asset

integrity, reliability, production/business optimization and cost management and control. The OELT meets frequently to further integration of OE principles, practices and culture into our operations to enable sustainable, world class results.

ETHICAL BUSINESS CONDUCT

The Hess Code of Business Conduct and Ethics describes the company's commitment to integrity. The Code defines the company's core values and ethical standards regarding business ethics, citizenship, contracting and labor practices, regulatory compliance, safety and stewardship of the environment.



Aboard the Stena Forth drillship

The company monitors compliance with the law and its own policies and has established telephone and internet services to enable employees to report activity that may not be in compliance. Notices of suspected violations, including those made anonymously, are treated confidentially and promptly investigated in a manner that is thorough and fair. Between Nov. 1,

2008, and Oct. 15, 2009, 75 reports were received. Of those, 16 were substantiated and resulted in follow-up action. The Audit Committee of the Board of Directors reviews matters related to compliance with the Code.

In 2009 there were no legal actions, significant fines, or non-monetary sanctions relating to anti-competitive behavior, anti-trust, or monopoly related laws or regulations. The company expects full compliance with the Foreign Corrupt Practices Act (FCPA) on the part of its directors, officers, employees, business partners and agents. During the year, approximately 78 percent of staff who were required to take anti-corruption training, completed online courses.

During orientation, new employees are required to document that they have reviewed the Code. In addition, the company conducts regular and mandatory training of salaried employees on ethical guidelines using an online Hess Code of Business Conduct training course. Last year 3,470 employees were assigned to take the online training. Of those, 2,463 successfully completed the course.

The company takes no action against an employee who in good faith makes a complaint or reports known or suspected violations of company policy.

POLITICAL CONTRIBUTIONS

Hess corporate policy prohibits company contributions to political parties and candidates and the use of Hess facilities or property for campaign activities. Moreover, the policy prohibits the use of corporate resources and corporate personnel in ways that assist campaigns of candidates. Management may not coerce political contributions from employees and the company may not directly or indirectly reimburse an employee for a political contribution or channel a contribution through an employee to disguise its origin. Employees who wish to engage in the political process through the support of candidates and political parties are encouraged to do so privately.

MANAGEMENT SYSTEMS

Hess uses an integrated approach to managing the operational risks related to occupational health and safety (including process safety), the environment, social responsibility and employee wellness. With this approach, we communicate our expectations and threshold requirements for consistent management of EHS & SR risks across the company, compliance with applicable laws and regulations, and conformance with internal expectations. At the same time our approach allows enough flexibility at the business and asset level to meet the specific needs of our diverse operations.

Our Principles for Operational Excellence provide a framework for the way we conduct our business and for continuous improvement in our management systems and performance. The Principles support the company's six Core Values, the Code of Business Conduct and Ethics and the Environment, Health and Safety, the Social Responsibility and the Human Rights policies.

In turn the Principles for Operational Excellence are supported by Global Standards that define and describe how to put into practice general management, safety, health, environment and social responsibility expectations for managing significant risks to people, the environment, operating assets and our reputation. The Principles for Operational Excellence and Global Standards are a bridge between the commitments and expectations described in our Environment, Health and Safety, Social Responsibility and Human Rights policies and the management systems, processes, procedures, technical guidance and work practices used in our businesses.

The Environment, Health, Safety and Social Responsibility Global Standards map to existing industry-recognized management system protocols, including: International Certification Standard for Environmental Management Systems (ISO 14001), International Occupational Health & Safety Management System specification (OHSAS 18001), American Chemical Council's Responsible Care®

How We Operate

Management System, U.S. Occupational Safety and Health Administration's Process Safety Management standard, and U. S. Environmental Protection Agency's Risk Management Program.

Decisions about ISO certification are made within the business units. Hess' North Sea operations, South Arne operations, and St. Lucia oil terminal are ISO 14001 certified and account for approximately 14 percent of gross operated oil production and throughput. Denmark Production operations are OHSAS 18001 certified.

KEY MEMBERSHIPS AND ASSOCIATIONS

Hess Corporation is active in international, national and local industry and business associations. The company holds leadership positions in the International Petroleum Industry Environmental Conservation Association (IPIECA), the Retail Energy Supply Association, the National Petrochemical and Refiners Association, the North Dakota Petroleum Council, the Marcellus Shale Coalition, the Corporate Council on Africa, the U.S.-Libya Business Association, the U.S.-Algeria Business Council and the U.S.-Azerbaijan Chamber of Commerce.

We are also represented on IPIECA'S Strategic Issues Assessment Forum, Greenhouse Gas Initiatives Taskforce and Climate Change and Social Responsibility working groups, the International Emissions Trading Association (IETA) U.S. and Post-2012 working groups, the International Association of Oil and Gas Producers (OGP) Environment Committee and Greenhouse Gas Reporting Task Force, the National Health and Environmental Committees and the ORC Worldwide Executive Business Issues Forum, and the Occupational Safety and Health Committee. Hess serves as a Trustee of the Council on Employee Benefits; on the Executive Committee for the Conference Board's Executive Compensation Council; on the Steering Committee of the E27 Group; and on the Partner Committee for Harvard Business School Publishing.

Our participation and involvement in these organizations are among the major means by which we participate in public policy debate.

STAKEHOLDER ENGAGEMENT

We have many types of stakeholders that shape our business environment and influence our business success. Our six core Values, Code of Business Conduct and Ethics, Environment, Health and Safety, Social Responsibility and Human Rights policies set expectations for how we conduct our global business to the highest standards of business and personal integrity in all our relationships. Our goal is to be transparent and engage with our stakeholders on their issues of concern in a manner that is constructive and productive. Commonly used communication mechanisms include meetings, town halls, webinars, videoconferences, feedback programs and surveys, speaking engagements and public reports.



Hess sponsored orphanage in Algeria

OUR STAKEHOLDERS

Stakeholder	Types of Engagement
Employees	Town halls, feedback programs and surveys, compliance hotline, safety committees, intranet, performance management program, new employee onboarding, volunteerism
Communities	Consultation and feedback, town halls, open house tours, social investments, participation in local associations, community advisory panels and local emergency planning and response organizations, employee volunteerism and matching grants
Suppliers	Local content and mentoring programs, contract discussions and negotiations, trade shows and conferences, business to business communications
Shareholders and investors	Investor relations organization, shareholder dialogue and consultation, annual shareholder meetings, investor surveys and workshops
Customers and consumers	Feedback programs and surveys, customer service organizations, business to business communications, trade shows and conferences, supplier surveys
Industry associates	Trade and professional association activities, benchmarking
Governments and multi-lateral institutions	Consultation and negotiation, legislative and regulatory advocacy, training courses and conferences, voluntary initiatives
NGOs and educational institutions	Partnerships, memberships, consultation, research funding, matching grants, internships

The table above describes several examples of our stakeholder engagement activities. Additional information on stakeholder engagement with employees, suppliers, communities, host governments and educational institutions is included later in this report.

Sustainability Reporting We have published information on environment, health and safety performance since 1997 and social performance since 2005. Our annual sustainability report follows the Global Reporting Initiative (GRI) G3 guidelines supplemented by IPIECA and the American Petroleum Institute Oil and Gas Industry Guidance on Sustainability Reporting. In 2009 we became a

member of a GRI sponsored multi-stakeholder working group that is developing a sector supplement for the oil and gas industry.

We make our sustainability report widely available through the company's Web site (www.hess.com) and by hard copy upon request. We directly distribute the print report to an extensive number of stakeholders, including our employees, and arrange for its inclusion on the GRI Web site (www.globalreporting.org). This report is also submitted to the United Nations Global Compact as our annual Communication on Progress (COP).

We have participated in the Carbon Disclosure Project (CDP) since 2004, providing investors with comprehensive qualitative and quantitative climate change management and greenhouse gas emissions data. Our CDP reports are publicly available on the CDP Web site (www.cdproject.net). We provide sustainability performance data to the world's leading Environment, Social & Governance research and rating agencies and upon request to our institutional and individual shareholders as well as academic institutions and individual students conducting sustainability research.

Multi-Stakeholder Engagement In 2009 we continued to participate in the United Nations Global Compact (Global Compact) local network meetings and the annual Voluntary Principles on Security and Human Rights (Voluntary Principles) and Extractive Industries Transparency Initiative (EITI) plenaries. We engaged extensively in support of EITI implementation in Equatorial Guinea (E.G.), working with the U.S. State Department, the World Bank, the E.G. government and the civil society members of the E.G. EITI group.

We also participated in the World Bank Sustainable Decommissioning of Oil Fields and Mines initiative which included government regulators from Europe, North America and Sub Saharan Africa, World Bank staff, nongovernmental organizations, and representatives from oil and gas and mining companies and trade associations. The initiative resulted in decommissioning guidance and tools for use by the countries in Sub Saharan Africa, specifically the ministries that oversee the extractive industries.

TRANSPARENCY AND HUMAN RIGHTS

Hess has a longstanding commitment to human rights that is reflected in our Social Responsibility Value, Code of Business Conduct and Ethics, Social Responsibility Policy and new Human Rights Policy. Between 2002 and 2004 we endorsed and began participating in international voluntary initiatives designed to promote universal human rights, protect the environment, and

encourage financial transparency: the Global Compact, The Voluntary Principles and the EITI. We endorse and respect the Universal Declaration of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The principles espoused in these frameworks and voluntary initiatives and standards have been incorporated into our policies and programs.



Workers at Samara-Nafta operation, Russia

In 2009 we strengthened implementation of the Voluntary Principles and related commitments to human rights and transparency by using a multi-pronged approach that incorporated policies, implementation guidelines, training, contractual arrangements and monitoring.

We have a longstanding commitment to human rights and respect for the communities where we operate.

Policies and Protocols Hess now has in place a Human Rights Policy that clearly articulates the company's commitment to respecting human rights. The policy covers labor practices, security, supply chain and community engagement and social development. Training is being developed.

In keeping with our Code of Conduct we avoid engaging public security forces where possible. In practice this means that Hess almost exclusively contracts with private security companies, which gives our company greater influence at our project sites. Private security contractors are required to conduct background checks on their employees, including criminal records. In order to mitigate the risk of unreasonable use of force, a guideline was implemented that security guards should be unarmed whenever the local security situation permits this option. Implementation of the guideline led to the disarming of Hess' private security guards in Indonesia and Thailand.

In 2010 we are continuing to take steps to systematically incorporate security and human rights concerns into earlier stages of projects including risk assessments and integration of community development, security and human rights expertise.

Human Rights Risk Assessments We use several methods to predict and identify human rights impacts, starting with our Global Human Rights Risk Assessments and third-party field visits to conduct human rights impact assessments in the high risk countries. In 2009 the assessors analyzed our operations in Thailand, Indonesia and Malaysia and held discussions with local and international NGOs, local communities, employees and contractors. While our goal is to prevent adverse human rights impacts from occurring in the first place, we recognize that it

may not be possible to eliminate all human rights risks that arise, including those related to the presence of public and private security providers.

In 2010 we plan on conducting third-party field visits in several African countries in which we operate to better understand the efficacy of our existing systems and identify any gaps. These assessments are expected to provide an analysis of security-related human rights risks and company interactions with public security providers.

Training and Awareness In 2009 we undertook efforts to increase awareness and knowledge of the Voluntary Principles across the organization and focused our efforts in the Asia Pacific region where we held employee training regarding all of Hess' voluntary commitments. The legal team held "lunch and learn" sessions for employees at several national offices and explained the requirements that the Voluntary Principles impose. New employee orientation incorporated a presentation on the company's voluntary commitments. The February 2009 edition of our regional employee newsletter included an article by our legal team that highlighted Hess' commitment to the Voluntary Principles.

This training was reinforced when external consultants provided human rights training to Hess employees and private security contractors at project sites and the country and regional offices. The training highlighted the requirements found in the Voluntary Principles, and also incorporated dialogue regarding scenarios that involve security and human rights issues. In 2010 we are continuing with our training efforts to ensure that private and public security personnel will respond appropriately in a crisis.

Security and Human Rights Any security incident with human rights implications is reported to the head of global security, not only instances where human rights are, in fact, negatively affected, but also occurrences that highlight potential future risks such as peaceful community protests that may indicate social unrest in the project area. While such incidents are reported to the global security manager as well as regional managers, we find that they are generally best addressed at the local level.

Accordingly, our community development and security teams engage with the community to address the root causes of non-violent incidents, such as protests. Our local teams also seek the views of non-governmental organizations and community and religious leaders. In addition we engage at the national level as appropriate regarding security and human rights issues and hold discussions with public security forces where warranted.

Should physical force be used by Hess' private security contractors or by public security in relation to our operations, our procedures require follow up with the proper authorities to ensure that the incident is investigated and that any individuals taken into custody are treated in accordance with international human rights standards.

Public Security In some countries where we have significant operations, using the local military or law enforcement personnel for security or operational reasons may be unavoidable. We have sought to limit the use of public security forces and have taken steps to educate both public and private security providers at these higher risk locations.

In Indonesia, Hess is required by law to work with BP Migas, the executive agency which supervises and controls Indonesia's upstream oil and gas business. This agency has a contract with the public security forces that allows them to act if a national asset, such as an oil or gas installation, is endangered. Recent BP Migas contracts with public security forces include

stipulations regarding the appropriate use of force and adherence to human rights standards.

Labor Practices We do not permit the employment of underage children in our workforce or the use of forced or compulsory labor in any of our global operations. We support freedom of association. The company has not identified operations with significant risk for incidents of child labor or forced or compulsory labor. Other International Labor Organization rights at work are discussed in the Global Workforce section of this report.

Communities We respect the rights of the communities where we operate, as well as the rights of indigenous peoples, and conduct appropriate due diligence prior to initiating operation. We believe that early, proactive stakeholder consultation benefits the company and the community and makes for high impact, sustainable outcomes.



Fishermen's cooperative, Indonesia

OUR SUPPLIERS

We expect our contractors and suppliers to respect and act in accordance with our voluntary commitments, Code of Business Conduct and Ethics, and Environment, Health and Safety, Social Responsibility and Human Rights policies.

Contracts for goods and services typically include requirements for supplier compliance with applicable laws and regulations and Hess policies in areas such as safety (including process safety), health, environment, drug and alcohol use, business ethics, conflicts of interest, the FCPA and labor practices. Internationally, E&P operations have incorporated provisions relating to adherence to the Voluntary Principles on Security and Human Rights in selected supplier contracts following risk evaluations.

Hess and HOVENSA are committed to a strong and diverse supplier network which supports our goal of making a positive contribution in the communities where we do business. In the U.S., we enhanced our supplier diversity policy and program to provide increased opportunities to certified small and diverse businesses as part of the sourcing and procurement process.

In 2009 small businesses accounted for 28 percent of the company's U.S. recordable spending. Small businesses comprised 34 percent of our suppliers, of which 18 percent were women and minority owned.

While HOVENSA's spending on goods and services decreased, small business suppliers increased by 2 percent and small diverse business suppliers increased by 1 percent.

Recordable Spend with Small and Diverse Suppliers within the U.S. (Million USD)

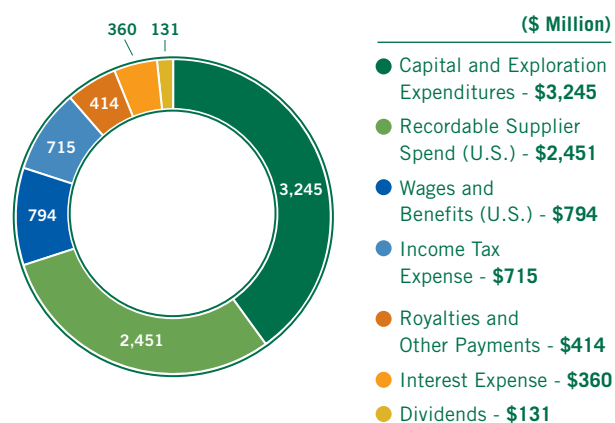
Type of Business*	Hess			HOVENSA		
	2007	2008	2009	2007	2008	2009
Small	749	682	695	119	55	44
Women owned	24	33	53	4	3	3
Minority owned	10	33	68	1.5	0.8	1.7

*Based on the U.S. Small Business Administration's definitions

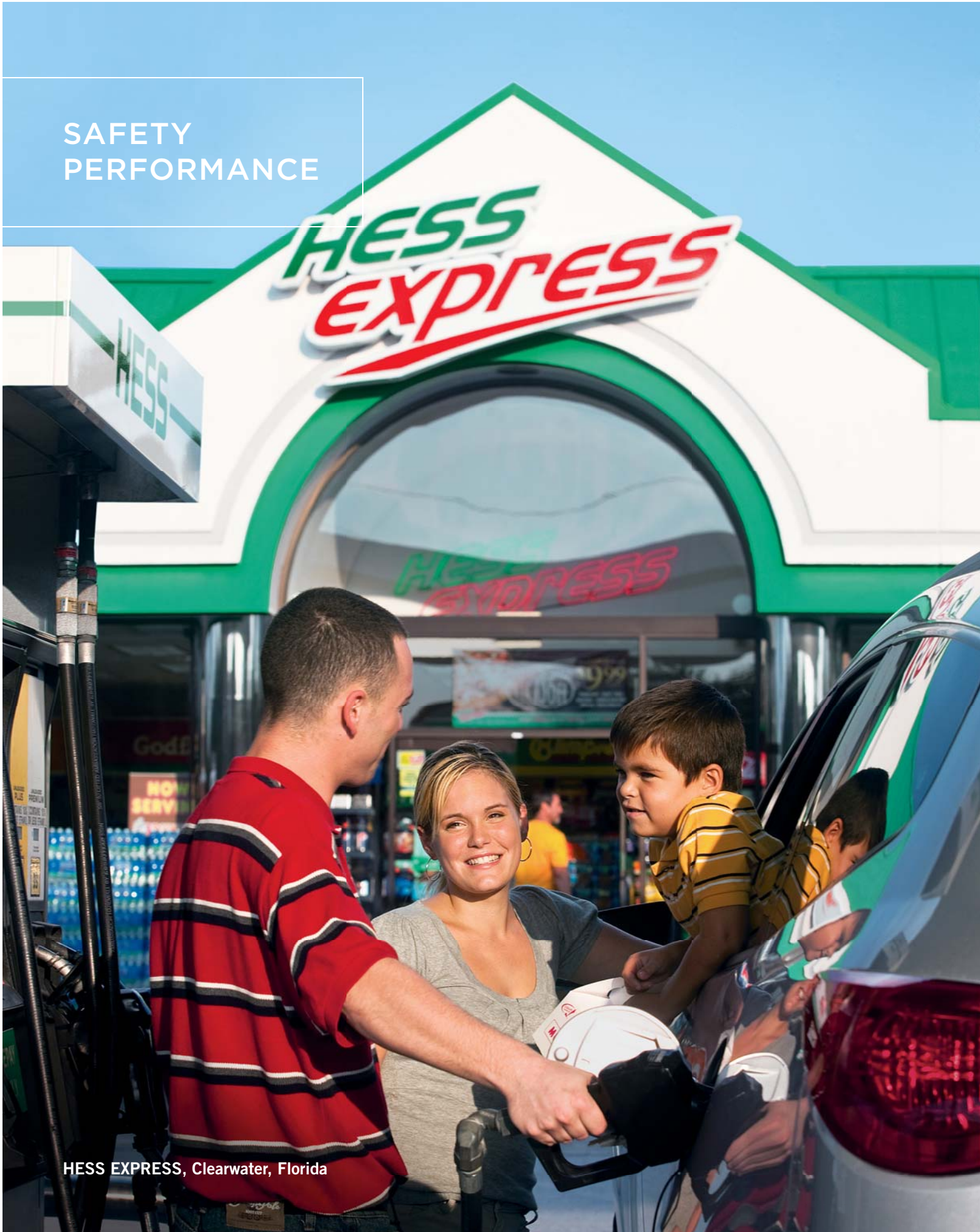
ECONOMIC CONTRIBUTIONS

Hess Corporation provides direct and indirect economic contributions to those countries where we operate. Direct contributions of \$8.1 billion included shareholder dividends, employee wages and benefits, capital and operational expenditures, interest paid on debt, supplier spend, income taxes, and other payments to governments including royalties, severance, re-entry payments, leasehold arrangements, dispensation duties, gas transport fees and carbon taxes. Our social investments of \$13 million are intended to foster indirect economic benefits and are discussed in the Community and Social Performance section of this report. Hess did not receive any significant government financial assistance in 2009.

2009 Economic Contributions – \$8.1 billion



SAFETY
PERFORMANCE



HESS EXPRESS, Clearwater, Florida

27%
IMPROVEMENT IN
WORKFORCE TRIR

ZERO
WORK-RELATED
FATALITIES

29%
DECREASE IN
WORKFORCE LT/RD

STRATEGY AND APPROACH

Social Responsibility, Performance and Value Creation are among the Hess Values that set the framework and establish the ethical standards by which we conduct our business. Inherent to these values is the company's commitment to protecting the safety and health of employees, contractors and customers. Safety is essential to our operational excellence.

We operate our assets safely, evaluating and managing chronic, acute and catastrophic risks through rigorous personal and process safety management plans. We strive to operate our equipment so it runs predictably and within required operating parameters and established lifecycles. The company is committed to conducting all Hess operations in a manner that prevents the uncontrolled loss of product, unplanned equipment outages or slowdowns, and structural failures.

We conduct regular drills and exercises of our emergency response systems and have established effective incident reporting processes to ensure we are capable of further supporting workplace and community safety.

Our operations, and those in which we participate as joint venture partners, are subject to national, regional and local health and safety regulations. We routinely audit these operations, using internal and external authorities, to assess conformance with the company's management systems expectations and compliance with laws and regulations.

Our leaders set clear expectations and establish measurable safety and health accountabilities for our workforce, using results based and prevention based metrics. We continually review our operations so that we can not only sustain our performance, but also continue to improve.



Gas plant, Sinphuhorm, Thailand

PERFORMANCE RESULTS

We routinely monitor and track health and safety data, regularly conduct management reviews and measure actual safety performance results against targeted improvements for all our operations.

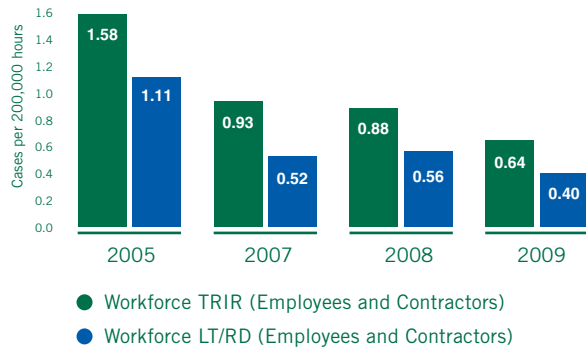
Total Recordable Incident Rate (TRIR) and Lost Time/Restricted Duty Incident Rate (LT/RD) are the key metrics we use to track personal safety performance. The people in our workforce have the right and obligation to stop any work activity they deem unsafe.

Workplace Safety Performance The company's total workforce safety performance (employees and contractors) continued to improve in 2009, with a combined injury rate that was nearly 60 percent better than in 2005. The company's overall TRIR was

Safety Performance

0.64, an improvement of 27 percent over 2008. The company demonstrated workforce safety performance improvement in nearly all business units.

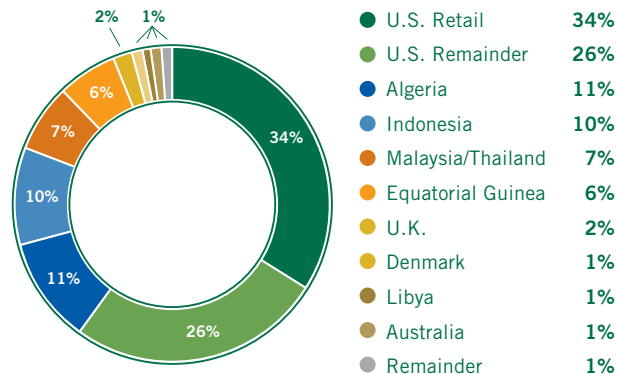
Workforce Safety Performance



In 2009 there were no employee or contractor work-related fatalities.

In 2009 our workforce logged 44.5 million hours, a decrease of 6 percent from 2008, primarily due to the economic downturn. Our retail business accounted for the majority of employee hours, while Exploration and Production (E&P) operations in Algeria, Indonesia, Malaysia and Thailand comprised the majority of contractor hours.

2009 Workforce Hours (44.5 million employees and contractor hours)

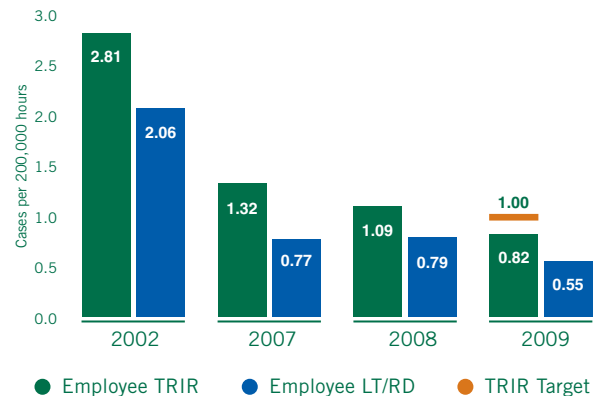


The quality of employee and contractor safety performance data continues to improve annually, particularly at joint venture operations as reporting protocols become more effective in operations. In 2008 the company began to collect and track process safety performance metrics across all operations. While process safety metrics are still evolving within the industry, we expect that tracking and benchmarking these metrics will enable us to better anticipate unforeseen events and improve our safety performance.

Employee Safety Performance In 2009 we once again achieved our best employee safety performance since the company began to keep employee safety performance records more than 20 years ago.

The company's employee injury rate in 2009 was 71 percent lower than in 2002. Our employee TRIR was 0.82, a 25 percent improvement over 2008 and 18 percent better than our 2009 target.

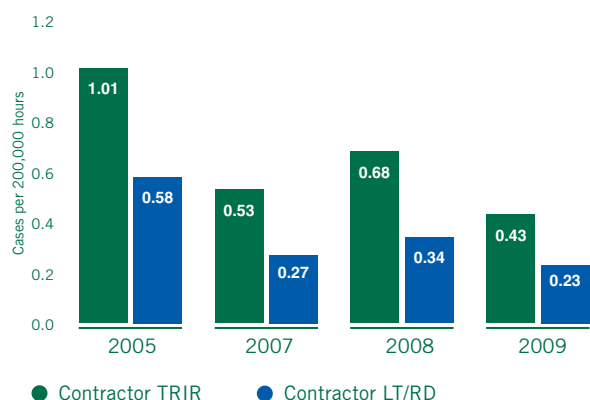
Employee Safety Performance



Contractor Safety Performance Contractors accounted for 47 percent of the company's workforce hours in 2009, about 5 percent fewer than in 2008. The company enhanced its focus on contractor safety management, particularly in E&P where contractors comprise more than 75 percent of workforce hours.

In 2009 Hess leaders continued to meet regularly with their counterparts at contract companies to ensure alignment with Hess' expectations for safety culture and performance. These efforts contributed to contractor safety performance at Hess improving more than 35 percent from 2008, resulting in a TRIR of 0.43.

Contractor Safety Performance



We screen new contractors to ensure their safety policies, practices and performance meet Hess standards. As part of this process we perform a comprehensive review of their safety performance histories and management systems, including process safety, to ensure that contractor employees are able to recognize hazards and use safe work behaviors.

Before entering a Hess facility, a contractor must participate in an orientation session at which expectations for safe work behaviors and site-specific procedures are reviewed.

EXPLORATION & PRODUCTION

E&P achieved strong total workforce safety performance in 2009, with a TRIR of 0.37, a 38 percent improvement over 2008.

While total contractor hours were lower in 2009 than in 2008, the challenges presented by project scope and intensity remained. E&P emphasized improvements in contractor safety to manage the risks

posed by significant contractor involvement in drilling and development activity in Algeria, Libya and Asia Pacific; asset decommissioning in the North Sea; and a complex construction project in West Texas and New Mexico.

E&P Safety Performance (TRIR) (Cases per 200,000 hours)

	2007	2008	2009
Employee	0.15	0.24	0.16
Contractor	0.54	0.70	0.44
Workforce*	0.47	0.60	0.37
Workforce Target			0.50

*Employee and contractor



Drillship workers, offshore Australia

E&P implemented key processes to improve contractor performance. Among these were a formalized contractor engagement process, structured

Retail Operations achieved its safest year ever and earned the 2009 Chairman’s Award for Safety Excellence.

onboarding procedures, and a program to improve contractor employee retention, an effort aimed to keep experienced personnel at our operations. As a result, in 2009 contractor TRIR was 0.44, a significant improvement from 0.70 in 2008.



Emergency responders drill, Algeria

SonaHess, a joint venture of Hess and Sonatrach, the national oil company of Algeria, was recognized by Hess leadership for improved safety and contractor management. The operation earned the **2009 E&P President’s Award for Safety Excellence**. Workforce injury rates in Algeria’s Gassi El Agreb operation decreased in both frequency and severity, while at the Bir el M’Sana Project, more than 500,000 workforce hours were completed without a single contractor recordable incident.

MARKETING AND REFINING

The Marketing and Refining (M&R) business’ safety performance continued to improve throughout 2009 ending the year with an employee TRIR of 1.09. This was a 22 percent improvement from the 2009 targeted rate and 24 percent better than in 2008.

M&R Safety Performance (TRIR) (Cases per 200,000 hours)

	2007	2008	2009
Employee	1.68	1.43	1.09
Contractor	0.44	0.43	0.39
Workforce*	1.59	1.35	1.03
Employee Target			1.40

*Employee and contractor

Retail Operations Retail Operations, with nearly 900 company-owned and operated retail stores and 8,000 employees, accounts for 60 percent of the company’s employee hours. In 2009 employee safety performance improved 22 percent compared to the previous year, resulting in a TRIR of 1.18. The people in Retail Operations earned the **2009 Chairman’s Award for Safety Excellence**, the company’s most prestigious safety honor.

By developing and implementing a sustainable Safety Action Plan focusing on safety leadership, awareness, and accountability at all levels of the organization, Retail Operations improved its performance by more than 50 percent since 2006.

Terminal Operations After four years of steadily improving safety performance, Terminal Operations experienced an increase in workforce TRIR from 2008 to 2009, ending the year with a rate of 0.80. Six injuries occurred in the employee and contractor workforces.

Addressing incidents that occurred in early 2009, Terminal Operations instituted a Proactive Safety Program, which includes structured behavioral safety observations, near miss reporting and bi-weekly business-wide safety teleconferences designed for building safety leadership. As a result, Terminal Operations completed the last four months of 2009 injury free.

For the second consecutive year Hess Terminal Operations earned a safety excellence award from the International Liquid Terminals Association, whose membership includes 85 companies.

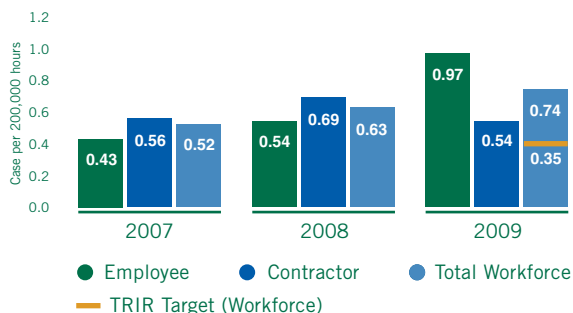
The Hess Oil St. Lucia Ltd. (HOSLL) terminal on the West Indies island of St. Lucia earned the **2009 M&R President's Award for Safety Excellence**. The HOSLL team worked for more than 20 months without a recordable injury and has not had a lost time injury since 2006. HOSLL is Hess' largest terminal, with 140 employees and contractors handling 245 ships and nearly 117 million barrels of oil and refined products in 2009.

Port Reading Workforce safety performance at the Port Reading refining facility improved 45 percent in 2009 compared to 2008. Initiatives contributing to this improvement included increased engagement of the employee safety committee, an emphasis on behavioral safety observations and heightened focus on safety leadership at all levels of the organization.

HOVENSA

Workforce safety performance was mixed in 2009 at the HOVENSA joint venture refining facility. Employee results were higher than in 2008; contractor results were lower. Overall workforce TRIR was 0.74, 17 percent higher than 2008 and higher than the target of 0.35.

HOVENSA Safety Performance (TRIR)



Process engineer, St. Croix, U.S. Virgin Islands

SAFETY COMMITTEES

Safety committees, whose members include management as well as represented and non-represented employees, function throughout the company to help reinforce and improve safety performance and build upon experience and knowledge from management, employees, contractors and peers. They help establish and perpetuate the company's strong safety culture.

Safety Performance

Safety committee members help ensure that safety remains a fundamental aspect of performance, communicate to management and the workforce and provide recommendations on continuous improvement in safety performance. At our retail stores, this communication is accomplished through scheduled teleconferences between regional managers, store managers and safety captains.

Our safety committees are integral to developing location-specific safety goals and the activities that support the achievement of those goals. In addition to helping keep the workplace safe and injury-free, achievement of safety goals can factor into bonus compensation. Some of our represented workforce may be eligible to receive additional compensation for safety committee participation.

Certain of our collective bargaining agreements include health and safety topics such as safety training and incident reporting requirements, expectations for accident investigation/root cause analysis and safety performance goals.

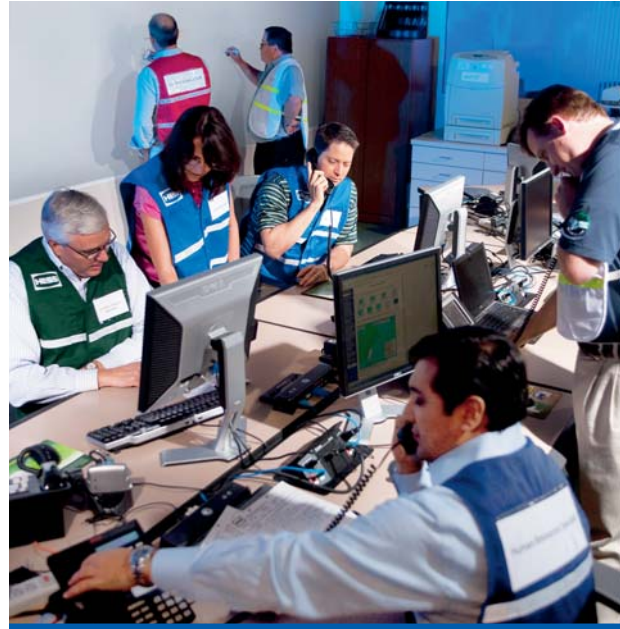
EMERGENCY PREPAREDNESS AND RESPONSE

Through disciplined planning and frequent drills of site-specific response and continuity plans, we continue to enhance our ability to manage an incident and its consequences, support local efforts with dedicated Incident Support Teams and manage crises with executives comprising the Corporate Crisis Management Team.

In addition to our own experts, Hess also has strategic relationships with experts at diverse companies with critical emergency response and crisis management experience. These companies and their people will help us in managing an emergency incident or crisis, including communications, spill containment and clean-up, and wildlife rescue and medical aid.

Hess also has regional and worldwide mutual aid and emergency response organization relationships that help position us to deal with an incident. We participate in drills and work closely with government agencies

that are vital to seamless and efficient response management.



Emergency Response Team, Houston, Texas

Emergency preparedness drills Major drills were conducted in various business units and Hess joint ventures to exercise emergency response, incident support and crisis management plans and capabilities. Examples include:

- Hess Brasil Petroleo, Ltda., exercised its emergency response capability during the drilling of an exploration well in the Santos Basin, Brazil.
- Hess North Dakota Production Operations simulated a complex large-scale pipeline oil release to exercise the local Emergency Response Team, the Incident Support Team in Houston, Texas, and the Corporate Crisis Management Team in New York.
- Our Port Reading refining facility in New Jersey, along with the local fire department and the county hazardous materials response team, exercised a joint response to a simulated chemical release.
- Our Port Reading refining facility, Hess Terminal Operations and two key emergency response companies participated in a drill simulating a diesel release to water from the Hess Chesapeake Terminal near the Chesapeake Bay.

- HOVENSA participated in a Territory-wide Earthquake/Tsunami exercise with the U.S. Virgin Island Office of Homeland Security, the Virgin Islands Territorial Emergency Management Agency and the National Response Corporation.
- HOVENSA conducted a Command Post and Field Training exercise simulating a suspected security incident at the waterfront/dock area that included the U.S. Coast Guard and the Virgin Islands Police Hazardous Device Unit.



Hess provided flu shots, Houston, Texas

DISEASE PREVENTION AND EDUCATION

The company has a globally consistent pandemic preparedness plan which was initiated in 2006 in response to the threat from Asian Bird Flu (H5N1). It was strengthened in 2009 in response to the prevalence of the Novel Influenza A (H1N1) virus. The plan includes educating our workforce on disease prevention and helps strengthen our ability to maintain business continuity in the wake of potential business interruption from pandemic flu.

In addition to pandemic flu, which can affect our global workforce wherever the company operates, Hess has country specific disease prevention and education programs. For example, in Equatorial Guinea, malaria is widespread and cerebral malaria is the most prevalent and serious form of the disease. One of the company's

local social responsibility initiatives includes the distribution of mosquito nets and instruction on their use to communities throughout the country.

Hess maintains a facility for its foreign workers and visitors, including a fully staffed health clinic. The physician conducts an orientation for all new arrivals, which includes general information on cerebral malaria and the proper use of anti-malarial medications, mosquito nets and bug repellants. The education session also addresses symptom recognition and the importance of seeking immediate medical attention and treatment. Each participant receives a "Malaria Cure Kit" and instructions on its proper use for diagnosis and treatment immediately upon the onset of symptoms until experienced medical care is obtained.

REGULATORY COMPLIANCE

Port Reading In May 2009 the U.S. Occupational Safety and Health Administration (OSHA) completed a six-month inspection at the company's Port Reading refining facility. The inspection was conducted as part of OSHA's industry-wide Petroleum Refinery National Emphasis Program (NEP), announced in June 2007. OSHA is inspecting or otherwise assessing regulatory compliance, particularly in Process Safety Management, at every refinery in the U.S. as part of this program.

In final settlement with OSHA, Hess received a \$97,500 fine as a result of the inspection, roughly the average of what OSHA has issued to other U.S. refineries inspected under the program.

Hess shares a common goal with OSHA in our strong commitment to safe operations and continuous improvement of our safety programs. We have initiated actions to address the citations issued by OSHA, and expect to meet all abatement date goals.

HOVENSA OSHA completed a six-month NEP inspection at HOVENSA in November 2009 and is engaged in negotiations to determine a final settlement. HOVENSA is committed to implementing, evaluating, and improving its personal and process safety management programs and performance.

ENVIRONMENTAL PERFORMANCE



Coastal management
project, Indonesia

11% GHG
EMISSIONS INTENSITY
REDUCTION

80%
REDUCTION IN OIL
SPILL VOLUME

51%
SOLID WASTE
REUSED/RECYCLED

STRATEGY AND APPROACH

The company is committed to protecting the environment and fostering sustainable development as we continue to grow our business. Our Environment, Health, Safety, our Social Responsibility and our Human Rights policies are designed to protect our workforce, our customers and the communities where we operate.

The company's management systems serve to uphold or exceed international standards and promote internal consistency, while encouraging continuous improvement in environmental performance. The Hess Principles for Operational Excellence and Global Standards include expectations for resource conservation, pollution prevention, energy efficiency and asset remediation/decommissioning. In assessing priorities and setting goals, each of our facilities determines the materiality of these issues to its operation.

In accordance with the precautionary principle, we screen our operations and products for environmental, safety, health and social risks and conduct environmental and social impact assessments for all major new projects. We monitor the impact of our operations and perform enterprise-wide data collection and analysis to identify opportunities for improvement. Our commitment to protecting and preserving the environment includes actions to eliminate oil spills, improve energy efficiency, reduce waste and pollution and optimize facility design to minimize negative environmental impacts from our operations.

Hess has identified water use as a significant and growing issue since competing demands may have local implications where fresh water resources are constrained. We have intensified our water

management and use practices by examining various aspects of water sourcing, use, disposal and impacts on biodiversity. Currently in the regions where we operate no water sources have been identified as being significantly affected by the company's water consumption.

Hess has programs in place and dedicates significant staff and financial resources to ensure that the company is in compliance with applicable environmental laws and regulations. We regularly conduct employee training, drills and exercises to prevent and manage risks and emergencies. The company's operations are subject to internal and third-party audits to identify deficiencies and continuously improve our environmental performance.

CLIMATE CHANGE

Hess understands that climate change is a global environmental concern with potentially significant consequences for society and the energy industry. We are committed to the responsible management of greenhouse gas emissions from existing and future developments and have implemented a strategy to assess, monitor and reduce our carbon footprint. We believe that establishing a global emissions market will facilitate emissions reductions in the most cost effective manner and we encourage the U.S. government to work with other countries to achieve a global solution to climate change.

The company supports U.S. climate change legislation that is fair and equitable for all regulated parties. We believe that the most equitable way to implement U.S. climate change legislation is through a carbon tax on transportation fuels and a market-based mechanism for reducing stationary source emissions.

Environmental Performance

During 2009 the company began implementing a seven point strategy for addressing climate change challenges and opportunities. The strategy was developed by the Hess Climate Change Network (CCN), whose members include senior managers and subject matter experts from across the company, and approved by the Hess Leadership Team (HLT).



Agricultural cooperative, Thailand

As presented in the 2009 Hess Annual Report, the company has an oil and gas operations’ five-year greenhouse gas (GHG) intensity (emissions per unit of production) reduction target (by 2013) of 20 percent below the 2008 baseline (equity emissions). During 2009 we made substantial progress toward achieving that target, reducing emissions intensity by 11 percent against the 2008 baseline. Significant emissions reductions on both an absolute and intensity basis are being achieved for our most GHG-intensive operations, including Phase 2 development at the Malaysia/ Thailand Joint Development Area (MTJDA Block A-18)

which brought on stream fields with significantly lower carbon dioxide content gas.

Going forward we will continue to pursue emissions reduction initiatives, particularly in anticipation of an increased level of economic activity, in order to achieve our 2013 target.

As part of our climate change strategy, we have also committed to reducing by 50 percent our combined flaring emissions at our operations in Algeria and Equatorial Guinea by 2013. In 2009 we made substantial progress toward this target, reducing flaring by 45 percent (combined) in Algeria and Equatorial Guinea.

The CCN is working on providing guidance on incorporating carbon costs and evaluating industry best practices during the design of production facilities to minimize emissions. We anticipate that this guidance will be available to all of our business units during the 2011 planning cycle.



While facility level energy efficiency improvements have been an integral part of our business process, as part of our overall climate strategy we have committed to develop a corporate-wide energy management system. This system will help us operate existing facilities more efficiently, reduce energy costs, consider the use of renewable energy where practical and design energy efficiency into all new major capital projects.

To develop and implement this system, we have assembled an energy efficiency work group within our CCN that is chaired by a senior business leader and staffed with technical specialists. We will report on future progress once we establish our baseline, develop action plans and implement targets.

In 2009 Hess fulfilled its commitment to annually purchase from renewable sources at least 10 percent of the electricity we use for our operations. We purchased Renewable Energy Certificates (RECs) for electricity generated from wind power to meet this target. In addition, for the first time, Hess purchased Green-e certified carbon credits to offset 100 percent of 2009 employee business travel on commercial air carriers. Hess Energy Marketing also increased its participation in the voluntary carbon markets in 2009 on behalf of internal and external customers.

As a significant emitter of greenhouse gases, Hess recognizes the financial implication, risks and opportunities on our business, products and services associated with climate change. We continuously evaluate a full range of practical and cost effective options to responsibly manage and mitigate our greenhouse gas emissions. Despite the disappointing outcome of the 2009 Copenhagen process and the lack of consensus for U.S. climate change legislation, we are working to manage and minimize our carbon footprint in this highly uncertain regulatory environment.

Due to a gradual phase in of potential U.S. climate change regulation and our geographic distribution of assets, we do not anticipate a significant financial impact from carbon regulations during the next five years.

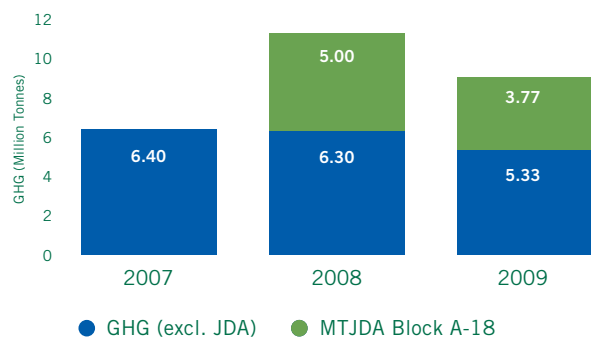
CLIMATE CHANGE STRATEGY	
Strategy	Progress
Establish and publicly communicate a five-year GHG emissions intensity reduction target.	Hess set GHG intensity reduction target (equity basis) for 2013 that is 20 percent below company's 2008 baseline. In 2009 we achieved a 11 percent GHG intensity reduction against the baseline.
Account for the cost of carbon in all significant future investment decisions.	Will be implemented for 2011 planning cycle.
Evaluate industry best practices to minimize emissions when designing production facilities.	In process of incorporating into production planning process.
Reduce flaring in Algeria and Equatorial Guinea by 50 percent over the next five years.	In 2009 company achieved a 45 percent reduction against this target.
Implement a corporate-wide energy efficiency program focused on major combustion sources and greater use of renewable sources.	In process of establishing corporate baseline, collecting business unit data for ongoing energy efficiency projects, evaluating additional opportunities and establishing goals and targets.
Purchase at least 10 percent of annual electricity for company operations from renewable sources.	Purchased 11 percent of annual electricity for company operations from renewable sources in 2009. Purchased carbon credits to offset all employee business travel on commercial air carriers in 2009.
Through our Green-e program, offer Hess Energy Marketing customers a full suite of products to help them minimize their carbon footprints.	Ongoing program.

GREENHOUSE GAS PERFORMANCE

Our major direct sources (Scope 1) of greenhouse gas emissions are flaring and fuel combustion. We also generate indirect emissions (Scope 2) when we use purchased electricity. The company tracks GHG emissions on both a Hess operated and a Hess net-equity basis. In addition to reporting GHG emissions from our operations, we also include an estimate of other indirect GHG emissions (Scope 3) associated with third party transport and the end use of petroleum products and natural gas that we process, refine and sell.

Hess Operated Emissions Our GHG emissions from operated assets decreased from 11.3 million tonnes carbon dioxide equivalent (CO₂e) in 2008 to 9.1 million tonnes CO₂e in 2009. Of the 9.1 million tonnes of GHG emissions, 8.5 million tonnes were Scope 1 (direct) emissions primarily from flaring and process operations and 0.6 million tonnes were Scope 2 (indirect) emissions related to purchased electricity usage. Emissions related to direct transportation from operated assets were 10,000 tonnes of CO₂e.

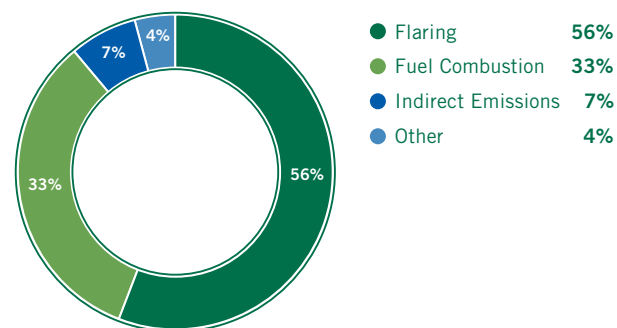
Greenhouse Gas Emissions (CO₂e)



The 2.2 million tonne reduction in GHG emissions from 2008 is primarily due to two projects. A major gas compression reinjection project was undertaken at Gassi El Agreb in Algeria by SonaHess, a joint operating company of Sonatrach and Hess, to enhance oil production which has had the effect of reducing GHG flaring emissions by 79 percent. This project resulted

in GHG emissions reductions of 1.0 million tonnes in 2009. In addition greenhouse gas emissions at the Malaysia/Thailand Joint Development Area (MTJDA Block A-18) were reduced by an additional 1.2 million tonnes in 2009 post Phase 2 development.

Operated Greenhouse Gas Emissions by Source (9.10 million tonnes)



In the short term, JDA Phase 2 development has resulted in lower CO₂ content of the production stream. In the longer term, together with the Malaysia/Thailand authorities, we are conducting joint studies to examine a range of CO₂ management technologies including CO₂-enhanced hydrocarbon recovery and subsurface CO₂ sequestration. The commercial and political viability of carbon capture and sequestration in general will be significantly influenced by the framework of future carbon policy and any post-Kyoto agreement.

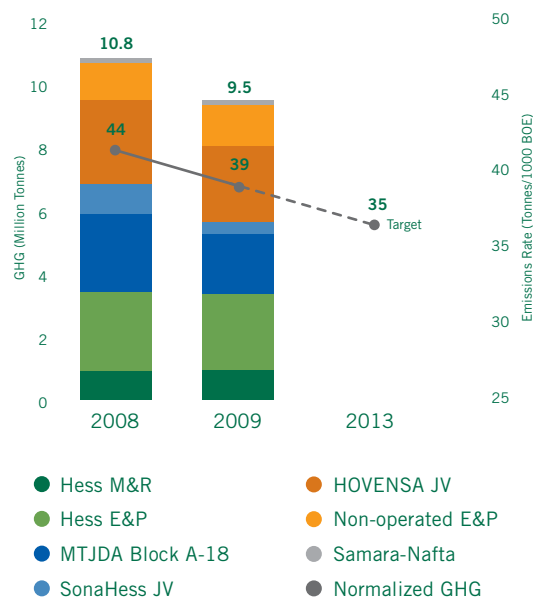
Hess Net Equity Emissions In 2009 our net equity emissions were estimated to be 9.5 million tonnes CO₂e, a 1.3 million tonne reduction from 2008. This reduction was primarily due to the projects in Algeria and the MTJDA Block A-18 discussed previously. We began quantifying GHG emissions from our net equity (financial) interests in 2007. This is a complicated process as we have net equity interests in various projects around the world which are operated by other companies.

Hess believes that net equity emissions are a more meaningful measure of our total carbon footprint. As a result, we have set our five year 20 percent GHG

In 2009 our greenhouse gas emissions from operated assets decreased from 11.3 million tonnes CO₂ equivalent from the previous year.

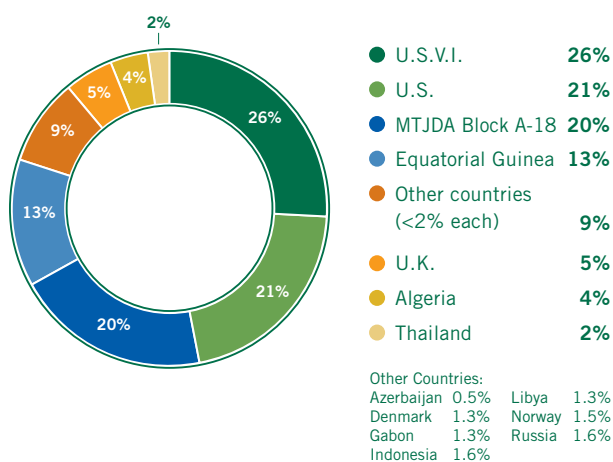
emissions intensity reduction target against our 2008 equity emissions baseline. In 2008 our equity emissions per unit of production resulted in a GHG intensity of 44 tonnes per thousand barrels of oil equivalent. By 2013 we intend to reduce this number by 20 percent to 35 tonnes per thousand barrels of oil equivalent. At year end 2009, our emissions intensity stood at 39 tonnes per thousand barrels of oil equivalent, an 11 percent reduction against our baseline.

Net Equity Greenhouse Gas Emissions



The majority of our net equity emissions is concentrated in a select group of countries where we have significant upstream and downstream operations. These include Algeria; Equatorial Guinea; Malaysia/Thailand Joint Development Area, Block A-18; the United Kingdom and the United States.

Hess Net Equity Emissions by Country (9.5 million tonnes CO₂e)



Gas reinjection project, Algeria

Estimated CO₂ Emissions from Petroleum Products

Petroleum Product	Annual Production	GHG Factor #	CO ₂ (MM Tonnes) 2009	Memo: CO ₂ (MM Tonnes) 2008
Gasoline	38,869,200	0.37	14.4	15.8
Diesel	22,069,800	0.43	9.5	11.3
Residual Oil	11,034,900	0.49	5.4	5.0
Natural Gas	258,649,950	0.0646	16.7	15.3
TOTAL			46.0	47.4

Notes:

Annual production for sale of liquid fuels in bbls and natural gas in MM BTU.

GHG factors in CO₂ Tonnes/bbl. for liquids and Tonnes/MM BTU for gas based on EPA rule for mandatory GHG reporting, except JDA gas factor which is adjusted for CO₂ content in gas sales.

End-Use Product Emissions In 2008 for the first time, Hess produced an estimate of GHG emissions associated with the end use of our fuel and other products, commonly referred to as “Scope 3” emissions. Currently there is no established methodology to calculate end use product emissions. After again reviewing methodologies used to gather and report Scope 3 emissions, we have modified our approach to include the emissions related to the products that we refine and sell, as well as the natural gas that we process and sell for end-use consumption. We have excluded emissions associated with products that are manufactured by others and purchased for resale by Hess. Based on this methodology we estimate our Scope 3 emissions from products at 46 million tonnes of CO₂e in 2009, of which approximately 45 percent is related to product use in mobile sources and 55 percent is related to product use in stationary sources.

Other Scope 3 Emissions In addition to product end use emissions, in 2008 the company initiated efforts to collect logistics and supply chain data in order to expand our coverage of Scope 3 emissions. We began by calculating Scope 3 emissions associated with the ocean transport of feedstock to our Port Reading refinery and land based third party delivery of refined petroleum products to our retail stores and Energy Marketing customers. In 2009 these Scope 3 emissions were respectively 55,905 and 32,782 tonnes CO₂e. We also indirectly generated 12,000 tonnes CO₂e from employee business travel and long-haul commuting on

commercial air carriers and purchased carbon offsets for 100 percent of these emissions. In 2010 we are collecting additional external logistics data so that we can more fully report on our Scope 3 footprint.



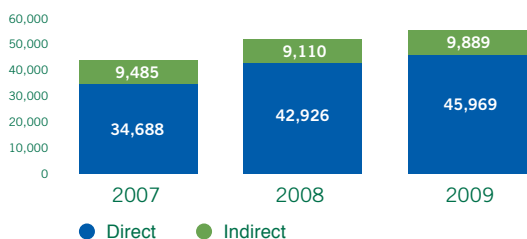
Port Reading Refinery, New Jersey

ENERGY USE AND EFFICIENCY

Our Climate Change Network's Energy Efficiency Work Group is chartered to make energy management an integral part of the company's business strategy and to guide continuous improvement in energy efficiency. This involves identifying opportunities to operate existing facilities as efficiently as possible, considering the use of renewable energy where practical and designing energy efficiency into all new major capital projects. During 2009 our company was an active member of IPIECA's Energy Efficiency Work Group, cooperating with our industry peers to identify and share best practices.

Energy Use Our operations primarily use energy to generate electricity and process heat and steam. In 2009 energy consumption from direct and indirect sources was approximately 56 million gigajoules, an increase of 7 percent compared to 2008.

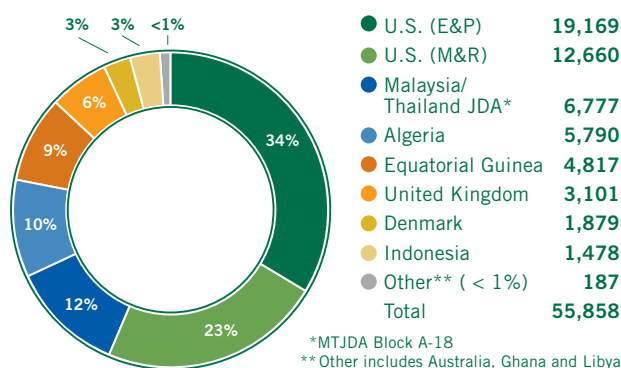
Three-year Energy Use (thousand gigajoules)



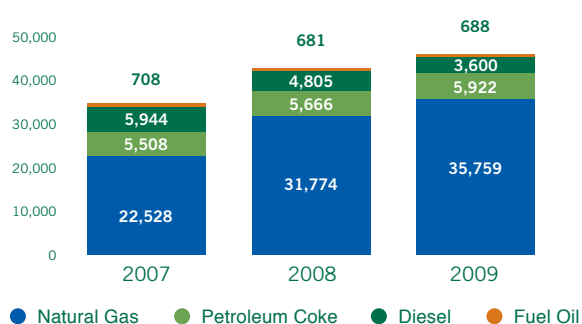
Within our Exploration and Production (E&P) business Global Drilling's direct energy use doubled due to increased activity in Australia, Equatorial Guinea, Indonesia and Libya. Two major enhanced oil recovery projects contributed to E&P's increased energy use. In Algeria, the Gassi El Agreb gas compression and reinjection project operated for the full year, resulting in a 26 percent increase in direct energy use while indirect energy was reduced by 99 percent. In West Texas, Permian Basin Production's purchased electricity rose by 75 percent due to the Residual Oil Zone enhanced oil recovery project. In our Marketing and Refining business, total energy use was 4 percent higher than in 2008 due to the colder winter in the Eastern United States.

Overall, about 78 percent of the company's direct energy was from natural gas. This fuel provided almost 80 percent of E&P's direct energy while M&R's Port Reading refinery relied on petroleum coke for about 63 percent of its direct energy supply.

2009 Energy Use By Country (thousand gigajoules)



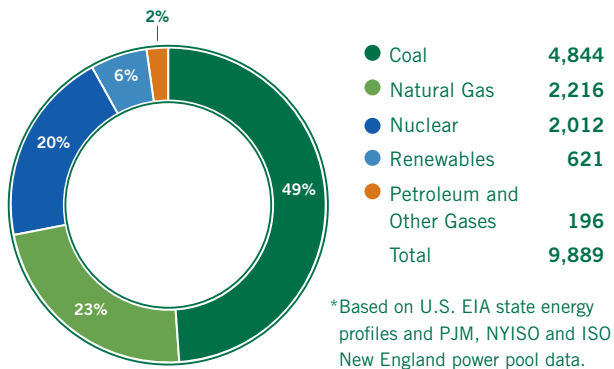
Direct Energy Use By Fuel Source (thousand gigajoules)



Operations in the U.S. account for more than 99 percent of the company's indirect energy use, which is primarily purchased electricity from regional and state power pools in the Eastern U.S., New Mexico, Texas and North Dakota. Approximately 6 percent of the power generation fuel mix was from renewable energy sources, primarily wind, hydropower and biomass.

The company also purchased 100,000 Green-e certified Renewable Energy Certificates which increased the renewable energy component of our purchased electricity to about 16 percent.

Indirect Energy Use By Fuel Source* (thousand gigajoules)



Energy Efficiency Initiatives Hess businesses are working to improve energy efficiency and reduce costs, while meeting customers’ fuel and convenience needs.

In Retail Marketing, for example, employees reduced electricity usage by 30 million kWh, or 10 percent, during the past several years by adopting new work habits and approaches.

The company partnered with local utility companies to identify and then install energy efficient equipment, including Energy Management Systems and energy efficient lighting technology at retail stores. The new approach automatically optimizes lighting levels, air conditioning and heating equipment, refrigeration temperatures and appliance usage to reduce electricity consumption. In addition, because reducing energy consumption often involves changes in behavior, we have implemented new processes to help employees increase their involvement.

The Hess Information Technology (IT) organization initiated a “Green IT” program. IT studies show that as much as 39 percent of office building energy consumption is related to computers. Energy efficiency improvements include high efficiency hardware and software that allows server virtualization and night-time hibernation of desktop computers and monitors to significantly reduce equipment cooling needs and computer energy use.



Engineer at Tioga Gas Plant, North Dakota

Our HOVENSA joint venture refinery in St. Croix conducted an energy efficiency review and identified steam leaks and flare reduction as priority areas for energy improvement. Over the past two years the refinery implemented extensive monitoring of steam and flare systems to identify and mitigate energy loss. The next step in this process is to identify priority capital projects to improve energy efficiency through improved process heat recovery. These projects will be implemented over the next few years.

AIR EMISSIONS

Our operations generate other types of air emissions in addition to greenhouse gas emissions.

Criteria Pollutants Process operations and flaring activities result in emissions of nitrogen oxides (NOx) and sulfur oxides (SOx). Product loading, fuel dispensing and flaring activities are the main sources of volatile organic compound (VOC) emissions. Between 2008 and 2009 absolute NOx emissions decreased slightly

and absolute SO₂ emissions were flat. On a normalized basis, NO_x and SO₂ emissions decreased by 10 percent and 2 percent, respectively, due to higher production volumes. During 2009 a ramp up of production activity in North Dakota resulted in an absolute increase in VOC emissions of approximately 8,000 tonnes, partially offset by lower emissions in Algeria. The increased VOC emissions were associated with flash gas originating from tank batteries. Vapor recovery unit capture equipment is being installed mid-2010 to minimize future VOC emissions from this operation.

Criteria Pollutant (tonnes per million BOE)

	2007	2008	2009	% Change
NO _x	27.3	23.7	21.4	(10)
SO ₂	6.04	6.45	6.29	(2)
VOCs	72.6	59.5	62.3	5

Ozone depleting substances Within our operations ozone-depleting substances (ODSs) are primarily used in refrigeration and air conditioning equipment and for fire suppression and explosion protection. Hess uses certified technicians to service and maintain equipment containing Class I and Class II refrigerants and to record refrigerant consumption at all U.S. locations. We are not aware of any material instances of ODS releases from our operated assets in 2009.

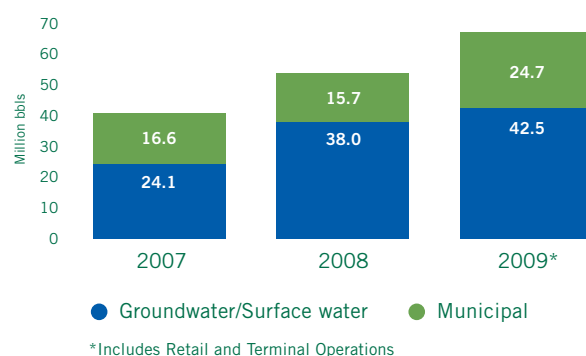
MATERIAL USE

Responsible use of natural resources is a core component of our Social Responsibility Value and one way Hess minimizes its environmental footprint. We look for opportunities to improve our operations and reduce costs through more efficient use of natural resources. For example, we have successfully used recycled and regenerated materials to reduce our dependence on raw materials, fresh water and chemicals, such as catalysts and sulfuric acid, in our daily operations. Since the vast majority of our products are sold in bulk, there is very little use of packing material.

FRESHWATER USE

In 2009 Hess used 67 million barrels of fresh water for processing, cooling and oil and gas reservoir management, including 63 percent from groundwater wells and 37 percent from municipal sources. No water sources were identified as being significantly affected by the company's water consumption.

Freshwater Use



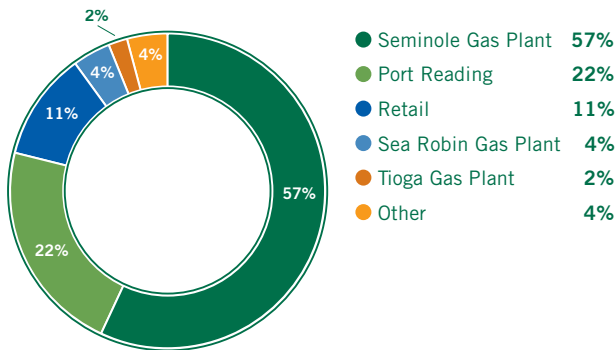
Seminole Gas Plant, Texas

Although reported fresh water usage increased 25 percent (13 million barrels) from 2008, approximately 8.4 million barrels of that increase was attributable to the company's first time inclusion of Retail and Terminal operations in its freshwater usage data.

Environmental Performance

The remainder of the increase can be attributed to water use at the Seminole gas plant in West Texas primarily for cooling purposes. Groundwater at Seminole represents about 0.10 percent of regional groundwater abstraction from the Ogallala aquifer.

Freshwater Use by Operation



As part of our effort to conserve water Seminole uses its cooling system blowdown water for oil reservoir management. At the Port Reading Refinery we replace a portion of our fresh water consumption with process water at the wet gas scrubber.

HOVENSA meets most of its water needs through onsite desalination of sea water supplemented by groundwater. In 2009 groundwater consumption was 2.8 million barrels, which was 13 percent less than 2008 and 47 percent less than 2007. The facility reuses more than three quarters of the fluid catalytic cracking units' treated wastewater effluent in other refinery activities.

DISCHARGES

Regulatory authorities permit several specific types of controlled discharges including wastewater effluent and storm water runoff associated with both upstream and downstream operations, as well as produced water, drill cuttings and drilling fluids associated with upstream operations.

Offshore Discharges Offshore discharges typically consist of drill cuttings, which are rock fragments removed from the subsurface during well drilling,

and drilling mud, which is used to lubricate drill bits and control downhole pressure. Residual drilling mud adheres to drill cuttings and contains small amounts of oil. In 2009 approximately 26,000 barrels of drill cutting and 70,000 barrels of drilling mud, which contained 3,513 barrels of oil, were discharged from offshore facilities.



South Arne Platform, Danish North Sea

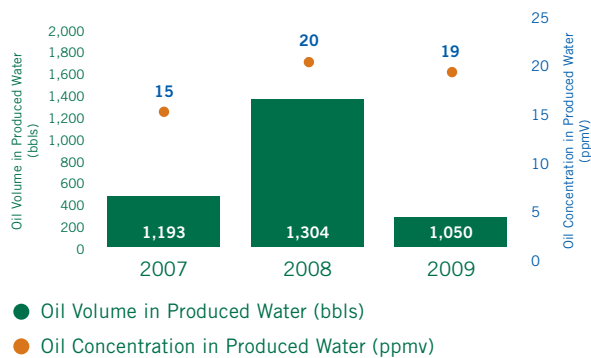
Produced water is mainly salty water trapped in reservoir rock and coproduced with oil and gas. In 2009, 54 million barrels of produced water were discharged, which is 10 million fewer barrels than were discharged during the previous year. The level of oil in produced water discharged averaged 19 parts per million (ppm), well below the accepted regulatory limit of 30 to 40 ppm. The produced water discharged contained 1,050 barrels of oil, half of which came from the company's North Sea operations. Compared to 2008 levels, the volume of oil discharged offshore decreased 19 percent, largely as a result of 340 fewer barrels of discharge at the company's North Sea operations.

Refinery Wastewater Emissions (U.S. tons)

	Port Reading			HOVENSA		
	2007	2008	2009	2007	2008	2009
Biochemical oxygen demand (BOD)	2.9	8.1	40.7	171.2	124.5	28.5
Suspended solids	4.4	6.4	45.4	283.8	293.9	243.8
Hydrocarbons*	1.9	5.1	5.3	36.2	33.1	20.3

*Total petroleum hydrocarbons for Port Reading and oil and grease for HOVENSA

Oil in Produced Water Discharges to Sea



Onshore Discharges Onshore exploration and production generated 116 million barrels of produced water, of which 44 percent was reinjected for disposal and 56 percent was reinjected for reservoir management. No produced water was discharged to surface water. In the U.S., wastewater and storm water discharges to surface water are permitted under the National Pollutant Discharge Elimination System. Facility specific effluent quality requirements are established based on expected control technology performance and aquatic protection. Overall, 97 percent of gas plant and 99.5 percent of terminal and refinery storm water and wastewater discharges complied with permit requirements. Port Reading and HOVENSA discharged 6.9 million and 21.2 million barrels of treated wastewater, respectively. Both refinery discharges were well within permitted effluent limits.

HOVENSA installed an aboveground wastewater treatment system which is capable of handling the refinery's entire wastewater flow. This new wastewater treatment plant reduces the possibility of groundwater

contamination, provides flexibility in handling segregated and combined waste streams and improves the quality of water recovered for reuse.

SPILLS

Hess operations around the world produce, process, refine, transport and sell oil and gas products. Although we carefully monitor these activities, spills can occur that have the potential to impact the environment.

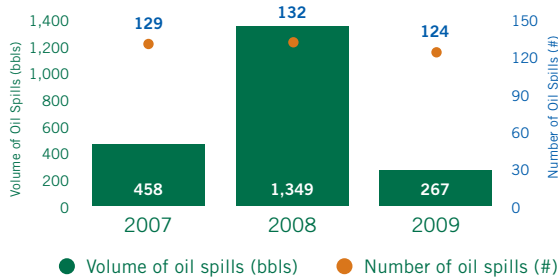
To prevent spills each of our operations has controls in place, including equipment inspection and preventive maintenance programs, secondary containment and alarm systems and spill response and mitigation plans. These programs help us to react quickly to identify and correct the root causes of spills and prevent future occurrences.

We track two categories of spills: oil spills and other spills. Oil spills are tracked and aggregated monthly on a companywide basis and are reported to the Hess Leadership Team. Other spills are reported as appropriate.

Oil Spills In 2009 there were 124 crude oil and refined petroleum fuel spills, 6 percent fewer than in 2008. These totaled 267 barrels of oil, 80 percent less than in 2008. There were no oil spills greater than 50 barrels; 64 percent of oil spills were less than one barrel; 91 percent were land spills that were readily contained and removed; 11 oil spills, totaling five barrels of oil, were to surface water.

HOVENSA reported eight oil spills in 2009 amounting to five barrels of oil, of which four oil spills were to water and four were to land.

Oil Spills



Other Spills Company operations require the use of a range of liquids. Those tracked in the “other spills” category include drilling fluids, hydraulic and lubricating oils, acids and caustics, and oil and water mixtures.

In 2009 there were 49 spills (including 12 also tracked in the oil spill category) amounting to 3,744 barrels of liquid. Nine of these non-hydrocarbon spills, totaling more than 3,300 barrels were to land and accounted for 89 percent of the volume spilled. One, a 52 barrel spill of flare condensate water at our Port Reading refinery, leaked from a knockout drum onto the ground and was immediately recovered. Impacted soil was excavated.

The remaining eight land spills were all produced water spills; the largest two, 1,215 and 460 barrels respectively, occurred in the Permian Basin. Both were related to line leaks which were quickly repaired. HOVENSA reported one other spill in 2009, of negligible volume.

HYDRAULIC FRACTURING

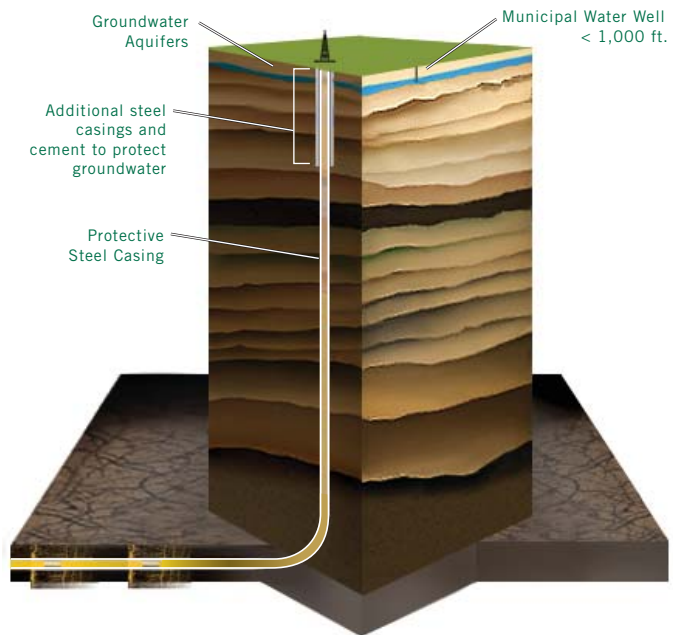
The presence of vast amounts of oil and natural gas in low-permeability formations (including deep shale formations) has been known for years. These hydrocarbons have become recoverable due to a combination of sophisticated horizontal drilling and well stimulation methods.

One of the major components of the well completion is hydraulic fracturing, a well stimulation method in which a mixture of water, a propping agent such as sand and special purpose additives, is pumped under high pressure into the hydrocarbon-bearing

underground rock formation. The fractures that are created are propped open, allowing oil or natural gas to flow into the well. Special purpose fluid additives designed to enhance performance typically make up less than 1 percent of the hydraulic fracturing fluid.

Accompanying the recent increase in well stimulations using this technology is a heightened level of public attention regarding environmental and public health impacts related to hydraulic fracturing. Concerns have been raised about protection of drinking water supplies, aquatic habitat, freshwater, chemical use, wastewater management and truck traffic, among others. The hydrocarbon-bearing formations are typically found thousands of feet below the water table and the wells are lined with multiple layers of steel pipe and encased in cement to depths well below the deepest fresh water aquifer, thus preventing fluids or gas from seeping into the ground water.

We believe that well planned and properly executed hydraulic fracturing stimulation treatments of production wells are safe for the environment and the public and a necessary part of producing key resources that help foster energy security. Over the past several years Hess has conducted operations in the Bakken North Dakota shale play with no cases of groundwater impact caused by hydraulic fracturing operations.



MARCELLUS SHALE

The Marcellus Shale (the Marcellus) is an organic rich rock formation. According to estimates it contains up to 500 trillion cubic feet of natural gas in place. The formation underlies most of West Virginia and Pennsylvania as well as portions of eastern Ohio and southcentral New York.

In 2009 the company acquired leases for 80,000 net acres of privately held land in northeast Pennsylvania. Development of this acreage is subject to regulation by the Pennsylvania Department of Environmental Protection (PADEP), the Delaware River Basin Commission (DRBC) and/or the Susquehanna River Basin Commission (SRBC) with certain aspects regulated by other federal, state and local agencies. As part of our compliance management system, we track regulatory developments and attend multi-stakeholder and industry association meetings. At the local level, we consult with landowners to understand and address their expectations for wells located on their property. We will also meet with the PADEP, DRBC, SRBC and municipal authorities as we prepare permit applications.

A Marcellus horizontal well hydraulic fracturing job typically requires three to five million gallons of fracturing fluid. The fracturing fluids applicable to the Marcellus commonly contain less than 1 percent special purpose additives, equal to about 15,000 to 50,000 gallons. The additives include chemicals that can also be found in consumer products and in municipal water treatment plants. Oil field service suppliers are required to have Material Safety Data Sheets (MSDS) that include information on chemical ingredients in their additives to the extent possible while still protecting proprietary formulations. Stakeholders have requested more comprehensive information on all chemical constituents be readily available. The New York Department of Environmental Conservation (NYDEC) Web site (http://www.dec.ny.gov/docs/materials_minerals_pdf/ogdsgeischap5.pdf) provides a listing of many of the chemicals used in fracturing fluids and further details.

Hess is fully committed to protecting the ecosystems in the areas where we operate. We place the highest priority on working with our well stimulation contractors to ensure the use of a precautionary approach when conducting hydraulic fracturing operations. We are also investigating methods to minimize the environmental impact of hydraulic fracturing, including recycling flowback water, non-chemical treatments and sourcing of lower impact chemistries for additives such as friction reducers and surfactants.

We have been meeting with potential suppliers to define acceptable fluid systems for Hess activities in the Marcellus and to encourage them to use fluids with the lowest possible toxicity and amount of chemical additives that are both functional and cost effective. Post contract award, we will work with our selected suppliers to refine their fluids to reduce the amount of chemical additives and reduce, or where possible eliminate toxicity.

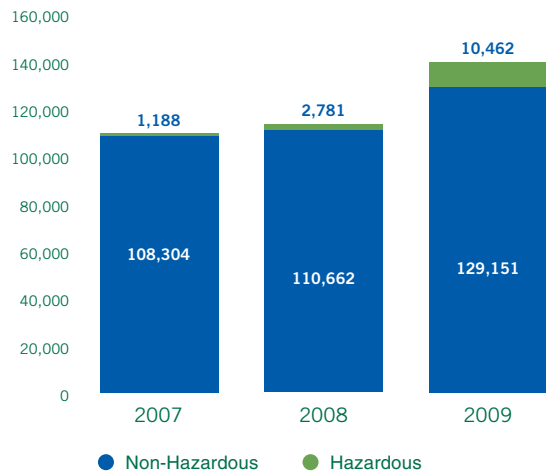
We continue to reinforce to suppliers our prohibition on the use of diesel oil in fracturing fluids and support public disclosure of chemicals used in hydraulic fracturing that balances public and proprietary interests. We intend to work with our suppliers, industry participants, state authorities and appropriate stakeholders to keep the public informed, including through the possibility of a common industry Web site.

We are committed to working with key authorities such as PADEP, DRBC, SRBC and others to meet or exceed all regulatory standards and best management practices applicable to hydraulic fracturing. These include wastewater storage, monitoring, reuse, treatment and disposal, groundwater and surface water protection, water withdrawals and water quality monitoring (pre- and post-drilling, where appropriate); transportation and onsite management of chemicals and other materials; onsite storage, transportation, disposal and cradle-to-grave tracking of wastes; and control of air emissions.

SOLID WASTE

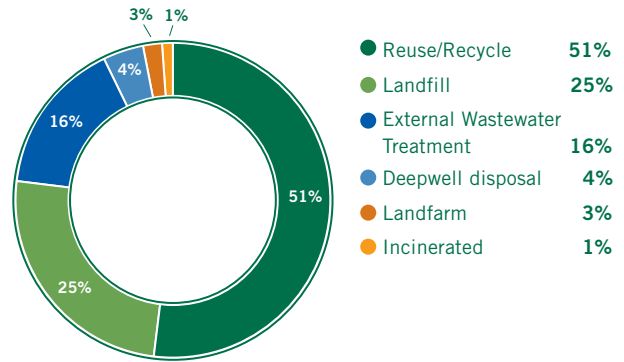
In 2009, 93 percent of the solid waste generated by our operations was classified as non-hazardous and more than 50 percent was reused or recycled. Typical waste streams include construction waste, oily tank bottoms, contaminated soil, spent acids and caustics, used catalyst and scrap metal and wood. Spent caustic was shipped to paper plants for process use; spent catalyst was reprocessed and recycled in cement plants; and spent acid was regenerated for reuse.

Waste Generation (U.S. tons)



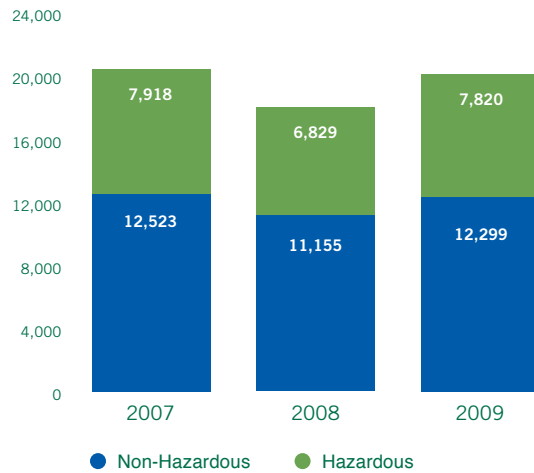
In 2009 total waste generated increased 23 percent or 26,000 tons over the prior year. This increase was primarily related to more robust data collection efforts at our drilling sites. It was partially offset by a significant reduction in waste from less rebuild construction at retail stores. Hazardous waste generation increased approximately 8,000 tons in 2009, primarily due to the cleanout of our Port Reading Refinery’s wastewater treatment plant equalization tank. No waste considered hazardous under the terms of the Basel Convention was exported from our operations.

2009 Waste Management Methods



HOVENSA generated 12,299 tons of non-hazardous waste and 7,820 tons of hazardous waste during 2009. HOVENSA reused or recycled 95 percent of hazardous waste and 39 percent of non-hazardous waste. Total waste volume increased 12 percent between 2008 and 2009 but was flat between 2007 and 2009.

HOVENSA Waste Generation (U.S. tons)



The application of green remediation techniques is an important aspect of the company's environmental approach.

ENVIRONMENTAL EXPENDITURES

The company conducts remediation as necessary at sites where our activities or those of previous owners have resulted in soil and groundwater contamination. These sites may include gas stations, terminals, onshore exploration and production facilities and refineries.

Hess accrues for environmental assessment and remediation expenditures for known sites when the future costs are probable and can be reasonably estimated. At the end of 2009 the company's reserve for estimated environmental liabilities was approximately \$55 million which is expected to be more than sufficient to cover costs of assessing and remediating known sites. As they were in 2007 and 2008 environmental assessment and remediation expenditures were approximately \$11 million in 2009.

In 2009 capital expenditures related to compliance with federal, state and local environmental standards at Hess operated facilities were not material to the company.

The application of green remediation techniques is an important aspect of the company's approach. Hess has used off-grid solar and wind powered groundwater remediation equipment on an ongoing basis at multiple locations. In addition, phytoremediation and passive technologies have been used successfully.

Within the Hess Remediation Alliance (the Alliance), which includes Hess remediation staff and the company's key remediation contractors, the Green Remediation Team was formed to investigate and inform Alliance members of successes, lessons learned, and potential for implementation of green remediation strategies. Shared supplier information and knowledge exchange are used to generate and evaluate current and potential applications of green remediation



Remediation project, Chesapeake, Virginia

methods. Progress in these areas is reported out to the Alliance during routine Remediation Management Team meetings to be used in planning the way forward on remediation activity in our portfolio.

LEGAL PROCEEDINGS

Hess Corporation routinely provides current information on environmental legal matters relating to the company's wholly owned and joint venture operations and legacy liabilities in SEC Forms 10-K and 10-Q. The status of legal proceedings at the end of 2009 is detailed in Item 3 of the company's 2009 SEC Form 10-K. This information is also available to the public on the company's Web site, www.hess.com.

Exceedances and Enforcement Actions

Company policy reinforces our fundamental commitment to full compliance with applicable environment, health and safety laws and regulations. While compliance is our objective, exceedances of permitted levels can occur, as do citations from regulatory authorities.

During 2009 the total fines paid were approximately \$265,000, of which \$115,000 was related to settlement of a fuels compliance action brought against the company in 2005. The monetary penalties paid in 2009 were approximately \$900,000 less than the prior year.

BIODIVERSITY

In some areas our company faces the challenge of conducting operations in a manner that protects habitats with significant biodiversity value. Many of our operations, particularly those in offshore or coastal zones, are located in environments where the protection of migratory, as well as local species is an important consideration.

As part of our precautionary approach we conduct biodiversity screenings to identify protected areas and species as part of feasibility determinations and site selection for major new projects. We also routinely conduct biodiversity screening at existing operating locations as part of our emergency and oil spill response planning programs.

Upstream Operations As part of major new project planning we conduct environmental baseline surveys and environmental and social impact assessments (ESIAs). We utilize the best available guidelines and tools, such as those developed by the Energy and Biodiversity Initiative, the Wildlife Conservation Society, the International Union for Conservation of Nature (IUCN) and the International Petroleum Industry Environmental Conservation Association (IPIECA) to assess and manage biodiversity sensitivities.



Hess operates in diverse ecosystems, including Equatorial Guinea

ESIAs are performed by experienced third-party consultants in accordance with local requirements, as well as International Finance Corporation and World Bank guidance. The findings are considered in final site selection and project design and addressed in environmental management plans. The ESIAs include screening of flora and fauna against the IUCN Red List, as well as local and national threatened and endangered species lists.

During offshore exploration we follow Joint Nature Conservation Committee Guidelines (JNCC) for minimizing acoustic disturbances to marine mammals and employ JNCC-certified Marine Mammal Observers when conducting 2D and 3D seismic surveys. We also use electromagnetic surveys which have lower impacts on marine mammals than seismic surveys.

Biodiversity screenings are performed to identify protected areas and species prior to project development.

Hess operates the Sinphuhorm Natural Gas Field in Thailand's Udon Thani and Khon Kaen provinces. The wellheads and gas gathering lines are partially located within the 322 acre Phu Kao-Phu Phan Kham National Park, an IUCN Category V protected area that includes the Ubonrat Dam and reservoir, tourist facilities, archeological sites and deciduous forests. The company is engaged in a multi-year reforestation program and is working with national and provincial forest fire management committees on comprehensive forest fire prevention programs.

Downstream Operations The Port Reading refining facility, the U.S. and St. Lucia terminals and the HOVENSA joint venture refinery on St. Croix have emergency and spill response plans that identify federal and state-listed endangered, threatened and vulnerable species of fauna and flora. Biodiversity and sensitive ecosystems are included in vulnerability analyses and addressed in facility specific spill protection and response plans.

These plans have identified various species of migratory sea turtles such as the hawksbill, leatherback, Kemp's ridley, green and loggerhead that are characterized as either endangered or critically endangered under federal and state laws and regulations, as well as by IUCN.

IUCN Red List Species

IUCN Category	Number of Species
Critically endangered	4
Endangered	3
Vulnerable	3
Near threatened	6

Within downstream operations there are ongoing initiatives to protect, promote and restore local biodiversity. For example, Corporate Remediation and the Chesapeake Terminal are actively engaged in the restoration of the Elizabeth River through our membership in the Elizabeth River Project.



Green sea turtle near St. Croix, U.S. Virgin Islands

Our HOVENSA joint venture refinery maintains wildlife rescue equipment and assists natural resource agencies such as the U.S. Fish & Wildlife Service, the National Park Service, the Cooperative Fish and Wildlife Research Unit of the U.S. Geological Survey and the Virgin Islands Division of Fish and Wildlife in monitoring, protecting, and rescuing wildlife, with particular interest in the protected Least tern and hawksbill, leatherback and green sea turtles.

GLOBAL WORKFORCE



Worker shift change, Malaysia/Thailand Joint Development Area

22%
PROFESSIONALS
IN NEW ROLES

35%
WOMEN/MINORITIES IN
LEADERSHIP PROGRAM

100%
PERFORMANCE
REVIEWS COMPLETE

STRATEGY AND APPROACH

Hess is committed to attracting, energizing, developing and retaining a highly talented, diverse workforce that is capable of delivering strong business results.

We value individuals with outstanding technical, professional and administrative skills who work well in a collaborative environment, make an extra effort to ensure success, act with a social conscience and demonstrate an entrepreneurial, independent spirit.

We are committed to diversity and provide equal employment opportunities to all employees and job applicants regardless of race, color, gender, age, sexual orientation, religion, disability or other protected class. Our continuing practice applies to all decisions, including, but not limited to, recruiting, hiring, training, promotions, pay, benefits, disciplinary actions and terminations.

We do not tolerate harassment of any kind, including threats and intimidation of an employee or employment candidate.

We recognize and respect our employees' right to join associations and choose representative organizations for the purpose of engaging in collective bargaining in a manner that is consistent with applicable laws, rules, regulations and customs.

We do not permit the employment of under-age children in our workforce or the use of forced or compulsory labor in any of our global operations.

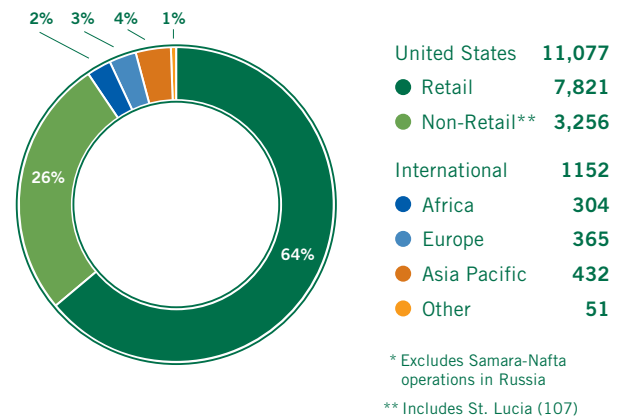
We are committed to providing total pay and benefits that are externally competitive and internally fair.

OVERVIEW

Hess employed 12,229 people around the world in 2009 and supported another 1,417 people who worked in refining and trading joint ventures, a 2 percent decrease from 2008 levels.

The majority of employees, 91 percent, worked in the U.S.; 24 percent were part-time; 61 percent were hourly employees at retail locations. The vast majority of part-time and hourly employees worked at retail locations. There were no employees on temporary contract.

Global Employees (12,229 employees)*



The global turnover rate (voluntary) for Hess employees other than hourly was 4.5 percent. In addition, there were layoffs of 132 employees due to economic conditions. Turnover was lowest among women, employees younger than 30 and older than 50 and those located in developing countries.

DIVERSITY AND EQUAL OPPORTUNITY

A new position has been created within the Human Resources organization, reporting to the senior vice

Global Workforce

president of Global Human Resources to lead talent acquisition, talent management and diversity on a global basis. A formal review of best practices is underway to further strengthen our approach.

Our company continued to recruit and develop a diverse workforce in 2009 despite the global economic downturn. Globally, women comprised 40 percent of employees and minorities made up 36 percent of U.S. employees.

To control costs, we hired only to fill open positions that were essential as we effectively managed the business or acquired new skills. The exception was at the entry level where we continued to recruit at universities. The strategy has been to ensure a steady influx of talent for the future given the industry-wide challenge of an aging workforce. In 2009 employee age group distribution was 31 percent under 30, 48 percent between 30 and 50, and 21 percent over 50 years of age.

Our recruitment teams featured recent graduates who shared their experiences as young men and women working in our industry and at Hess. Twenty-three percent of our 2009 downstream recruiting class comprised minorities and 31 percent women.

These coupled with an aggressive mid-career recruiting program have enabled us to significantly shift the demographics in our upstream technical workforce over time. For example in 2004 women held 7 percent of all petro-tech jobs; today, there are twice as many petro-tech jobs and women hold 14 percent.



Assistant operations manager, refining facility, Port Reading, New Jersey

We made good progress in promoting diversity and inclusion in our leadership ranks. Thirty-five percent of participants in our Business Leadership Program for the downstream operations were women and 35 percent minorities. Thirty-four percent of participants in our engineering and geosciences development programs for early-career professionals were women and 30 percent were minorities. Each of these participants was assigned a mentor from senior leadership to provide career coaching and guidance.

Women and Minority Representation (Executive, Management and Professional Staff)

Job Category	Women (U.S. and International)			Minorities (U.S.)		
	Total Employees	Number	Percent	U.S. Employees	Number	Percent
Executives and Senior Officers	79	5	6	72	5	7
First- and Mid-Level Managers	2,484	996	40	2,262	616	27
Professionals	1,840	595	32	1,325	361	27
Total	4,403	1,596	36	3,659	982	27

Includes Malaysia, Thailand, Indonesia, Equatorial Guinea, U.K., Denmark and Norway. Based on U.S. Government's EEO reporting year July 2008 – June 2009

Retail site managers are required to participate in U.S. Equal Employment Opportunity (EEO) and Harassment training using the Brightline Compliance program. Similar training is provided for all other employees by leadership, Human Resources and the Legal department to ensure compliance with the law and the company's Code of Business Conduct and Ethics.

Employees are encouraged to speak to supervisors, managers or leaders about suspected violations. Human Resources professionals follow a standard process to investigate each complaint promptly, thoroughly and fairly. Anyone found to have violated company policy or who acted in conflict with the Hess Values is subject to disciplinary action, which can range from additional training to termination of employment. Reports of violation can be filed anonymously to the confidential Hess Hotline. In 2009, 13 incidents were reported to the hotline and resolved by the company.

To resolve an employee complaint of language discrimination at a Hess retail site, the company reached an agreement with the Attorney General of the State of New York on July 10, 2009. Under the settlement, Hess paid \$94,000 in restitution, adopted a non-discriminatory policy regarding the languages employees may speak at work, and trained managers in the state of New York to enforce this policy.

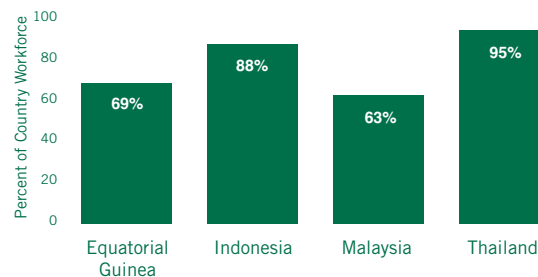
WORKFORCE LOCALIZATION

Our workforce localization efforts are focused on leadership and building professional capacity, primarily in Equatorial Guinea, Indonesia, Malaysia and Thailand. In these countries nationals hold between 25 percent and 63 percent of professional positions and comprise up to 21 percent of first- and mid-level professionals and managers. Currently there are no executives who are nationals.

We continued to make progress building the capability of nationals to assume important roles in local operations, thereby reducing reliance on traditional expatriates around the world. External search firms were engaged to recruit talented nationals, whether

they were already in the country or working abroad. The company also sponsored a referral program for employees to assist in identifying qualified external national candidates.

National Employees (% of country workforce)



The nationalization process emphasizes development. Technical professionals with less industry experience participated in a Foundation Graduates and Apprenticeship Program and were assigned mentors. Those who were more experienced participated in leadership training, which includes modules on coaching, achieving results and communication.



Workers arriving at Pangkah platform, Indonesia

EMPLOYEE ENGAGEMENT

A concerted effort was made in 2009 to share information about business performance and direction. Each division executive established regular e-mail updates on activities and progress in achieving stated goals. Several businesses and teams, most notably those with a sales force, held conference calls to connect people by phone.

An investment was made in infrastructure to broadcast town hall sessions live to employees around the world. By year-end, the process accommodated live feeds from multiple locations and engaged presenters in different countries.

Several actions were taken to address issues and opportunities identified in the Voice of Hess employee engagement survey conducted in late 2008. Most were at the location and business unit level where they would be most meaningful. These included developing learning modules to transfer knowledge and help the transition for new hires, adopting more flexible work schedules around major holidays, formalizing an approach to production excellence and holding training sessions on effective performance management.

At the enterprise level, employees highlighted the need for more efficient work processes to keep up with rapid growth over the last several years. Two major projects were undertaken in 2009 designed to improve work processes beginning in 2010: The Resource Center and Hess Connect. The Resource Center standardizes people-related processes and organizes information in a global system that can be accessed by employees using an online portal. Hess Connect will replace the current internal Web site and will feature social media tools to facilitate collaboration. Both Hess Connect and The Resource Center were undergoing final testing at year-end and were launched early in 2010.

BENEFITS

Hess offers a wide range of benefits to full time, non-retail salaried and hourly employees that, based on location, range from bereavement and jury duty pay, overtime pay and education assistance to savings and pension plans, insurance and medical and dental plans.

Union-represented employees are subject to collective bargaining agreements; many of these benefits are available to part-time and retail hourly employees.

Details of retirement plans, including funding of pension benefits, can be found in the company's SEC Form 10-K.



HOVENSA physician in St. Croix, U.S. Virgin Islands

Hess is building a culture of wellness in the workplace to improve the health of employees and members of their families. In the second year of the Health4Life wellness initiative in the U.S. the focus turned to lifestyle and disease management. Health coaches and advocates were made available to help individuals create a personalized health management program. This was supplemented by activities at work locations,

such as discounted Weight Watchers programs, cooking demonstrations, healthy food choices and organized walks and runs. More than 900 employees took advantage of free on-site flu shots. The Health4Life wellness initiative will be extended beyond the U.S. in 2010.

A new U.S. medical plan was introduced in January 2009. For the majority of participants, the new plan lowered monthly premiums, increased the deductible for out-of-pocket expenses, lowered the annual out-of-pocket maximum, provided free preventive care and medication, offered a Health Savings Account (HSA) pre-funded by the company, and offered cash rewards to participants taking healthy actions.

At year-end Hess commissioned a survey to determine understanding of and reaction to the medical plan and the wellness initiative. Conducted

by the American College of Physicians, the survey was completed by 41 percent of employees and 10 percent of spouses, a statistically valid sample. Hess is using the survey findings to make adjustments to programs and related resources.

TOP EMPLOYEE HEALTH CONDITIONS (U.S.)*

- Obesity/Weight Management
- Hypertension
- Musculoskeletal Conditions
- Heart Disease
- Diabetes
- Asthma
- Mental Health and Stress
- Cancer

* Hess Employees and Spouses

SUPPLEMENTAL BENEFITS OFFERED BY HESS INTERNATIONAL LOCATIONS

Hess offers a wide range of benefits to employees around the world. The company typically supplements government-provided programs and services. The following table illustrates enhancements employees receive over and above what is offered by the government in the following non-OECD (Organization for Economic Cooperation and Development) countries where we have significant operations.

Benefit	Equatorial Guinea	Indonesia	Malaysia	Thailand
Enhancements from Hess				
Paid maternity leave			Extra 30 days	Extra 45 days
Paternity leave		3 days	3 days	3 days
Lactation programs	May leave work 1 hr. early			
Compassionate leave of absence	4 weeks	3 days	3 days	3 days
Life insurance	Full year salary			
Short-term disability	50% of salary up to 12 mths.		More pay	More pay
Long-term disability			More pay	More pay
Paid holiday/vacation days		Extra 8-13 days	Extra 12-17 days	Extra 14-19 days
Offered only by Hess				
Employee Assistance Program (EAP)			✓	✓
Life insurance		✓	✓	✓
Health care/drug plan		✓	✓	
Health Care Flexible Spending Account		✓	✓	
Flexible work schedules		✓	✓	✓

COMPENSATION

Hess is committed to paying employees fairly for the work they do and the contributions they make. The company also wants to recognize differences in contribution and provide greater rewards to those who make a bigger contribution or perform at higher levels regardless of race, color, gender, age, sexual orientation, religion, disability or other protected class.

In 2009 managers were trained in the company's performance and pay policies and practices to ensure fairness and objectivity. They were also provided benchmarked competitive data for their employees, based on job responsibilities and geographic location, to enable them to make timely and objective decisions. Managers formally reviewed and calibrated the performance of employees against others in similar positions before pay decisions were made.

In response to the economic downturn the company froze wage increases for executives companywide and staff within Corporate and downstream organizations.

For the year Hess spent \$794 million in pay and benefits for U.S. employees. Sixty-four percent of employees worked at Hess retail locations, the vast majority in entry level hourly positions. These employees were paid on average 22 percent more than the local minimum wage. Non-retail entry-level positions in our principal U.S., and international operations are compensated at two to four times the average local minimum wage.

Comparison of Hess Entry Level Wages to Local Minimum Wages

Country of Operation*	Hess: Local Wage Ratio
U.S. (Retail hourly)	1 to 2 times greater
U.S. (Non-Retail hourly)	2 to 4 times greater
Denmark	1 to 2 times greater
U.K.*, Norway, Equatorial Guinea	2 to 3 times greater
Indonesia, Malaysia, Thailand	3 to 4 times greater

* Age 22 and above

FREEDOM OF ASSOCIATION

Hess employs unionized and non-represented employees in hourly classifications. To the company's knowledge, there are no operations where the right to exercise freedom of association and collective bargaining may be at significant risk.

There are represented workers at our operations in two countries: the United States and Denmark. Approximately 9 percent of U.S. employees are members of a union. Collective bargaining agreements are in place at the Port Reading facility and 12 U.S. terminals. Approximately 9 percent of employees at retail stores are unionized. Denmark operations have represented workers, but Danish law prohibits the collection of that data.

Hess complies with federal and state labor regulations and the terms of collective bargaining agreements regarding minimum notification periods for major operational changes such as layoffs or facility closures. Locations with 50 or more employees commonly receive 60 to 90 days advance notice. The notification period for locations with fewer than 50 employees typically is two to four weeks, depending on the time needed to safely manage the operational change.

LEARNING AND DEVELOPMENT

Our annual Talent Management Process brought together leaders from all levels of the company to review the achievements, capabilities and potential of their employees. They made recommendations about training projects and mentor assignments for those employees. Individuals who were qualified and able to take on more responsibility were offered opportunities to advance. The process promotes career development and ensures that there are capable candidates for jobs as they become available. Succession plans for key roles are reviewed and discussed annually with the Compensation and Management Development Committee of the Board of Directors.

In 2009, 22 percent of professional employees took on new roles; 20 percent of those involved moving to a new location or country.

We value individuals with outstanding skills who have differing experiences and viewpoints, and who work well in a collaborative environment.



Training program in Houston, Texas

Employees in focus groups cite the commitment to learning and development as an important quality that differentiates Hess. The company has placed special emphasis on leaders over the last several years, continually challenging and developing them so that they have the skills and abilities to bring out the best in others and deliver results. These efforts continued in 2009.

Every professional and executive at Hess took part in the global performance management process. They set objectives early in the year and held formal reviews with their supervisor at mid-year to gauge progress and again at year-end to assess what was accomplished.

As part of their discussions with supervisors, many employees created a formal development plan which spelled out opportunities for improvement in their current job and will help them prepare for their next role.

Hess invested \$11 million in 2009 to train employees who work in office locations. This total includes seminar and symposia fees, educational assistance, tuition, internal training programs and third-party training.

An online Learning Center was launched during the first quarter, offering more than 500 self-study courses on general business knowledge, technical and functional capabilities, desktop skills, compliance issues, and Hess and HOVENSA topics. Forty-six percent of non-retail employees visited the site and took an average of two e-learning courses. We estimate non-retail employees averaged 25 hours of e-learning and instructor-led training for the year based on training expenditures and limited tracking systems which are currently being enhanced.

Retail hourly employees accessed a new Web-based retail training system installed in stores and gasoline stations throughout the Hess and HESS EXPRESS network. They spent an average of five to six hours training online and an additional eight hours was dedicated to on-the-job training. Assistant managers spent five to six hours on Web-based training, 24 hours training on-the-job, and 16 hours in instructor-led training.

COMMUNITY AND SOCIAL PERFORMANCE

Student at Hess supported
school, Sinphuhorm, Thailand

\$13 MILLION IN
SOCIAL INVESTMENT

\$50 MILLION
FOR EDUCATION IN
EQUATORIAL GUINEA

\$2 MILLION IN
DISASTER RELIEF

STRATEGY AND APPROACH

We believe that a world-class company achieves a high standard of operating performance and acts with a social conscience.

Social Responsibility is one of the six Hess Core Values. We recognize that as a leading global energy company we have the ability to help make a lasting improvement in the quality of life in the communities where we do business.

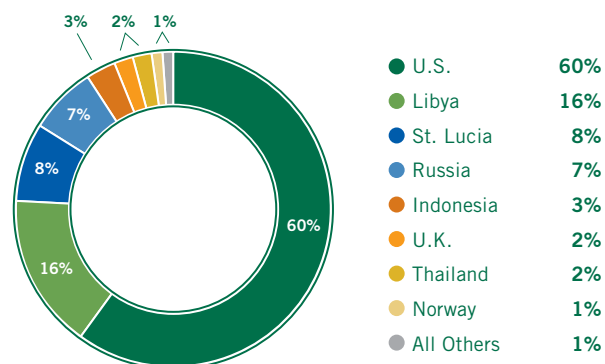
The health and well-being of our communities and our people are of utmost concern. Before the company makes a major new investment, we conduct an Environmental and Social Impact Assessment to understand the potential effect of our operations on the communities. We partner with host governments, community groups and other stakeholders to develop programs that can make a measurable and sustainable difference. There were no significant legal actions, fines or non-monetary sanctions related to community activities.

The focus of our support is primarily on making tangible improvements in education and health care, two areas that help determine the long-term success of any society. The efforts of our workforce are an important part of our social responsibility mission. Every Hess employee is encouraged to lend time, energy and expertise to community-based organizations.

In 2009, we invested nearly \$13 million in social causes around the world. The decrease from 2008 is due to lower expenditures in the area of disaster response, and a larger than anticipated government contribution to the PRODEGE education project in Equatorial Guinea.

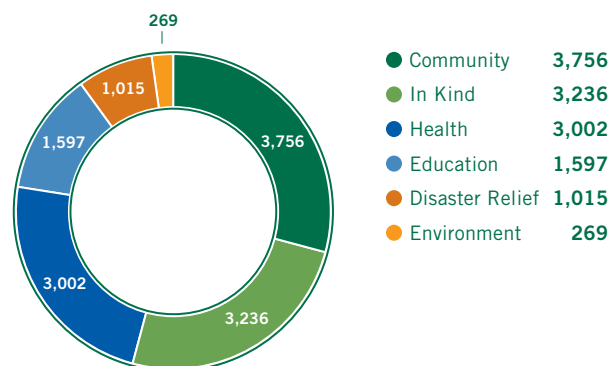
We also provided \$1 million to International Medical Corps to provide training, equipment and medical supplies in the aftermath of a fire that destroyed St. Jude Hospital in St. Lucia.

2009 Social Investment by Country – \$13 Million



In addition, HOVENSA spent \$2.4 million on social programs in 2009, of which \$1.4 million was dedicated to education and \$0.9 million to community projects. The International Craft Training Program, established in 2007, was the primary recipient of these education funds.

2009 Type of Investment (\$ thousand)



HESS DONATIONS MAKE A DIFFERENCE IN HAITI

Just days following the catastrophic January 12, 2010, earthquake in Haiti, Hess Corporation donated \$1 million to three international relief organizations to

help ensure timely emergency aid to the thousands of people in need of immediate assistance.

The company provided \$500,000 to the International Medical Corps (IMC) and \$250,000 each to UNICEF and the International Rescue Committee (IRC). Hess also introduced a dollar-for-dollar matching program for employees who chose to donate to IMC, IRC, UNICEF or the American Red Cross. The employee program raised more than \$150,000.

IMC was on the ground hours after the quake. Funding from Hess enabled the organization to dramatically scale up medical care and training.

The IRC's Emergency Response Team was also among the first on the ground in Haiti following the quake, providing water, food, sanitation and other humanitarian assistance for the tens of thousands left homeless.

UNICEF launched a major immunization campaign for 500,000 children under the age of seven to protect them against preventable diseases such as measles, rubella and tetanus. UNICEF and its partners also distributed drinking water and worked to improve community sanitation.

HESS DONATION HELPS REBUILD HOSPITAL DESTROYED BY FATAL FIRE

After a fatal fire destroyed St. Jude Hospital on the tiny Caribbean island of St. Lucia last September, Hess partnered with the St. Lucia government and the IMC to help expand and improve operations at the facility's temporary home in neighboring George Odium Stadium.

Hess donated \$1 million through IMC for essential medical equipment, supplies and training. The IMC is securing an additional \$500,000 of donated medicine, medical supplies and equipment. The organization will also work with hospital staff to develop physician and nurse training programs.

About 68,000 island residents, nearly half of the population, rely on the hospital for in- and out-patient care including general surgery, internal medicine, cardiology, orthopedics, pediatrics, ENT, ophthalmology, dermatology, obstetrics and gynecology, psychiatry, urology, dentistry and anesthesiology.

The hospital also plays an important role in the island's tourism industry, a cornerstone of its economy. It is the only public hospital within an hour's drive of the Hewanorra International Airport, and serves as the designated facility for mass casualties in the event of an airport disaster. Increasing the trauma capacity of the temporary facility is critical to ensuring that international airlines maintain services there.

Hess has been in St. Lucia since 1977. The company operates Hess Oil St. Lucia, a terminal with a storage capacity of 10 million barrels. Following Hurricane Allen in 1980, the company donated funds to repair more than 75 schools and construct several new ones.



Nurse and young patient, St. Jude Hospital, St. Lucia

BUILDING A SUSTAINABLE EDUCATION PROGRAM IN WEST AFRICA



PRODEGE model school, Equatorial Guinea

The centerpiece of our Corporate Social Responsibility program is a \$50 million public/private initiative in the West African nation of Equatorial Guinea, PRODEGE, 'Programa de Desarrollo Educativo de Guinea Ecuatorial.'

PRODEGE is a partnership that is led by the Government of Equatorial Guinea and Hess Corporation and implemented by the Academy for Educational Development (AED). It is transforming primary education for 34,000 students and their educators nationwide. In the four years since it was established:

- 40 model schools have been refurbished across the country.
- The program developed and rolled out a new curriculum that includes accelerated course work in math, language and science.
- A two-year teacher training program certified nearly 1,000 primary school teachers, a third of them women.

- Two training laboratories were built at the teachers colleges in Bata and Malabo.
- An education information system and annual census have been initiated.
- 75 PRODEGE national staff were trained in project management; 38 trainers are mentoring teachers and 80 inspectors have been trained in school supervision.

AED President and CEO Stephen Moseley recently met with staff at Hess to discuss the program's accomplishments to date. "It is really extraordinary what an organization like Hess can do in partnership with a country," said Moseley. "PRODEGE is improving the teaching quality and changing the approach by which the teaching and the learning process are done. Through the first three grades, there is already a distinct difference in how classrooms are operated. Students are working together in groups; they're learning as teams; they're using classroom furniture that has been built locally.

"Community leaders and parents are coming together and looking at the schools as a community resource. They are seeing that their ownership of the schools is an important aspect of their responsibility as citizens. There is much more enthusiasm for education."

Challenges remain in transforming PRODEGE from project to practice. Over the next two years the program team will focus considerable energy on supporting the Ministry of Education in their efforts to sustain the achievements made to date and planning for the scale up of the active learning model to reach all 812 primary schools in the country.

Hess takes a long term view in projects such as PRODEGE. We know from experience that it takes many years of collaboration to bring about lasting change.

SOCIAL RESPONSIBILITY ACTIVITIES



UNITED STATES

Home Run Campaign For Kids With Medical Needs

Every home run hit by a Boston Red Sox player earned \$500 — given to the Jimmy Fund to fight cancer in children and to the Children's Hospital Boston's Trauma Program. Hess raised \$50,000 for each organization.



UNITED STATES

North Dakota Employees Help Fight Flood

Hess employees filled thousands of sandbags to raise levees and contributed \$10,000 to the American Red Cross to fund six shelters for flood-displaced citizens in North Dakota.



UNITED STATES

March of Dimes Campaign Passes \$1 Million Mark

With \$252,000 collected from customers in 2009, Hess retail locations have raised more than \$1 million since 2001 to support the March of Dimes' efforts to prevent birth defects, premature birth and infant mortality.



UNITED STATES

Retail Stations Support St. Jude Children's Research Hospital

Hess employees and retail customers contributed \$400,000 to support St. Jude Children's Research Hospital in Memphis, Tenn. The hospital conducts research and treats children with pediatric cancer regardless of their ability to pay.



UNITED STATES

Houston Team Fights Hunger

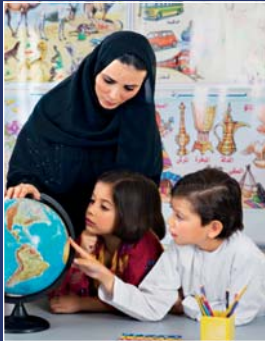
As part of a Hess Day of Caring employees and family members stocked shelves at Target Hunger's pantry to help fight hunger in the inner city. They also revitalized community gardens.



ST. CROIX, U.S. V.I.

College Scholarships Awarded

The HOVENSA refining JV awarded full scholarships to 20 graduates of its Industrial Craft Training Program to study engineering at Texas State Technical College in Waco, Texas. More than 120 local youths are on track to graduate.



EGYPT

Community School – Khatawat

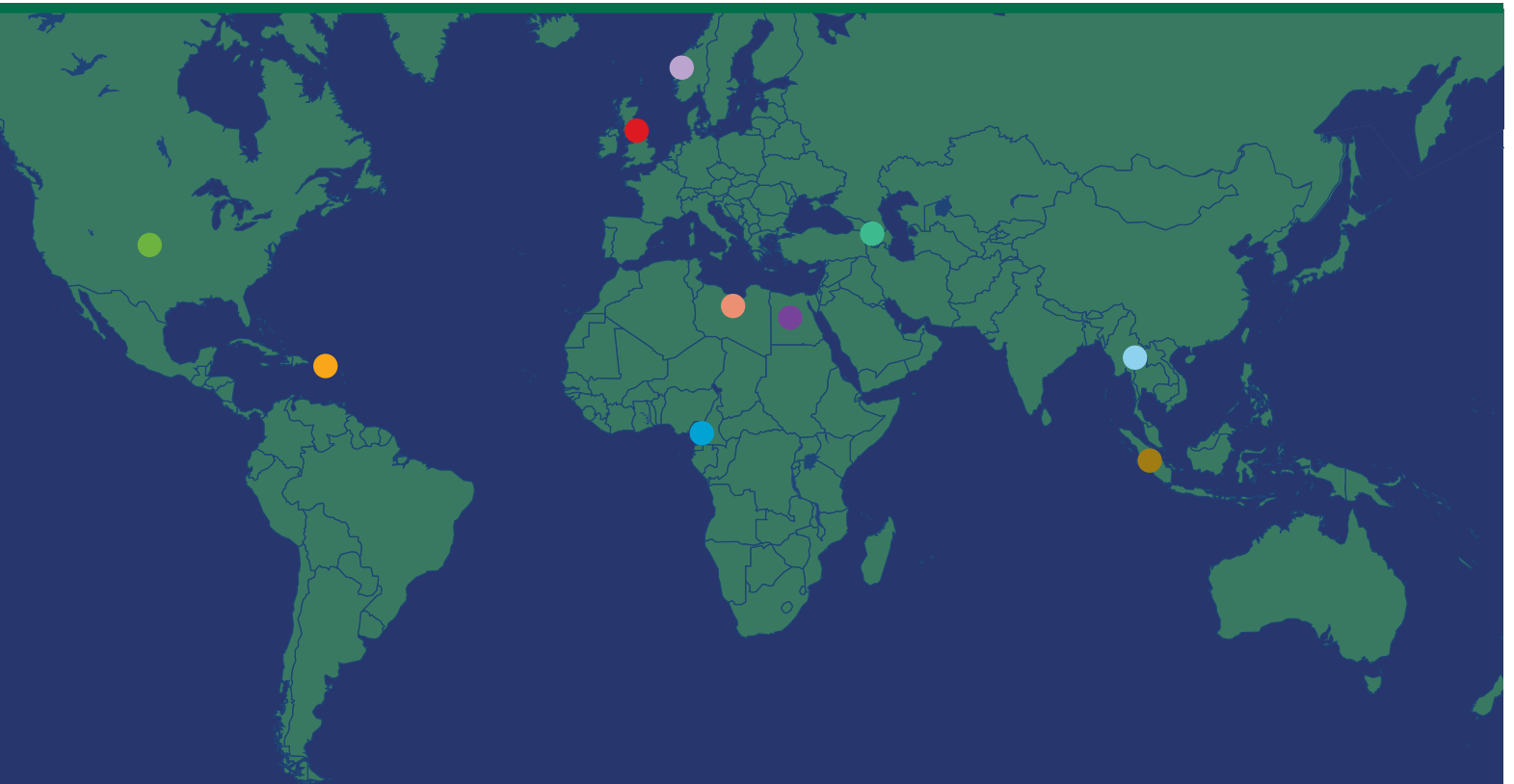
Hess support is enabling the school to provide high quality basic education and vocational training to children in this low-income community.



UNITED KINGDOM

Shelter for Battered Women Renovated

Hess employees teamed up with Habitat for Humanity to renovate the Solace Women's Aid facility. Hess also equipped the facility's children's playground.



EQUATORIAL GUINEA

Improving Access to Potable Water

Since 2004 Hess has focused on drilling, restoring and maintaining water wells. In 2009, 18 wells were restored.



LIBYA

Improving Diabetes Care

Through Partners Harvard Medical International Hess supported the development of national guidelines for the clinical care of diabetes and a diabetes care workshop for 47 nurses in Libya.



INDONESIA

Life Skills Training – East Java

In partnership with the Surabaya Vocational Training Center, Hess helped school drop-outs learn skills in automotive maintenance, electronics, welding, dressmaking and embroidery. The program prepares students for the local job market.



NORWAY

Community Program – Stavanger

Hess expanded its support from arts to include education and youth development. The program funds two scholarships to the master's program in petroleum engineering at the University of Stavanger and sponsors 60 youth sports teams.



AZERBAIJAN

Education For Children With Special Needs

Hess supported the Community Shield Azerbaijan to renovate the School for Deaf Children in Baku. The school serves 327 hearing-impaired students.

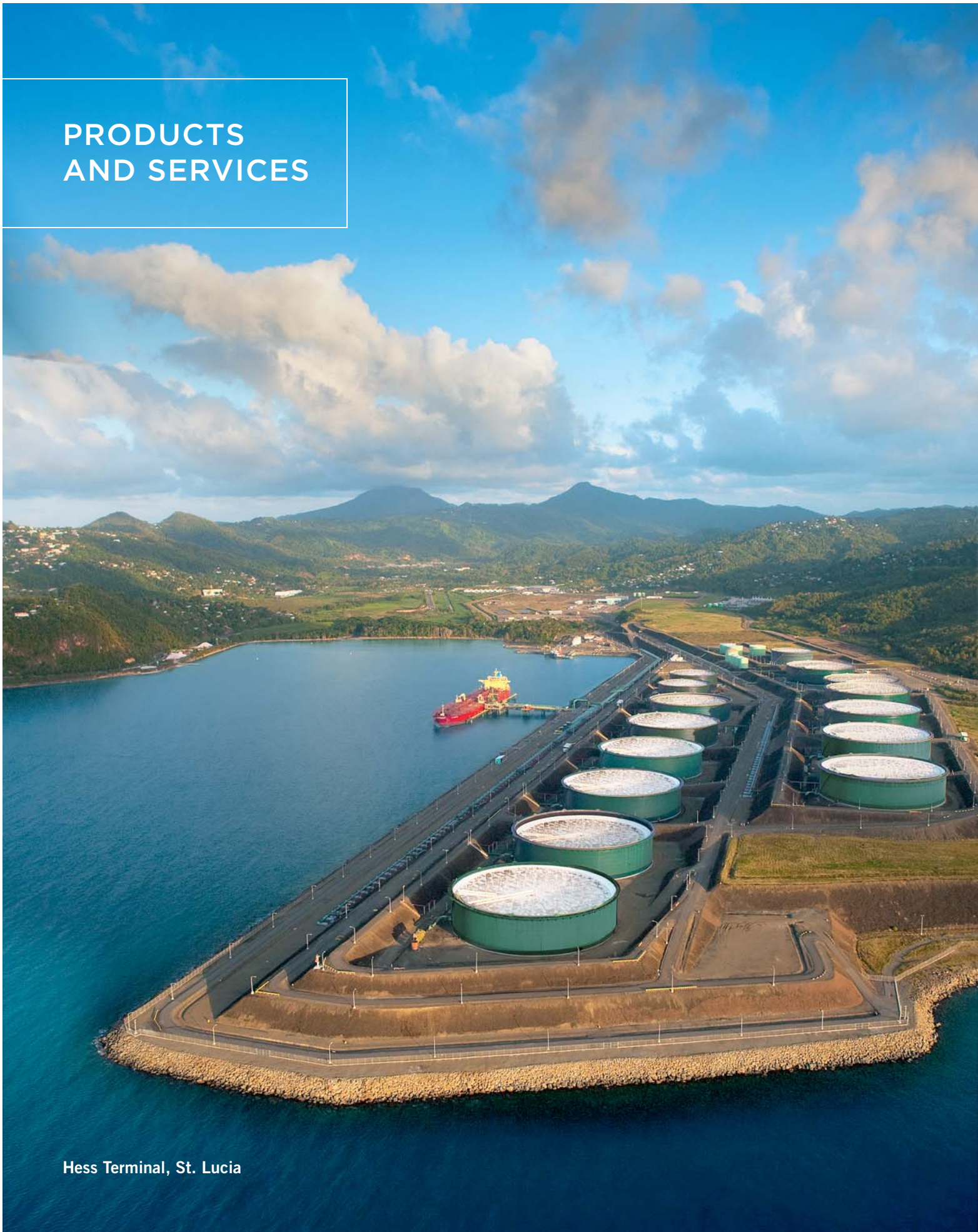


THAILAND

Nurse Shortage in Thailand

Hess is helping educate high school students in Ubonrat and Namphong about nursing and now funds 10 four-year scholarships.

PRODUCTS AND SERVICES



Hess Terminal, St. Lucia

22,000

COMMERCIAL &
INDUSTRIAL CUSTOMERS

37%

ELECTRICITY SALES
VOLUME INCREASE

1,100,000

RENEWABLE ENERGY
CERTIFICATES

STRATEGY AND APPROACH

Hess is focused on providing customers and consumers with energy-related products and services. In addition to producing crude oil, the company makes, stores, blends, distributes, and sells refined petroleum products; produces natural gas for sale in Indonesia, Malaysia, Thailand and the U.S., and dispatches and sells electricity in U.S. regional markets in the Northeast and the Mid-Atlantic.

We recognize that there is significant public interest in transitioning to a lower carbon economy. The environmental footprint of our products is substantial compared to our operational footprint. We produce and sell reformulated gasoline and ultra-low sulfur diesel that meet federal standards and are cleaner than conventional fuels. Our Energy Marketing business provides services that can help our energy customers reduce their carbon footprint and become more energy efficient.

Compliance with applicable federal, state and local requirements for product quality and labeling is a minimum standard. We share information on the health, safety and environmental impacts of our products with customers and consumers and do not make unsubstantiated claims. We respect our customers' right to privacy and have in place customer satisfaction programs and practices.

REFINED PETROLEUM PRODUCTS

Our primary market for refined petroleum products is the U.S. East Coast. Principal products include reformulated gasoline, conventional gasoline, ultra-low sulfur diesel fuel, and heating oil. We comply with product and service labeling and health and safety impact requirements; no significant monetary fines were incurred during 2009.



Hess fuel oil truck, New York City

Tanks for refined product storage at Port Reading Refinery, our HOVENSA joint venture refinery and Hess terminals are labeled and placarded. Petroleum products sold at Hess retail gas stations are labeled at point-of-sale in accordance with applicable regulatory requirements. Each product has an associated Material Safety Data Sheet (MSDS) that provides information on chemical, physical, and toxicological characteristics, as well as safe handling and emergency response. MSDSs are available on location, through Hess Retail's Customer Service department and on the Hess Web site.

The full life-cycle health and safety impacts of refined petroleum products have been well characterized and documented by industry, government agencies, and the scientific community. The most significant environmental and human health impacts occur during use. Because fuel is managed in bulk throughout the product lifecycle, no packaging materials are utilized.

The U.S. Environmental Protection Agency's (EPA) 1995 Reformulated Gasoline (RFG) program and 2007 Renewable Fuel Standard (RFS) closely regulate gasoline formulations. The EPA also has an ultra low-sulfur diesel (ULSD) requirement to reduce tail pipe emissions from diesel-powered vehicles. Compared to conventional gasoline and diesel, the EPA reports reduced tailpipe emissions of carbon dioxide and toxic and smog-forming compounds from RFG and ULSD (www.epa.gov/otaq).

Port Reading Refinery's production of RFG has increased 66 percent since 2006 to 88 percent of total gasoline. At HOVENSA, 44 percent of gasoline production was RFG with the remainder conventional gasoline shipped to the U.S. East Coast and Puerto Rico. HOVENSA's diesel production has been 100 percent ULSD since 2007. In 2009 gasoline and diesel fuel sales at Hess-branded retail stations were 50 percent RFG and 100 percent ULSD respectively. U.S. terminals also sold 9,000 barrels of biodiesel and almost six million barrels of ethanol to wholesale customers.

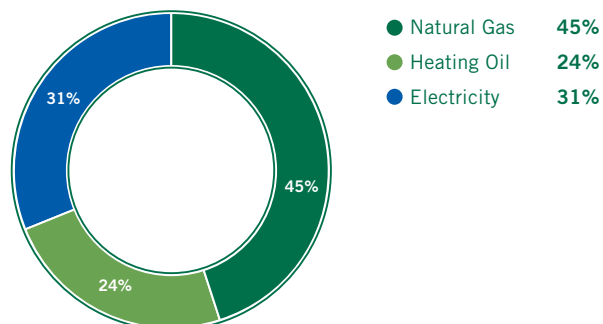
Ethanol is the primary designated renewable fuel under the RFS program. Hess Marketing and Refining has completed a system-wide conversion in its terminals and retail stores so that it can provide wholesale and retail customers and consumers with ethanol-blended fuel. Currently corn-based ethanol dominates the market. Hess welcomes efforts by industry and government to advance commodity scale of cost-competitive cellulosic ethanol and advanced biofuels.

The RFG program mandated the use of oxygenates in gasoline to improve air quality in non-attainment areas. Hess, like other refiners, utilized methyl tertiary-butyl ether (MTBE) to meet this requirement. Hess is one of many oil and gas companies that has been party to lawsuits and claims related to historic MTBE use as detailed in our annual SEC Form 10-K. The company no longer makes or sells gasoline that contains MTBE.

ENERGY MARKETING

Energy Marketing, headquartered in Woodbridge, N.J., is the leading energy supplier to commercial and industrial businesses on the U.S. East Coast, providing petroleum products, natural gas and electricity to more than 22,000 customers. In 2009 Energy Marketing continued to expand its commodity sales business in spite of tough economic conditions. Year on year our natural gas sales volumes increased 3 percent, oil sales increased 4 percent and electricity sales volumes continued to experience strong growth, increasing 37 percent from 2008. Electricity sales now represent 31 percent of total energy sales, up from 24 percent in 2008.

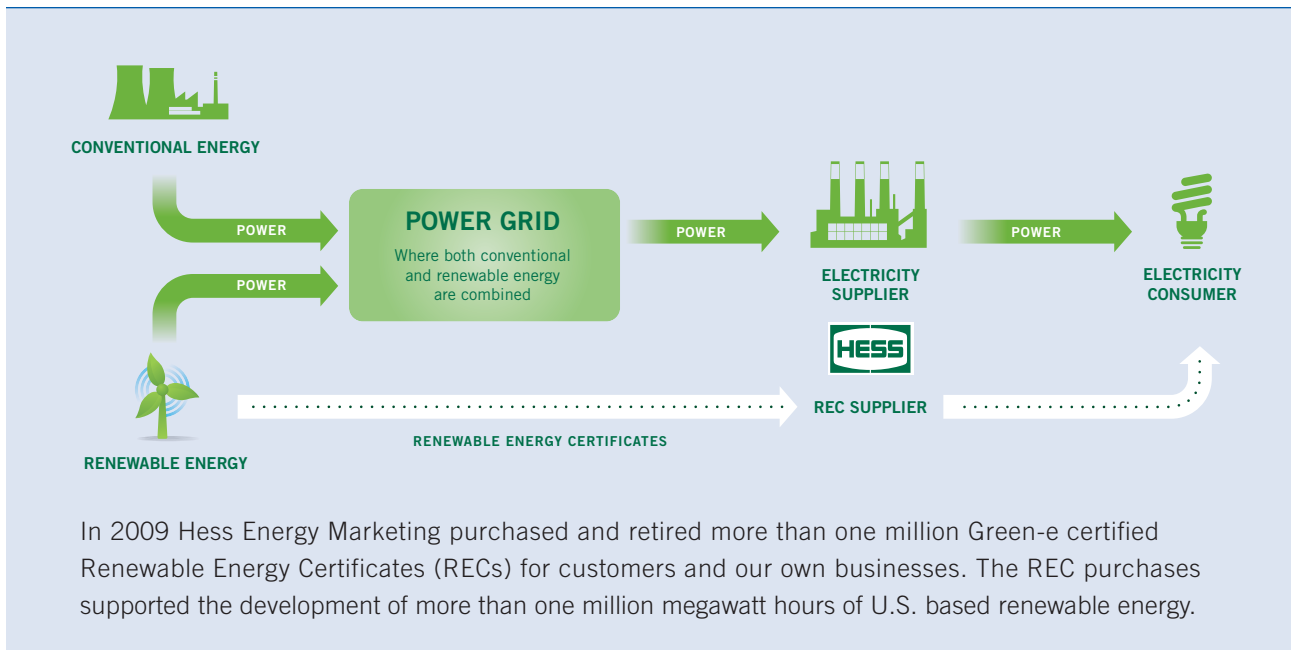
2009 Energy Marketing by Commodity (BTU equivalent)



In addition to energy sales, Hess offers our customers a "Green Suite" of products and services including Hess C-Neutral, Demand Response and Green-e certified renewable energy certificates (RECs). In 2008 we launched our C-Neutral product, which allows customers to bundle natural gas or fuel oil purchases with carbon credits that offset the CO₂ emissions associated with each fuel's combustion.

We help customers participate in the Demand Response programs of independent system operators (ISOs) PJM and NYISO which represent electricity power pools in the U.S. Northeast and Mid-Atlantic. The programs provide customers with revenue

ENERGY MARKETING



opportunities while improving grid reliability and decreasing the need for new power plant construction. When customers enroll in one of our Demand Response programs, they receive an energy audit and advanced metering equipment. Hess works with them to develop a comprehensive energy curtailment plan in the event the regional ISO requests a short-term reduction in energy consumption. In 2009 we helped customers enroll in the program and managed more than 400 megawatts of curtailable capacity.

Often our customers use the additional revenue from Demand Response to voluntarily purchase RECs through Hess. These REC purchases support the development of U.S. renewable energy sources. In 2009 we purchased and retired 220,000 voluntary RECs on behalf of our customers, equivalent to the same number of megawatt hours of renewable energy. These purchases helped some customers qualify to join EPA's Green Power Partnership, which recognizes the annual green power purchases made by organizations for U.S. operations and from U.S.-based green power resources.



Hess is a major energy supplier in Boston, Massachusetts

We also retired 100,000 voluntary RECs in 2009 for Hess Corporation, equivalent to 11 percent of the purchased electricity used in our own operations.

In addition, our electric operations group purchased and retired more than 800,000 RECs to meet compliance requirements under state programs related to our overall electricity sales in 2009.

Energy Marketing provides asset management services to wholesale power generators located in the power pools operated by PJM, NYISO and ISO-NE. Under these arrangements, Hess is helping these generators with all commercial aspects of their operations, including fuel procurement, bidding, scheduling, dispatching, ISO communications, ISO settlements and emissions management. We have successfully managed power generation assets ranging from two megawatts to 2,200 megawatts. These assets are used for baseload, mid-merit and peaking duties and use a variety of conventional, alternative and renewable fuels including natural gas, oil, biomass and hydro. Under similar programs we have partnered with several of our industrial customers with cogeneration assets to export excess power to the grid.

In 2009 work continued on plans for the Bayonne Energy Center, Hess' first merchant power plant, with groundbreaking expected in mid 2010. The facility will be located on a brownfield site in New Jersey adjacent to the company's existing Bayonne oil products terminal. The Bayonne Energy Center will be a 500 megawatts gas-fired generator that will provide electricity directly to the New York City market via an underwater transmission cable. The unit will comprise the most efficient and modern combustion turbines in the New York City metropolitan area and is expected to displace older and less efficient generating assets in the dispatch order. The facility will have the ability to ramp from a static state to full dispatch in fewer than 10 minutes, providing the New York City market with critical ancillary services and reliability benefits.



Customer at HESS EXPRESS

CUSTOMERS AND CONSUMERS

Our Value of Integrity and Code of Business Conduct and Ethics guide us to deal fairly with customers and consumers. We are committed to customer satisfaction and privacy, truth in advertising and compliance with applicable laws and regulations. The company's retail gas station convenience stores comply with minimum age requirements for alcohol and tobacco sales and we prohibit sales of pornographic material.

Hess has several practices related to customer satisfaction and rapid response to customer concerns and complaints. These include readily accessible customer service departments (via telephone, Web site links and e-mail), dedicated marketing representatives and delegation of authority to retail station managers. Within retail there is an online database where customer issues are logged, assigned for handling and monitored until they are resolved.

The most significant customer privacy issues are payment card security for retail and Internet privacy for Energy Marketing. Hess dedicates significant resources

Energy Marketing customers can make their energy purchases carbon neutral through the Hess C-neutral program.

to ensure the security of customer data through its Payment Card Industry Compliance program. The Hess Energy Marketing Web site contains a privacy policy that provides disclosure on information use and security of customer data (www.hessenergy.com/privacypolicy.htm). There were no incidents of noncompliance with customer privacy and data loss.

Marketing communications are generally limited to information posted on our company Web sites, hess.com and hessenergy.com, as well as signage at retail stations and a limited number of sporting venues. Signage at retail stations can be subject to local ordinance and the company routinely monitors local requirements to ensure compliance. In 2009 Retail Marketing bought television time in the New York City metropolitan area to advertise the availability of the Hess Toy Truck for purchase at the company's retail stores.

Early in 2009 the Sixth Judicial Circuit Court for Pinellas County, Florida, certified a class action alleging that in the summer of 2008 Hess increased consumer debit card pre-authorizations from \$75 to \$100 without adequate disclosure. With fuel prices skyrocketing, the company sought to avoid inconveniencing drivers of larger vehicles whose costs to refuel exceeded the \$75 pre-set limit. Plaintiffs' lawyers seek to recoup overdraft and bounced check charges. The company has appealed the certification since the bank that issued the debit cards was the entity that put short-term holds on withdrawals.

NUVERA FUEL CELLS

Nuvera Fuel Cells is a wholly-owned subsidiary of Hess with locations in the U.S. and Italy. The company is focused on the development and commercialization of key hydrogen energy technologies including hydrogen fuel cells that produce electricity and

hydrogen processors that make hydrogen from conventional fuels.

Nuvera was the recipient of two U.S. Department of Energy (DOE) awards for fuel cell research and development designed to accelerate commercialization and market penetration. In 2009 the company received two three-year awards, \$3.9 million to study and identify strategies to optimize fuel cell durability and \$4.5 million to optimize the efficiency of fuel cell stack technology meeting DOE cost targets. Nuvera is working in partnership with DOE, National Energy Laboratories, universities and other companies on these projects.



Hydrogen fuel cell powered forklift

In 2009 Nuvera installed fuel cell/battery hybrid units in a fleet of forklifts being used to service the U.S. Defense Logistics Agency and partnered with a Texas-based supermarket chain, installing a refueling station and fuel cell hybrid systems at a major distribution center. These products are being evaluated for lifecycle cost projections, productivity gains and overall environmental benefits.

PERFORMANCE DATA

	UNITS	2007	2008	2009
BUSINESS PERFORMANCE				
Gross operated hydrocarbon production/throughput (normalization factor)	000 BOE/D	1,171	1,333	1,392
Net hydrocarbon production	000 BOE/D	377	381	408
Port Reading Refinery throughput	000 BOE/D	61	64	63
HOVENSA Refinery throughput (total)	000 BOE/D	454	441	402
Sales and other operating revenue	\$ Million	31,727	41,134	29,614
Refined petroleum product sales	\$ Million	14,741	19,765	12,931
Net income	\$ Million	1,832	2,360	740
Total assets	\$ Million	26,131	28,589	29,465
Total debt	\$ Million	3,980	3,955	4,467
Stockholders' equity	\$ Million	10,000	12,391	13,528
Debt to capitalization ratio	%	28.9	24.2	24.8

ECONOMIC CONTRIBUTIONS				
Capital and exploration expenditures	\$ Million	3,926	4,828	3,245
Income tax to governments	\$ Million	1,872	2,340	715
Royalties and other payments to governments	\$ Million	885	891	414
Cash dividends paid to shareholders	\$ Million	127	130	131
Employee wages and benefits (U.S.)	\$ Million	654	720	794
Interest paid to lenders and holders of debt securities	\$ Million	256	267	360
Recordable supplier spend (U.S.)	\$ Million	2,276	2,345	2,451
With small businesses (U.S.)	\$ Million	749	682	695
With women-owned small businesses (U.S.)	\$ Million	24	33	53
With minority-owned small businesses (U.S.)	\$ Million	10	33	68

SOCIAL INVESTMENT				
Total social investment	\$ Million	16	21	13
Social investment by type				
Education	%	56	49	13
Community contributions (non in kind)	%	20	18	29
Disaster relief	%	1	15	8
Health	%	2	12	23
In kind	%	21	6	25
Environment	%	<1	<1	2

GLOBAL WORKFORCE				
Number of employees (excludes Samara-Nafta operations)	#	12,071	12,432	12,229
International employees	%	8.5	9	9
Hourly paid employees	%	67	66	61
Part-time employees	%	NR	26	24
Employees represented by independent trade unions (U.S.)	%	7.1	7.5	9.0
Employee turnover (voluntary, excluding retail hourly)	%	NR	7.3	4.5
Diversity				
Female members of the board of directors	%	15	15	15
Minority members of the board of directors	%	8	8	8
Board members from outside the U.S.	%	0	0	0
Female employees (U.S. and International)	%	41	40	40
Female executives and senior officials (U.S. and International)	%	NR	7	6
Female managers and professionals (U.S. and International)	%	NR	40	37
Minority employees (U.S.)	%	41	37	36
Minority executives and senior officials (U.S.)	%	NR	7	7
Minority managers and professionals (U.S.)	%	TBD	26	27
Training and Development				
Technical and personal development training spend	\$ Million	11	13	11
Training per year per management/professional employee	Average hrs.	25	25	25
Training per year per hourly retail employee	Average hrs.	NR	12	14
Employees receiving performance reviews (excluding retail hourly)	%	100	100	100

SAFETY PERFORMANCE – WORKFORCE (EMPLOYEES + CONTRACTORS)				
Fatalities	#	0	1	0
Hours Worked	Million hrs.	46.9	47.4	44.5
Recordable incident rate				
Injury rate	per 200,000 hrs. worked	0.93	0.88	0.64
Illness rate	per 200,000 hrs. worked	0	0	0
Lost work time incident rate				
Injury rate	per 200,000 hrs. worked	0.29	0.26	0.22
Illness rate	per 200,000 hrs. worked	0	0	0

This table contains a subset of our publicly reported performance data. More is available on our Web site (www.hess.com).

	UNITS	2007	2008	2009
ENVIRONMENTAL PERFORMANCE				
Energy Use				
Direct energy use	Million gigajoules	34.7	42.9	46.0
Indirect energy consumption	Million gigajoules	9.5	9.1	9.9
Production energy intensity	Gigajoules/tonnes	0.76	0.79	0.81
Green-e certified renewable energy certificates (wind power)	Thousand MWh	100	100	100
Greenhouse Gas Emissions				
Flaring	MMscf	43,956	47,563	32,021
Operated direct CO ₂ emissions (Scope 1)	Million tonnes	5.9	10.7	8.5
Operated direct GHG emissions (without JDA)	Million tonnes	5.9	5.7	4.7
Operated indirect CO ₂ emissions (Scope 2)	Million tonnes	0.5	0.6	0.6
Operated direct methane emissions	Thousand tonnes	10.0	26.4	23.8
Net Equity Carbon Intensity	Emissions per unit production	NR	44	39
Product end-use emissions (Scope 3)	Million tonnes	NR	47.4	46.0
Freshwater Use				
Groundwater/surface water	Million bbls	24.1	38.0	42.5
Municipal	Million bbls	16.6	15.7	24.7
Criteria Pollutants				
Sulfur oxides (SO _x)	Tonnes	2,598	3,149	3,199
Nitrogen oxides (NO _x)	Tonnes	11,300	11,581	10,872
Volatile organic compounds (VOCs)	Tonnes	33,115	29,031	31,678
Oil Spills (> 50 bbls)				
Number	#	3	4	0
Volume	bbls	417	1,119	0
Exploration & Production Discharges				
Oil in produced water to sea (volume)	bbls	1193	1,304	1,050
Oil in produced water to sea (concentration)	ppm	15	20	19
Drilling mud to sea	bbls	96,563	16,056	70,145
Drill cuttings to sea	bbls	107,619	38,430	26,320
Produced water to sea	Million bbls	79	64	54
Produced water reinjected	Million bbls	93	98	116
Refinery Clean Water Act Discharges				
Port Reading Refinery				
Biochemical oxygen demand (BOD5)	Tons	2.9	8.1	40.7
Suspended solids	Tons	4.4	6.4	45.4
Total petroleum hydrocarbons	Tons	1.9	5.1	5.3
HOVENSA JV Refinery				
Biochemical oxygen demand (BOD5)	Tons	171.2	124.5	28.5
Suspended solids	Tons	283.8	293.9	243.8
Oil and grease	Tons	36.2	33.1	20.3
Waste by Management Method				
Total waste	Thousand tons	109.5	113.4	139.6
Recovery/Reuse/Recycle	%	72	59	51
Landfarm	%	8	17	3
Landfill	%	9	12	25
External wastewater treatment, other	%	11	12	21
Basel Convention (Recovery/Reuse/Recycle)	Thousand tons	11	11	0
Waste by Management Method (HOVENSA JV)				
Total waste	Thousand tons	20.4	17.9	20.1
Reuse/Recycle	%	61	69	60
Landfarm	%	1	3	12
Landfill	%	35	27	27
Incineration	%	3	1	1
Other Environmental Performance Indicators				
ISO 14001-certified operations	% of production	10	13	14
ISO 14001-certified operations	#	3	3	3
Environmental Expenditures				
EHS fines and penalties	\$ Thousands	79	1,188	265
Remediation expenditures	\$ Million	11	11	11
Environmental reserve	\$ Million	60	61	55

Note:

- In 2007 data set excludes Malaysia/Thailand Joint Development Area (JDA) operation.
- In 2009 freshwater consumption includes Retail and Terminal Operations.
- NR = Not Reported

GRI CONTENT INDEX

This index refers to the Global Reporting Initiative (GRI) G3 indicators, with cross-reference to the 10 Principles in the United Nations Global Compact (Compact Principles) and International Petroleum Industry Environmental Conservation Association sector-specific guidelines (IPIECA).

Detailed information on GRI indicators relating to Board-level governance (4.1 through 4.7, 4.9 and 4.10) and defined benefit plan obligations (EC3) can be found at <http://www.hess.com/investors>.

Core Indicator		Additional Indicator		IPIECA only		● Fully reported		▲ Partially reported	
GRI INDICATOR	GENERAL DESCRIPTION	PAGE	GRI STATUS	COMPACT PRINCIPLE(S)	IPIECA INDICATOR				
STRATEGY AND ANALYSIS									
1.1	Chairman's letter	2-3	●						
1.2	Key impacts, risks and opportunities	4-5	●						
ORGANIZATIONAL PROFILE									
2.1-2.9	General information on reporting organization	7-9	●						
2.10	Awards received during reporting period	72	●						
REPORT PARAMETERS									
3.1-3.3, 3.5-3.8	Report period, scope and boundary; materiality determination for content	IFC	●						
3.4	Contact point for questions regarding report	IBC	●						
3.9	Data measurement techniques and basis of calculations	21-23, 32-43, 47-48, 71	●						
3.10, 3.11	Explanation of restatements and significant changes	34	●						
3.12	GRI content index	68-70	●						
3.13	External assurance	71	●						
GOVERNANCE									
4.1-4.7, 4.9-4.10	Information on highest governance body	11-12	●						
4.8	Internal values, codes of conduct, and principles	7, 11-14, 16-18	●						
4.11	The precautionary approach	29, 44, 55	●	7					
4.12	Externally-subscribed or endorsed voluntary initiatives	3, 16	●						
4.13	Key memberships and associations	14	●						
4.14-4.17	Stakeholders, types of engagement, key topics and concerns	14-19, 26, 40-41, 50, 55-65	●						
ECONOMIC INDICATORS									
EC	Disclosure on management approach to economic performance	2-3, 7, 55	●						
	Disclosure on management approach to market presence	7-9, 61	●						
	Disclosure on management approach to indirect economic impacts	55	●						
EC1	Direct economic value	19	●					ECO-1 – ECO-A3; SOC-A4	
EC2	Financial implications of climate change	31	●	7					
EC3	Defined benefit plan obligations	50	●						
EC4	Significant financial assistance received from government	19, 65	●						
EC5	Comparison of standard entry level wage with local minimum wage	52	●	1					
EC6	Local supplier spend at significant locations of operation	19	▲						SOC-A3
EC7	Local hiring at significant locations of operation	49	●	6					ECO-3
EC8	Development and impact of infrastructure investments and services	55-59	●						
EC9	Understanding and describing significant indirect economic impacts	19, 55-57	▲						

GRI INDICATOR	GENERAL DESCRIPTION	PAGE	GRI STATUS	COMPACT PRINCIPLE(S)	IPIECA INDICATOR
ENVIRONMENTAL INDICATORS (UN8)					
EN	Disclosure on management approach to environmental aspects	29-30	●	7	
EN1, EN2	Materials used and percentage recycled input materials	37	●	9	
EN3, EN4	Direct and indirect energy use by primary source	35-36	●		ENV-5
EN5 - EN7	Energy conservation and efficiency initiatives and improvements	36	●	9	ENV-5 & A8
EN8, EN9	Total water withdrawal by source, significantly affected water sources	37-38	●	9	ENV-A7
EN10	Water recycled and reused	37-38	▲	9	
EN11, EN12	Proximity of protected areas/areas of high biodiversity	45	●		
EN13, EN14	Habitats protected or restored and management of biodiversity impacts	44-45	●	7	ENV-A9
EN15	Number of IUCN Red List and national conservation list species	45	▲		
EN16, EN17	Total direct and indirect and other relevant greenhouse gas emissions	32-34	●		ENV-3 & 4
EN18	Greenhouse gas reduction initiatives and results	30-32	●	7, 9	
EN19	Emissions of ozone-depleting substances	37	▲		
EN20	NOx, SOx, and other significant air emissions	36-37	●		ENV-A6
EN21	Total water discharge by quality and destination	38-39	●		ENV-2 & A2
EN22	Total weight of waste by type and disposal method	42	●		ENV-A3, A4 & A5
EN23	Total number and volume of significant spills	39-40	●		ENV-1 & A1
EN24	Basel Convention waste management summary	42	●		
EN25	Biodiversity value of receiving waters for water discharges and runoff	39	●		
EN26	Mitigation of environmental impacts of products and services	61-64	●	7, 8	
EN27	Products sold and packaging reclaimed	37, 61	●	9	
EN28	Fines, penalties and noncompliances	43-44	●		
EN29	Transportation impacts	34	●		
EN30	Environmental expenditures	43	▲	7, 9	
	Environmental management systems	13-14			ENV-6
LABOR PRACTICES AND DECENT WORK					
LA	Disclosure on management approach to employment, labor/management relations, training and education and diversity and equal opportunity	47	●		
	Disclosure on management approach to occupational health and safety	21	●		
LA1	Total workforce by employment type, contract and region	47	●		
LA2	Total number and rate of employee turnover by age group, gender and region	47-48	▲	6	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	50	▲		
LA4	Percentage of employees covered by collective bargaining agreements	52	●	1, 3	
LA5	Minimum notice period of significant operational changes	52	●	3	
LA6	Percentage of total workforce represented in joint safety committees	25-26	●	1	H&S-2
LA7	Injury, occupational illness, lost days, absenteeism and fatalities by region	21-25	▲	1	H&S-4
LA8	Programs to assist workforce, their families and communities with serious diseases	50-51	●	1	H&S-3
LA9	Health and safety topics covered in collective bargaining agreements	26	●		
LA10	Average hours of training per employee by employee category	53	●		SOC-5
LA11	Programs for skills management, lifelong learning, career endings	52-53	●		
LA12	Percent employees receiving regular performance and development reviews	53	●		
LA13	Governing bodies and employees by category according to diversity indicators	48, 66	●	1, 6	SOC-4
LA14	Ratio of basic salary of women to men by employee category	52	▲	1, 6	
	Health and safety management systems	13-14			H&S-1
	Employee satisfaction	50-51			SOC-A2
	Non-retaliation and grievance system	12-13			SOC-6

GRI Content Index

GRI INDICATOR	GENERAL DESCRIPTION	PAGE	GRI STATUS	COMPACT PRINCIPLE(S)	IPECA INDICATOR
HUMAN RIGHTS					
HR	Disclosure on management approach to human rights aspects	16	●		
HR1	Significant investment agreements that include or are screened for human rights	17	▲	1-6	
HR2	Significant suppliers/contractors screened for human rights	17, 19	▲	1-6	
HR3	Employee training on policies and procedures concerning human rights	17	▲	1-6	
HR4	Total number of incidents of discrimination and actions taken	49	●	1, 2, 6	
HR5	Operations at risk re: freedom of association and collective bargaining	52	●	1, 2, 3	
HR6	Operations at risk re: child labor	18	●	1, 2, 5	
HR7	Operations at risk re: forced and compulsory labor	18	●	1, 2, 4	
HR8	Security personnel trained on human rights	17	▲	1, 2	
HR9	Violations of indigenous peoples' rights	18	●	1, 2	
SOCIETY					
SO	Disclosure on management approach to corruption, public policy, anti-competitive behavior and compliance	11, 12	●	10	
	Disclosure on management approach to community	18, 55	●		
SO1	Programs and practices that assess and manage impacts of operations on communities	19, 55	●		SOC-A7 & SOC-8
SO2	Business units analyzed for risks related to corruption	11	●	10	
SO3	Employees trained in anti-corruption policies and procedures	12	▲	10	
SO4	Actions taken in response to incidents of corruption	12	●	10	
SO5	Public policy positions/participation in public policy development and lobbying	14	●	1-10	SOC-A1
SO6	Political contributions	13	●	10	SOC-3
SO7	Legal actions for anti-competitive behavior and outcomes	11	●		
SO8	Fines and penalties for noncompliance with laws and regulations	11	●		
	Bribery and corruption, transparency of payment	11-12, 16			SOC-2, ECO-A1
	External capacity building	55-59			SOC-A5
PRODUCT RESPONSIBILITY					
PR	Disclosure on management approach to product responsibility	61	●		
PR1	Lifecycle assessment for health and safety impacts of products/services	61	●	1	
PR2	Noncompliances with health and safety impact requirements for products/services	61	●	1	
PR3	Product and service labeling requirements for significant products	61	●	8	
PR4	Noncompliances with product and service labeling requirements	61	●	8	
PR5	Customer satisfaction practices	64-65	●		
PR6	Marketing communications compliance programs	65	●		
PR7	Noncompliance with marketing communications regulations/voluntary codes	65	●		
PR8	Substantiated customer privacy complaints and data loss	65	●	1	
PR9	Fines for noncompliance with laws and regulations re: products and services	61	●		

VERIFICATION STATEMENT



SCOPE AND OBJECTIVES

ERM Certification & Verification Services (ERM CVS) was commissioned by Hess Corporation to undertake verification of its 2009 Corporate Sustainability Report (the Report). The objective of the verification was to establish that the information presented is a reliable representation of Hess Corporation's performance and programs, and that the data presented conform to the Global Reporting Initiative (GRI) G3 and also the IPIECA/API Reporting Framework guidelines.

The Management of Hess Corporation is responsible for the information contained within the Report.

VERIFICATION APPROACH

We based our work on Hess Corporation's internal guidance and definitions for the reported metrics. Our assurance approach was developed with reference to the International Standard for Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Information issued by the International Auditing and Assurance Standards Board (ISAE 3000); as well as principles that ERM CVS has developed and refined for report assurance assessments. Our work involved detailed challenge of information through selected interrogation of both source and consolidated data in conjunction with interviews with operational and corporate staff with responsibilities for data management and report content. Substantiation of a sample of statements and claims made in the Report has been undertaken.

Our verification included a review of activities and source data at the following Hess operations: Exploration and Production (E&P) operations in Malaysia/Thailand Joint Development Area Block A-18; Equatorial Guinea; Permian Basin and Seminole Gas Plant, Texas, U.S. ; and Marketing and Refining (M&R) operations at the HOVENSA joint venture refinery in St. Croix, U.S. Virgin Islands; and U.S. oil products storage terminals in Brooklyn, New York and Wilmington, North Carolina. These operations are among Hess' most significant in terms of size and throughput. Our review also included visits to offices in Houston, Texas, and Woodbridge, New Jersey to assess and review data collection, data management and internal data assurance processes.

OPINION & RECOMMENDATIONS

In the opinion of ERM CVS, Hess Corporation has continued to improve the quality, breadth of information and overall presentation of the sustainability data and we are not aware of the exclusion of any material issues or of any misstatements made in relation to the information presented. ERM CVS has evaluated the Report for conformance to GRI Sustainability Reporting Guidelines and supports Hess Corporation's assertion that the Report meets the GRI application level A+.

Our key observations build on those provided by ERM CVS previously and the work that Hess Corporation has accomplished this year and is committed to pursuing further. These are to:

- Continue to apply and improve reliable methodologies and processes to capture data across all operations, including drilling programs, supporting this with the provision of user guidance related to data collection requirements.
- For information and metrics that are not fully reported, review the materiality of these periodically and in light of stakeholder feedback to ensure adequate representation in future reports.

OUR INDEPENDENCE

ERM CVS, responsible for reporting to Hess Corporation on its assurance conclusions, is a member of the ERM Group. This is the eighth year that ERM CVS has been engaged by Hess Corporation in this role. The work that ERM CVS conducts for clients is solely related to independent assurance activities and training programmes related to auditing techniques and approaches. Our processes are designed to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Hess Corporation in any respect.

Leigh Lloyd, Managing Director
June 2010

ERM Certification and Verification Services, London
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AWARDS AND RECOGNITION

SUSTAINABILITY



- Hess Chairman and CEO John Hess earns **2009 Responsible CEO of the Year Award** from Corporate Responsibility Officer (CRO) Magazine.
- Ranks 10th among **CRO Magazine's 100 BEST CORPORATE CITIZENS.**

CARBON DISCLOSURE PROJECT

- The **Carbon Disclosure Project** includes Hess on its S&P 500 and Global 500 leadership indices, ranking the company third in the energy sector.
- The NASDAQ OMX includes Hess in its **CRD Global Sustainability 50 Index** for leadership in sustainability performance reporting.
- Hess placed in **Winner's Circle by Goldman Sachs SUSTAIN Focus List** for superior long term environmental, social and governance performance.



- oekom research AG awards Hess its **prime status for oil and gas industry leadership.**
- Hess third among large-cap companies on **Forbes Most Trusted Companies** list.

COMMUNITY



- Target Hunger gives Hess the **Harvesting Hope Humanitarian Award.**



- Hess voted **Corporate Citizen of the Year** by Woodbridge (N.J.) Chamber of Commerce.



- CIO magazine honors Hess for **Innovative Technology** for disaster recovery efforts after Hurricane Ike in Houston, Texas.

- The American Heart Association awards Hess its **START! Fit Friendly Award** for U.S. operations and HOVENSA.

WORKFORCE



- Workforce Diversity for Engineering and IT Professionals lists Hess among the **Top 50 Employers in the U.S.**

- Diversity/Careers in Engineering and IT lists Hess among the **Top 100 U.S. Employers.**



- Woman Engineer ranks Hess among the **Top 50 Employers in the U.S.** on the 2009 Readers Choice list.

- The Black Collegian ranks Hess No. 91 on the **Top Employers for the Class of 2009.**

REQUESTS FOR INFORMATION

For copies of our Environment, Health and Safety Policy, Human Rights Policy or our Corporate Social Responsibility Policy, or for more information regarding our operations, please visit our Web site at www.hess.com.







We invite your questions, comments and suggestions regarding this report. To send us your questions or comments, or request more information or additional copies of this report, please contact:

Vice President,
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You can also send us an e-mail at ehs@hess.com.

Sandy Alexander Inc., an ISO 14001:2004 certified printer with Forest Stewardship Council (FSC) Chain of Custody printed the Hess Annual Corporate Sustainability Report with the use of renewable wind power resulting in nearly zero carbon emissions. This report was printed on FSC-certified Mohawk Options paper, a process-chlorine-free 100 percent post-consumer waste (PCW) paper manufactured entirely with 100 percent certified wind energy and containing 100 percent post-consumer recycled fiber.

The savings below are achieved when PC recycled fiber is used in place of virgin fiber:

- 132 trees  preserved for the future
- 381 lbs  waterborne waste not created
- 55,983 gallons  wastewater flow saved
- 6,194 lbs  solid waste not generated
- 12,196 lbs  net greenhouse gases prevented
- 93,350,400 BTUs  energy not consumed

Savings from the use of emission-free wind-generated electricity:

- 11,905 lbs  air emissions not generated

Displaces this amount of fossil fuel:

- 7 barrels  of crude oil

In other words your savings from the use of wind-generated electricity are equivalent to:

- Not driving  4,959 miles
- Planting  809 trees



Recycled
Supporting responsible
use of forest resources

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