

HESS CORPORATION

2010 CORPORATE SUSTAINABILITY REPORT





Hess Corporation 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. 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.

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.

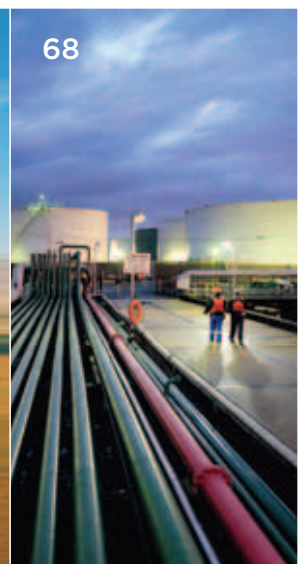
Note: Following a review by ERM CVS, our external verifier, Hess is self-declaring a GRI Application level of A+ in conformance with the GRI Sustainability Reporting Guidelines.

On the cover: Children from a Hess sponsored school, Indonesia



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MESSAGE FROM THE CHAIRMAN

John B. Hess
Chairman of the Board
and Chief Executive Officer



In 2010, we made further progress on 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. Our performance as a socially responsible company is critical to our license to operate.

Our company and our industry are challenged to overcome obstacles that make access to energy resources increasingly difficult. Greater understanding of the energy realities we face is critical to the development of policies that secure our energy future and ensure economic prosperity.

Eighty-five percent of the world's energy comes from hydrocarbons. While renewable energy is needed and should be encouraged to meet future energy demand and reduce our carbon footprint, hydrocarbons will fuel the world economy for decades to come. Renewable energy does not have the scale, timeframe or economics to materially change this outcome as much as we would hope.

The world must act now to avert an energy crisis that is likely to be triggered by oil. Demand is expected to grow on an annual basis by at least 1 million barrels per day, driven by the developing economies of the world and by growth in transportation as we go from 1 billion cars today to 2 billion cars in 2050. While we are not running out of oil, we are not investing enough to expand production capacity to keep up with demand. Public policy regarding oil should encourage investment to decrease demand through improvements in energy efficiency, particularly in automotive transportation, and to increase supply.

The rapid growth of natural gas production from shale in the U.S. is a game-changer that has fundamentally transformed the economics of electricity generation. Natural gas is no longer a bridge fuel but a base load for power. It has half

the carbon footprint of coal. The challenge is to produce our abundant resources of natural gas responsibly and prudently.

Hess supports regulation of greenhouse gas emissions that is fair and equitable with a balance between costs and benefits. Hess also believes that the U.S. must work with the international community in a coordinated effort to mitigate and adapt to climate change.

With five percent of the world's population and 20 percent of its energy use, the U.S. has an obligation to lead globally by setting the right example at home. A U.S. energy policy should lower demand for oil, promote domestic energy security, support natural gas as a foundation fuel for electricity generation, invest in research for new forms of energy and set realistic targets for reductions in carbon emissions.

Hess Corporation Performance

The Macondo tragedy in the Gulf of Mexico was a powerful reminder of the need to ensure that operating systems and equipment are tested and maintained to the highest standards of reliability. In 2010 we performed a detailed review of our deepwater operations and joined the Marine Well Containment Company and the Helix Well Containment Group to further strengthen our response capabilities in the Gulf of Mexico. We continue to evaluate and test our safety management systems and are participating in industry wide studies to better evaluate and control risks.

Last year our company adopted a long term vision aimed at achieving top tier performance in key areas: operational excellence, capital discipline, risk management, innovation, trusted partnerships and the professional development of our people. A key part of this vision is our aspiration to be a trusted energy partner with our communities, employees, customers and investors. In attaining our vision, we are guided

by our Values, Code of Conduct, voluntary commitments and internal policies and management systems.

We strengthened our human rights program in 2010 by developing a Human Rights Policy and expanding our human rights risk assessment and training efforts. We modified our Social Responsibility Policy to explicitly address our commitment to the International Labor Organization Declaration on Fundamental Principles and Rights at Work and to incorporate current industry best practices. We also continued our participation in key voluntary international initiatives with respect to human rights, environmental protection and financial transparency, including the United Nations Global Compact, the Voluntary Principles on Security and Human Rights and the Extractive Industries Transparency Initiative.

We continue to pursue a focused social responsibility strategy centered on health and education through partnerships with host governments and leading non-governmental organizations. The company invested nearly \$18.4 million in social programs in more than 20 countries, an increase of more than 40 percent from the year before. In Equatorial Guinea we completed the fourth year of a successful partnership with the government to help transform primary education through teacher training, the development of model schools and improving the education infrastructure.

In 2010 we improved our safety performance for the sixth consecutive year. We are especially pleased that for the last two years we experienced no employee or contractor fatalities. Our progress is the result of the commitment of our entire work force and the success of our management systems in building a culture of safety, an achievement that was recognized by the U.S. National Safety Council.

Hess has taken a number of voluntary measures to assess, monitor and reduce our carbon footprint. We are approximately two thirds of the way toward meeting a five-year target set in 2009 to reduce the emissions intensity of our oil and gas operations by 20 percent. In 2010 we achieved an absolute greenhouse gas reduction of 1.8 million tonnes against the baseline and decreased flaring from our operations in Algeria and Equatorial Guinea by 54 percent, meeting our 50 percent reduction target three years early.

Our clean energy strategy includes development of the natural gas powered Bayonne Energy Center in New Jersey, which will generate electricity for New York City beginning in 2012; continued research and development of hydrogen

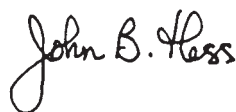
energy technologies at Nuvera Fuel Cells, our wholly-owned subsidiary; Energy Marketing's "Green Suite" of products and services, including a demand response program to reduce energy use in peak periods and provide customers with the option of renewable energy sources; and the sponsorship of studies on energy policy issues at the MIT Energy Institute.

We are also committed to timely disclosure of information to the public and to investors regarding sustainable practices, including the financial impact of environmental and social risks, and we are actively engaged with the Global Reporting Initiative and the Carbon Disclosure Project to develop and improve oil and gas sector reporting.

We are dedicated to attracting, energizing, developing and retaining a highly talented diversified workforce that is capable of delivering strong business results. In 2010 we completed a benchmarking study of diversity and inclusiveness practices at 30 companies inside and outside the energy industry to assess our performance and identify areas for improvement. While we have made important progress over the years, we have increased our commitment to building a global workforce through a career development program encompassing technical skills training, leadership development, mentoring and challenging job assignments.

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; the risk of technical obstacles in finding and developing hydrocarbon reserves and uncertainties in estimating proved reserves and their resulting net revenues. With the support of our employees, customers, business partners, investors and the communities where we do business, we are confident that we are building a sustainable enterprise that will continue to make a positive impact on the world around us.



John B. Hess
Chairman of the Board
and Chief Executive Officer

ACCOMPLISHMENTS, CHALLENGES AND OPPORTUNITIES

VALUE CREATION



Accomplishments

1. Reinforced commitment to sustainable top quartile performance in key metrics
2. Delivered improved financial performance and increased production and reserves

Challenges

1. Manage implementation effectively
2. Position our business strategically for long term profitable growth

Metrics

1. Leader briefings and town hall meetings
2. a. \$2.1 billion net income
b. 2.5 percent production growth
c. Increased reserve life to 9.9 years

Opportunities

1. Build credibility through sustained performance
2. Build a global position in unconventionals, while maintaining access to high impact conventional resources

COMMUNITIES



Accomplishments

1. PRODEGE Education Program in Equatorial Guinea achieving objectives
2. Improved alignment of social spending with business strategy

Challenges

1. Sustain PRODEGE's achievements and expand them to secondary schools
2. Sustain a proactive approach to social investment

Metrics

1. 992 teachers graduated from two-year training program
2. Accountabilities assigned for social spending and strategic alignment

Opportunities

1. Raised stakeholder expectations for quality education
2. Integrate social investment into social risk management across the value chain

HUMAN RIGHTS



Accomplishments

1. Human rights training and risk assessments conducted
2. Provided transparency training to civil society members in an Extractive Industries Transparency Initiative (EITI) Candidate Country

Challenges

1. Integrate policies into practice and reinforce training
2. Convince other countries to become EITI candidates

Metrics

1. a. Conducted risk assessments in Algeria and Equatorial Guinea
b. Conducted training in Algeria, Equatorial Guinea, Indonesia and Malaysia
2. Two training sessions organized and delivered

Opportunities

1. Integrate into long term vision
2. Expanding EITI into other countries

SAFETY & HEALTH



Accomplishments

1. Reduced workplace injury rate for sixth consecutive year
2. Strengthened contractor selection and approval process

Challenges

1. Continue to mature a behavior based safety culture within Hess
2. Enhance and sustain contractor safety performance and process safety management improvements

Metrics

1. a. Workforce Total Recordable Incident Rate (TRIR) of 0.62
b. Employee TRIR of 0.80
2. Implement standardized EHS contractor prequalification system

Opportunities

1. Ensure our culture, work environment and policies fully integrate safety and health into strategic and day to day decisions
2. Implement contractor prequalification and tracking system across the company

PEOPLE



Accomplishments

1. Rolled out global human resources data management system
2. Increased participation of nationals in Asia-Pacific leadership

Challenges

1. Strengthen data completeness and reliability
2. Continue development of identified local leaders

Metrics

1. Baseline data being gathered
2. Established action oriented development plans for 50 potential successors for leadership roles; hired local Malaysian to three-person Asia Pacific leadership team

Opportunities

1. Use data to extend workplace diversity and people programs
2. Enhance corporate diversity strategy

CLIMATE CHANGE AND ENVIRONMENT



Accomplishments

1. Significant progress toward our 2013 greenhouse gas (GHG) intensity reduction target
2. Met five year flare reduction target three years early

Challenges

1. Evaluate additional GHG reduction opportunities
2. Identify cost effective flare reduction projects

Metrics

1. Achieved 15 percent GHG intensity reduction against 20 percent target (2013) and achieved absolute GHG reduction of 1.8 million tonnes
2. Achieved 54 percent combined flare reduction in Algeria and Equatorial Guinea

Opportunities

1. Additional emissions reductions from process operations
2. Gas monetization

OUR APPROACH TO REPORTING

This report provides information on our corporate governance; Environment, Health, Safety and Social Responsibility (EHS&SR) and Human Resources programs and performance in 2010. Additional information is available at www.hess.com/investors, including the current annual report, U.S. Securities and Exchange Commission (SEC) Form10-K filing and proxy statement.

Reporting Standards

At Hess Corporation we report our sustainability performance based on the Global Reporting Initiative (GRI) G3 guidelines, to an A+ reporting level. Our report is also based on the International Petroleum Industry Environmental Conservation Association (IPIECA), American Petroleum Institute (API) Oil and Gas Industry Guidance on Voluntary Sustainability Reporting, the 10 Principles of the United Nations Global Compact (Global Compact) and industry best practices.

The GRI Content Index included near the end of this report summarizes the completeness of our reporting. Detail is provided according to GRI G3 indicators, which are cross-referenced with IPIECA indicators and the Global Compact.



Production Rig, Seminole, Texas

Boundary Setting

The principal facilities and assets operated by Hess Corporation and its subsidiaries and joint ventures during calendar year 2010 are included in this report. Data presented in this report refer to gross figures from operated facilities, joint ventures where we have significant influence, according to the GRI framework, and third-party activities where Hess has overall responsibility as specified in contractual arrangements. For Samara-Nafta Operations we include net equity, GHG data and social investments spending.

To facilitate comparisons with prior annual corporate sustainability reports, joint venture data for SonaHess (Algeria) and the Carigali Hess Malaysia/Thailand Joint Development Area Block A-18 (MTJDA) are included in Hess operated totals.

Some quantitative environment, health and safety data are reported on a normalized basis to facilitate year-on-year comparisons. HOVENSA social investments, health and safety, and certain environmental data are provided separately.

We report greenhouse gas (GHG) emissions on an operated basis for Hess operated assets, SonaHess and Carigali Hess. Net equity emissions intensity data are provided on a net equity share basis for operated facilities, joint ventures including HOVENSA and non-operated facilities in which we hold an interest.

	Operational Control	Significant Influence
Consolidated Reporting	Hess owned and operated facilities	Joint Ventures <ul style="list-style-type: none"> • MTJDA Block A-18 • SONAHES
Non-Consolidated Reporting		HOVENSA

Internal Quality Assurance

We have documentation and information systems in place to ensure consistent and reliable data collection and aggregation from all of our Hess operated and joint venture assets. We conduct corporate and business level Quality Assurance/Quality Control (QA/QC) reviews and validation to evaluate the accuracy and reliability of facility specific and aggregated data.

Restatements and Additions

The 2009 fines and penalties in the performance data table have been restated to reflect payment of the Port Reading OSHA National Emphasis Program (NEP) fine of \$97,500, paid on October 20, 2009.

The units for several of our metrics have been changed this year to reflect IPIECA's Oil and Gas Industry Guidance on Voluntary Sustainability Reporting (2010) and industry sector best practices.

Verification

ERM Certification and Verification Services (ERM CVS) conducted representative site visits, reviewed source data and our internal data collection and aggregation system, and conducted interviews to ensure the reliability and accuracy of this report. An ERM CVS assurance statement has been

included at the end of this report. ERM CVS also provided an opinion on the GRI Application Level.

Report Availability

Print copies of our sustainability report are distributed to our employees and external stakeholders and are available upon request. The report is also posted on the Hess Web site (www.hess.com), Global Reporting Initiative (GRI) (www.globalreporting.org) and Corporate Register (www.corporateregister.com) Web sites, and is uploaded to the United Nations Global Compact Web site (www.unglobalcompact.org) as our annual Communication on Progress.

Contact Us

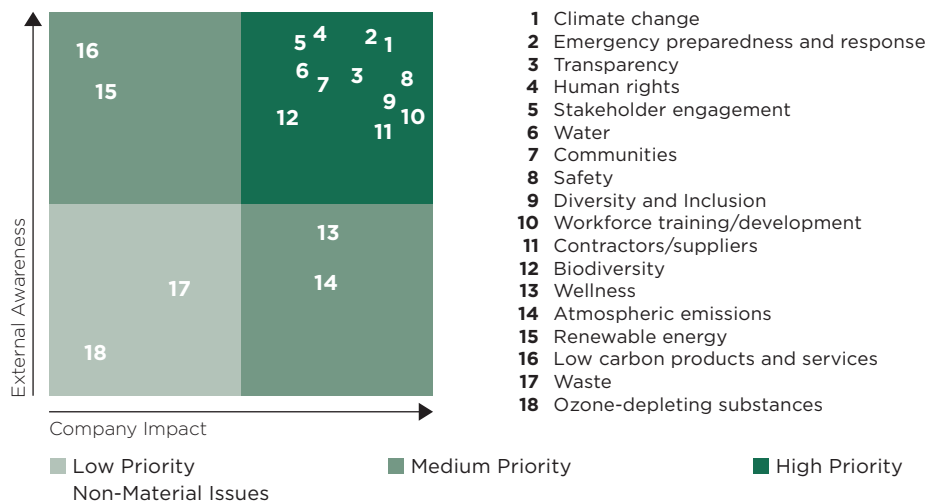
For more information about our operations, or to obtain copies of our Environment, Health and Safety Policy, Corporate Social Responsibility Policy and our Human Rights Policy, visit www.hess.com.

For questions, comments and suggestions about this report, or to request a print copy, e-mail ehs@hess.com or send direct inquiries to:

Vice President
 Environment, Health, Safety and Social Responsibility
 Hess Corporation
 1185 Avenue of the Americas
 New York, NY 10036

Materiality Determination

The content of this report was selected based on our internal evaluation of risk and impact, level of internal and external stakeholder interest, and relevance of GRI G3 and oil and gas sector guidelines and best practice. Reliable and verifiable quantitative data have been provided for GRI core and additional indicators to the extent possible given our current corporate data collection and aggregation systems.



OUR GLOBAL REACH



South Arne Platform, Danish North Sea

Our company is committed to supplying energy to help meet global demand in a manner that safeguards our employees, preserves the environment and makes a positive impact on the communities where we operate.

Hess Corporation 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. 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 (E&P)

In 2010 Hess net oil and gas production averaged 418,000 barrels of oil equivalent per day. We replaced 176 percent of production at a finding, development and acquisition cost of about \$23 per barrel of oil equivalent. The company's proved reserves rose to 1.54 billion barrels of oil equivalent and reserve life increased to 9.9 years. We have exploration and production activities in 21 countries.

During the year we continued to strengthen our portfolio and build our position in unconventional resources.

In 2010 we acquired 85,000 net acres from American Oil & Gas and 167,000 net acres from TRZ Energy in North Dakota. We also acquired 90,000 net acres in the Eagle Ford shale oil formation in South Texas, formed a

partnership with Toreador Resources to explore the Paris Basin in France and engaged in joint study agreements with PetroChina and Sinopec in China.

We continued to strengthen our positions in the North Sea and the Gulf of Mexico. In 2010 we completed two transactions that brought our interests in a pair of Norwegian North Sea offshore fields, Valhall and Hod, to 64.05 percent and 62.5 percent respectively. Later in the year we doubled our working interest in the Tubular Bells field in the Gulf of Mexico to 40 percent and became the operator.

Marketing and Refining (M&R)

Hess is the leading independent gasoline convenience store retailer on the U.S. East Coast with 1,362 Hess branded locations. Hess Energy Marketing is a major supplier of fuel oil, natural gas and electricity to commercial, industrial and utility customers in the Eastern U.S. In 2010 natural gas and electricity volumes remained strong and margins improved.

In 2010 construction began in New Jersey on the Bayonne Energy Center, a 512-megawatt, natural gas fueled electric power plant which is jointly owned by Hess Corporation and ArcLight Capital Partners. Once operational in 2012, the facility will generate enough electricity to power approximately 500,000 homes in the New York City area.

OPERATIONAL HIGHLIGHTS

- Production
- Developments
- Exploration
- Non-operated Assets

MARKETING & REFINING AREA MAP DETAIL



M&R HIGHLIGHTS

ENERGY MARKETING

Introduced Hess Small Business Services and Hess Energy Solutions to expand customer base and service offerings.

RETAIL OPERATIONS

Convenience store revenues increased 4 percent from 2009 to \$1.2 billion*

HOVENSA

A planned reconfiguration in 2011 will improve efficiency and increase the percentage of higher margin products at the refinery (Hess 50%, Petroleos de Venezuela S.A. 50%, working interest).

BAYONNE ENERGY CENTER

Commenced construction of Bayonne Energy Center, LLC (Hess 50%/ArcLight Capital Partners 50%), a 512-megawatt, natural gas-fueled, electric power plant in Bayonne, N.J. The facility will supply electricity to the New York City market beginning in 2012.

*Excludes fuel sales

BUSINESS HIGHLIGHTS

(Amounts in Millions)

Sales and other operating revenue	\$33,862
Net income	\$ 2,125
Capital and exploratory expenditures	\$ 5,855
Total assets	\$35,396
Total debt	\$ 5,583
Stockholders' equity	\$16,809
Debt to capitalization ratio	24.9 %

EXPLORATION AND PRODUCTION

Total net hydrocarbons produced	418,000	BOE/D
Proved reserves (total)	1,537	BOE (Amount in Millions)
United States	23	%
Europe	38	%
Africa	18	%
Asia and others	21	%
Reserve life	9.9	Years
Replaced production	176	%

MARKETING AND REFINING

Refined petroleum product sales	471,000	BOE/D
Natural gas sales	2,016	MMCF/D
Electricity sales	4,140	MW-RTC
Convenience store sales*	\$ 1,213	(Amount in Millions)
HOVENSA gross crude runs	390,000	BOE/D
Port Reading feedstock runs	55,000	BOE/D

*Excludes fuel sales



E&P HIGHLIGHTS

UNITED STATES

Bakken Formation, North Dakota

Drilled 44 wells. Acquired American Oil & Gas and TRZ Energy acreage to expand holdings. Sanctioned expansion of Tioga Gas Plant, three compressor stations, and rail loading terminal to accommodate increased production.

Eagle Ford

Acquired approximately 90,000 net acres in Eagle Ford shale formation in Texas. Exploration drilling commenced during fourth quarter 2010.

Gulf of Mexico

Acquired additional 20 percent interest in the Tubular Bells field in Gulf of Mexico, raising stake to 40 percent interest, and became the operator.

EUROPE & RUSSIA

Norway

Increased interest in Valhall and Hod offshore oil fields to 64 percent and 63 percent respectively.

Paris Basin

Formed partnership with Toreador Resources to explore unconventional potential of Paris Basin.

Russia

Exploitation at Samara-Nafta licenses continued and included drilling of a significant discovery at the Moretskoye Prospect, which was tied into existing field infrastructure and brought into production.

AFRICA

Equatorial Guinea

In Block G (Hess 85%) which contains the Ceiba Field and Okume Complex, Hess acquired 4D seismic data in preparation for further development.

Ghana

At the Deepwater Tano Cape Three Points License (Hess 90%, Ghana National Petroleum Corporation 10%), the company acquired 3D seismic data and continued to drill exploration wells.

ASIA & AUSTRALIA

Australia

Completed 16th and final commitment well on WA-390-P Block, resulting in 13 natural gas discoveries.

Indonesia

Installed new wellhead platform at Ujung Pangkah (Hess 75%). At Natuna A Field (Hess 23%), construction began on second wellhead platform and central processing platform.

Malaysia/Thailand Joint Development Area

Development continued in 2010 on Block A-18 of JDA (Hess 50%) in Gulf of Thailand.

China

Signed joint study agreements with China National Petroleum Corporation and Sinopec to evaluate unconventional oil and gas resource opportunities in China.

HOW WE OPERATE



During 2010 leaders representing the organization's businesses worldwide established a bold vision for the company's future. Built on a foundation of the Hess Values, the vision redefined the company's purpose, which is to become a trusted energy partner to our communities, employees, customers and investors.

Management Approach

Our long term vision, six core values, the Code of Business Conduct and Ethics and our Environment, Health, Safety, Corporate Social Responsibility and Human Rights policies guide the way we conduct business.

As part of our commitment to good corporate citizenship, we participate in international voluntary initiatives that bring together business, government and civil society to promote universal human rights, protect the environment, and encourage financial transparency. We endorse and support the United Nations Global Compact, the Voluntary Principles on Security and Human Rights, the Extractive Industries Transparency Initiative, the United Nations Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

Our corporate governance and Environment, Health, Safety and Social Responsibility strategies and management systems are designed to identify, assess, prioritize and manage business risks and opportunities. Internal reviews and audits, as well as third-party assurance engagements, are conducted to ensure conformance with internal requirements, compliance with

legal and regulatory requirements and disclosure of reliable and verifiable information to the company's directors, shareholders, regulators and other interested parties.

Board of Directors

Our Board currently consists of 13 members, 10 of whom are independent under New York Stock Exchange rules. The Board is chaired by John B. Hess, who is also chief executive officer of the company. There are currently eight regular meetings per year. The independent directors meet privately after each regularly scheduled Board meeting, with the chairman of the Corporate Governance and Nominating Committee presiding. The Board has adopted a set of Corporate Governance Guidelines to address issues relating to the functions of the Board of Directors.

The Board has three principal committees: the Audit Committee, the Compensation and Management Development Committee, and the Corporate Governance and Nominating Committee. Each committee has a written charter that sets forth its purpose and responsibilities. Additional information on the Board, its charters, requirements for Related Party Transactions and contact information is available at www.hess.com/investors.

Our Commitment to Transparency

This is the 14th year Hess has distributed an annual report on its environment, health and safety performance. In 2004 we expanded our report to include social responsibility and in 2006 we added additional information on company operations, challenges and governance. Since 2006 our annual Corporate Sustainability Report has followed the reporting guidelines of both the Global Reporting Initiative and the International Petroleum Industry Environmental Conservation Association. To assure the veracity of our reporting and to continuously improve these reports, since 2002 we have engaged an accredited independent third party to verify the information presented.

The company has a rigorous Code of Business Conduct and Ethics, which in association with our Values and commitments serve to ensure that we operate to the highest standards of corporate citizenship. We believe that fair and honest competition, supported by a well functioning civil society will create shared value for the company and the communities where we operate.

Hess has made voluntary commitments to international multi-stakeholder initiatives such as the Voluntary Principles on Security and Human Rights, the United Nations Global Compact and the Extractive Industries Transparency Initiative and we report on our performance to each of these groups. We also make public our comprehensive annual Carbon Disclosure Project climate change and water risk disclosures.

The company also responds to numerous surveys and questionnaires from investment firms and non-governmental organizations regarding our operations, commitments, challenges and performance. We document our commitments and performance on our Web site, www.hess.com.

We are committed to earning the trust of our partners, including our employees, customers, investors, suppliers, business partners, governments and communities. We recognize that to earn that trust we must operate in an ethical and honest manner which includes a candid and open discussion of our sustainability challenges and performance. I invite your questions, comments and suggestions.



Gerald I. Bresnick

Vice President — Environment, Health, Safety and Social Responsibility

Audit Committee

The Audit Committee fulfills the Board's oversight responsibility relating to the company's financial statements, financial reporting practices, systems of internal accounting and financial and disclosure controls, internal audit function, the retention and oversight of independent auditors and oversight of the company's ethical business conduct. It also oversees the company's environment, health, safety and social responsibility programs. The Audit Committee currently consists of six members and meets six times per year.

Hess Leadership Team

The Hess Leadership Team, with eight corporate executive officers, provides strategic business guidance and makes key operational decisions for the company. The Team establishes strategies to provide a clear focus on the promotion of ethical business conduct, environment, health, safety and social responsibility, and management systems that protect the company's workforce, customers and local communities.

The Hess Leadership Team 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.

Executive compensation is linked, in part, to select environment, health, safety and social responsibility (EHS&SR) performance metrics.

Operational Excellence Leadership Team

The Operational Excellence Leadership Team (OELT) provides guidance in the five areas that comprise the company's Operational Excellence framework: EHS&SR, asset integrity, maintenance and reliability, production/business optimization and cost management and control.

There are currently 12 team members, representing Exploration and Production; Marketing and Refining; EHS&SR; Global Process Excellence and Information Technology. The OELT is chaired by the president of Worldwide Exploration and Production and meets frequently to ensure that the principles of Operational Excellence become common practice and part of the culture at Hess that will ensure we attain sustainable top quartile results.

Enterprise Risk Management

The company's enterprise risk model uses a variety of tools such as sensitivity analysis, stress testing, risk mapping and risk correlation to evaluate customized scenarios for the aggregate portfolio of upstream and downstream operations, as well as for each business segment.

The general risk categories are described in our 2010 SEC Form 10-K, item 1A. These include price risk, credit risk, reserves replacement, estimation of proved reserves and discounted future net cash flow, changes in laws and regulations and regulatory uncertainty, political instability, catastrophic events, capital costs and operating expenses, market competition, and environmental and climate change costs and liabilities.

Specific examples of sustainability related business and operation level risk management and mitigation are discussed in this report and include event risk, corruption risk, human rights risk, safety risk and environmental risk.

Political Contributions

Hess corporate policy prohibits company contributions to political parties and candidates and the use of Hess facilities or property for campaign activities. 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 may do so privately.

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.



Ethical Business Conduct

The Hess Values, Code of Business Conduct and Ethics (the Code), Executive Directive 26 (ED26) which addresses anti-bribery and corruption, internal anti-bribery and corruption audit and training programs, confidential hotline and commitments to global anti-corruption conventions comprise the key elements of our ethical business conduct policies, programs and practices.

The Code describes the standards of behavior required of employees and business partners, including agents, consultants and intermediaries, with respect to business ethics, citizenship, contracting and labor practices, regulatory compliance, occupational safety and health, environmental protection and document retention.

In 2010 there were no legal actions, significant fines or non-monetary sanctions relating to anti-competitive behavior, anti-trust or monopoly related laws or regulations.

Certification, training and auditing

Our general counsel is responsible for maintaining and updating the Code and, together with the vice president of Audit and Global Compliance, establishes the training and auditing scope and schedule and provides guidance to the company's executives and international country managers.

Anti-Corruption and Bribery Audit and Training Frequency (Years)

COUNTRY CPI*	AUDIT	TRAINING
5.0-10.0	3	3
3.0-4.9	1-2	2
<3.0	1	1

* Transparency International Corruption Perception Index

Transparency International's Corruption Perception Index (CPI) is one of the determining factors for country specific training and audit frequency.

As specified in ED26 facilitation payments are prohibited. The Audit Committee of the Board of Directors reviews matters related to compliance with the Code.

All senior executives, E&P vice presidents, country managers, foreign based managers and employees and select M&R and corporate vice presidents must annually certify their compliance with ED26, which incorporates the Foreign Corrupt Practices Act (FCPA) and U.K. Bribery Act requirements.

New employees must document their understanding of the Code. Salaried employees must complete Hess' online training courses on the Code and, for certain positions, the Foreign Corrupt Practices Act (FCPA) courses at a frequency determined by their job responsibilities and country of operation. In addition, the vice president of Audit and Global Compliance has developed classroom training materials for anti-bribery and corruption training. These materials are utilized by country managers at operating locations considered at high risk. In 2010, 497 employees, primarily at E&P facilities, completed anti-bribery and compliance training.

Confidential hotline

The Hess confidential hotline is managed by an independent third party and includes telephone and Internet services through which our employees, business partners and customers can report allegations of Code violations, workplace concerns and unsafe conditions. Customer complaints and allegations not related to the Code are sent to the appropriate department for resolution. Allegations that are related to the Code are thoroughly investigated and treated confidentially and promptly. Employees who in good faith report known or suspected violations of company policy or make a complaint are protected from reprisal.

A review of six years of hotline data showing steadily decreasing call volume and benchmarking against other international companies led to enhancements of the hotline reporting process, including improved communications and access. Between mid-October 2009 and November 1, 2010, 103 reports were filed through the confidential hotline alleging violations of company policies, laws or other matters, a 37 percent increase compared to 2009. Of these, 30 reports were substantiated and disciplinary action was taken, including termination.

Revenue Transparency

Hess is a Supporting Company of the Extractive Industries Transparency Initiative (EITI), a voluntary multi-stakeholder initiative that includes oil and mining companies, governments, civil society, international non-government organizations and investors. The objectives of the EITI are improved governance and transparency of company payments and government revenues.

Hess complies with the revenue reporting and disclosure requirements in the countries where we do business. As the operating company of record, we have also supported and participated in the EITI in Equatorial Guinea (EG) and Indonesia. While EG was not successful in becoming a Candidate Country, we found the EITI process contributed to the understanding of financial transparency in that country. Indonesia is a Candidate Country and is progressing toward achieving Compliant status. In EITI Compliant or Candidate countries where we have equity interests but are not the operator, including Azerbaijan, Norway and Peru, we comply with the disclosure practices of the operating company, in addition to complying with country laws and regulations.

Transparency International (TI) and Revenue Watch recently published *Promoting Revenue Transparency: 2011 Report on Oil and Gas Companies* in which Hess participated by completing TI's survey and providing supplementary information at the organizations' request. We appreciate our inclusion among a group

of eight companies characterized as "Top Performers." We consider the information, detailed analyses and conclusions in the report to be valuable and are continuing to identify opportunities for improvement.

The Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law during July 2010. Section 1504 of the Act requires oil and gas companies registered with the U.S. Securities and Exchange Commission to publicly report payments to governments on a country by country and project by project basis. Hess has been following the SEC's rule proposals and shares concerns expressed by other oil and gas companies that the required disclosures will have negative impacts on our ability to compete.

Management Systems

The company developed an integrated EHS&SR management system that is based on the Hess Operational Excellence framework, our six core Hess Values, the Code of Business Conduct and Ethics and energy sector best practices. The main components of this system include our EHS, Corporate Social Responsibility and Human Rights policies, our Principles for Operational Excellence and our Global Standards. Together, these comprise our minimum expectations and threshold requirements for company-wide management of EHS&SR risks, compliance with applicable laws and regulations, conformance with international standards where applicable and continuous performance improvement.

The Principles for Operational Excellence support our policies and frame our Global Standards, which define roles and responsibilities and cover general and topic specific EHS&SR management practices in areas such as process safety, occupational health and safety, energy efficiency and climate change, and natural resources conservation, among others. This framework provides for business and asset level customization and flexibility.

The structure of our management system conforms with broadly recognized management system frameworks

such as the international certification standards for environmental and occupational health and safety management systems (ISO 14001 and OHSAS 18001) and the American Chemical Council's Responsible Care® management system. Applicable components are also consistent with U.S. federal process safety and risk management standards and programs.

Decisions about ISO certification are made within the business units. The company's North Sea and South Arne operations, and our St. Lucia Terminal are ISO 14001 certified and account for approximately 11 percent of gross operated oil production and throughput. Denmark Production operations are OHSAS 18001 certified.

Stakeholder Engagement

Our stakeholders, including communities, employees, suppliers, customers and consumers, shareholders and investors, governmental and non-governmental organizations and industry colleagues, shape our business environment and contribute to our success. The Hess Values, Code, EHS&SR policies and programs focus on the company's long term strategic vision and provide a framework for stakeholder engagement.

We strive to be transparent and engage with our stakeholders on their issues of concern in a manner that is positive and constructive. A majority of our stakeholder engagements include small scale meetings, discussions and working groups. We also participate in larger scale, multi-stakeholder and industry association meetings and conferences.

In addition to our publicly available annual sustainability report, we provide comprehensive disclosures on climate change and water to the Carbon Disclosure Project (CDP). These are available to the public on the CDP Web site (www.cdproject.net).



Fishermen's Cooperative, Indonesia

Stakeholder Engagement Communication

Communities	Consultations, town halls, community advisory panels
Employees	Town halls, surveys, intranet, safety committees
Suppliers	Local content and mentoring programs, business to business relationships
Customers	Customer service organizations, surveys
Governments and MLIs*	Consultation, negotiation, legislative and regulatory advocacy, voluntary initiatives
NGOs	Partnerships, voluntary initiatives, funding
Shareholders and investors	Dialogue and consultation, annual meeting, surveys, workshops and conferences
Industry sector	Trade and professional associations, benchmarking

* Multi-lateral institutions

Building Trusted Partnerships

Our engagements include multi-stakeholder initiatives, spanning local communities to global voluntary initiatives and activities focused within our industry sector as described below. Other examples of stakeholder engagement with employees, suppliers, communities, host governments, non-governmental organizations and educational institutions are included throughout this report.

The Community Rice Mill in Thailand's Kud Nam Sai municipality is a long term project our local social responsibility staff has undertaken with representatives from the community, the municipal government and a local paper mill. In 2010 stakeholder meetings and consultations were held to

identify this project, whose goals include increased food security and affordability, a lower cost structure for selling and buying food crops and better access to local and district agricultural markets for rice, cassava, sugarcane and eucalyptus.

The International Petroleum Industry Environmental Conservation Association provides us opportunities to work extensively with and to learn from industry colleagues. We help develop guidance and best practices for the oil and gas sector through our participation in the Executive Committee and climate change, water, social responsibility, safety and supplier working groups.



Rice Fields, Sinphuhorm, Thailand

We also respond throughout the year to direct requests from environment, social and governance research and rating agencies, institutional and individual shareholders, non-governmental organizations, academic institutions and individual students regarding the company's environment, health and safety and social responsibility policies, programs and performance.

Economic Contributions

In 2010 our direct economic contributions exceeded \$12 billion. These included employee wages and benefits, shareholder dividends, capital and operational expenditures, interest paid on debt, supplier spend, payments to governments in countries in which we operate and social investments.

We include only U.S. recordable supplier spend as defined by the U.S. Small Business Administration (SBA) and are working toward providing similar data for non-U.S. suppliers in future reports. Our social investments of \$18 million are discussed in the Community and Social Performance section of this report. No significant financial assistance was received from governments.

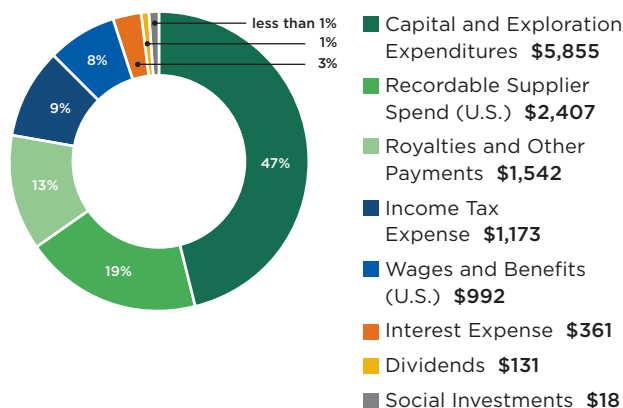
Suppliers

Hess is committed to a strong and diverse supplier network which supports our goal of making a positive contribution to the communities where we do business. In the U.S., through our supplier diversity policy and program, we focus on providing increased opportunities to certified small and diverse businesses. The company's U.S. operations contract with more than 12,500 vendors; 35 percent are small and diverse businesses, of which 12 percent are women and minority owned.

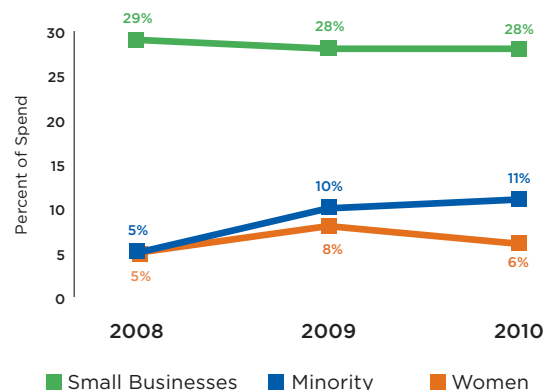
The majority of the company's vendors provide products and services to our Marketing & Refining organization. Retail operations rely extensively on local small business vendors. Overall, 38 percent of our Marketing & Refining suppliers were small and diverse businesses and accounted for 44 percent of supplier spend.

In our Exploration & Production organization, small and diverse businesses comprised 36 percent of vendors and 18 percent of monies spent. The amount spent by U.S. small businesses declined 3 percent in 2010, from \$695 million to \$674 million.

Economic Contributions (\$ Million)



U.S. Small Business Supplier Spend



Women and minority data shown above represent percentages of total small business spend.

Building Business Partnerships with Minority and Women Owned Businesses

Hess U.S. operations contract with more than 3,600 small and disadvantaged businesses. We strive to build and strengthen our business relationships with these suppliers.

Our key strategic small business partners make important contributions to our company, helping us achieve sustained financial performance and long term profitable growth. For example, we rely on two women owned firms, D-MAR General Contractors, for construction services at our Retail stores, and the John W. Kennedy Company, which supplies gas station equipment.

Both business owners characterize Hess as “demanding, but fair” and credit Retail’s highly interactive supplier engagement process for providing opportunities to grow and improve their businesses.

In turn, we rely on their services because they listen to our needs, act openly and honestly on our behalf, consider our interests their own and consistently deliver high quality work on time.



HESS EXPRESS, Clearwater, Florida

Hess: Protecting People and Property in North Dakota

Hess relies on technology, management systems and practical solutions to maximize the safety and efficiency of its growing operations in North Dakota, where large deposits of oil and gas lie beneath the durum wheat fields in the western part of the state.

Hess traces its roots in North Dakota to the state's first oil strikes. The company drilled its first successful well in April 1951 and drilled a second successful well just a few months later on property owned by Henry O. Bakken, after whom the Bakken formation was named.

Extending west across the North Dakota-Montana border and northward into Canada, the Bakken formation may hold the equivalent of as much as 413 billion barrels of oil, along with trillions of cubic feet of associated natural gas. The Bakken crude is trapped two miles underground in a layer of dense dolomite. The challenge is getting the energy out while protecting people, property and the environment.

To extract the hydrocarbons from the rock, the company employs the latest drilling technologies, such as extended reach directional drilling, which make it possible for us to reach more oil and natural gas from fewer, more compact well pads. These tools and technologies enable the company to minimize our surface footprint and reach resources significantly beyond the drill site.

In our North Dakota operations, application of the E&P EHS&SR Management System (MS) is helping to improve the safety performance of the nearly 2,000 employees and contractors working for Hess in North Dakota. Elements of the management system which have had a significant impact on our overall performance include Leadership Commitment, Risk Management, Contractor Engagement, and Training and Competency. From an environmental standpoint, Hess utilizes closed-loop drilling fluid systems in 67 percent of its North Dakota drilling rig fleet and will be at 100 percent by the third quarter of 2011. In a closed-loop system, a series of storage tanks separate



Drilling Rig, North Dakota

liquids and solids, minimizing the amount of waste mud that requires disposal and maximizing recycling and reuse of drilling fluids. To minimize gas flaring where possible, Hess installs gathering systems at wells to capture the energy which it then transports through pipelines to its Tioga gas processing plant.

In addition, the company is expanding its infrastructure to support this additional development by extending the Red Sky Pipeline, a 50-mile production pipeline that runs from Tioga to Stanley, N.D. and expanding the Tioga Gas Plant. These activities provide a safe, effective way to capture gas produced by the wells. The company is constructing a rail spur west of Tioga that will enable it to move up to 60,000 barrels of oil daily expandable to 120,000 barrels of oil per day.

To further reduce land transportation risks, we have instituted a Land Transportation Program in North Dakota consisting of driver training and competency assurance, Journey Management Plans and vehicle monitors that help monitor driver performance and that can also locate a driver in case of an accident. We are also reducing vehicle usage by instituting commuter programs for our employees and contractors, and working with our service companies to better manage truck and heavy equipment transportation.

Worldwide Exploration and Production - Risk Management Across the Business

At Hess, risk management is a key component of our long term vision. Our goal is to strategically position our business for long term profitable growth. We have sought to reduce enterprise risk by rebalancing our portfolio to build a global position in unconventional resources, while maintaining access to high impact conventional resources. Effectively managing EHS&SR and operational integrity risks is an essential component of our license to operate.

The EHS&SR Risk Management Key Process is mandatory in our company's planned and existing E&P operations to ensure consistent and effective management of EHS&SR risks. Requirements include qualitative and quantitative risk and impact assessments, risk management plans, risk mitigation strategies and controls, and risk assurance processes including risk registers and cross-functional reviews.

In 2010 external events beyond our control, most notably the Macondo tragedy, resulted in the need to manage increased regulatory requirements and reputational risks for our industry and our company. Hess is managing operational and subsurface risks through a combination of measures including internal Drilling and Completion Standards, Well/Activity Risk Assessments and Well Design Peer Reviews, Safety and Environmental Management Systems and contractor bridging documents, Rig and Blow Out Preventer technical inspections, detailed Operation Action Plans, and well control training requirements.

Additionally we have detailed Emergency Response Plans, including Well Control Procedures and Oil Spill Response Plans. Based on our understanding of the causes of the Deepwater Horizon/Macondo incident, as identified by the National Commission on the

Deepwater Horizon Oil Spill and by other independent entities, we have instituted additional Operational Safeguards and have updated our internal Drilling and Completion Standards. We are also in the process of addressing the Interim Final Rule provisions and developing a Safety and Environmental Management System (SEMs) for the Gulf of Mexico as required by the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) regulations. The SEMs will integrate elements of our E&P EHS&SR Management System and will apply to all of our operations in the Gulf of Mexico.

In the unlikely event of a well control issue, Hess, as a member of both the Helix Well Containment Group and the Marine Well Containment Company, has access to containment response systems that can be rapidly deployed in the Gulf of Mexico. These systems consist of a capping stack, subsea dispersant application systems, flowback equipment, and a "top hat" designed to recover discharged oil. These systems are being expanded to increase response capabilities.

In addition to the above, we participated, as members or contributors, in four joint industry task forces evaluating current capacities and future needs in offshore equipment, offshore operating procedures, subsea well control and oil spill response.

We also worked with the Society of Petroleum Engineers on worst case discharge methodology, the American Petroleum Institute's Offshore Operators Committee on BOEMRE regulatory changes, and the International Association of Oil and Gas Producers on the proposed International Standards Organization ISO/TC67 well integrity standard.

HYDRAULIC FRACTURING

In our unconventional business, we focused our activities on the Bakken oil formation in North Dakota. We increased our lease holdings in the Bakken Shale and Three Forks-Sanish formations to 900,000 net acres in 2010. We also built our position in the Eagle Ford Shale in South Texas to 90,000 net acres, entered into a joint venture in the Paris Basin in France and drilled three vertical exploration wells in the Marcellus Shale formation in Pennsylvania. All of our unconventional acquisitions involve several levels of risk management, including identification of baseline environmental conditions and potential oil and gas development constraints.

The presence of large amounts of oil and natural gas in low-permeability formations has been known for decades. These hydrocarbons have recently become recoverable due to a combination of sophisticated horizontal drilling and well stimulation techniques. To extract the oil and gas, companies use hydraulic fracturing, a well stimulation method in which a mixture of water, a propping agent such as sand and special purpose additives are pumped under high pressure into hydrocarbon-bearing underground rock formations. The fractures that are created are propped open, allowing oil or natural gas to flow into the well. These hydrocarbon bearing formations are most often found thousands of feet below the water table. Wells are lined with multiple layers of steel pipe and encased in cement to depths well below the deepest fresh water aquifers, thereby preventing fluids or gas from seeping into the ground water. Special purpose fluid additives specifically designed to enhance hydraulic fracturing performance typically account for less than 1 percent of the frac fluid. We believe that well planned and properly executed hydraulic fracturing stimulation of production wells are safe for the environment and the public and are necessary to foster energy production.

The rapid development of shale gas drilling has been met with increasing public, governmental and regulatory concern regarding the practice of hydraulic fracturing, including the chemicals used in frac fluid additives, water supply availability and potential impairment and public health and safety risks.

Recognizing the growing public concern, we have held discussions with vendors regarding disclosure of the chemicals used in hydraulic fracturing, our preferences for more environmentally friendly additives and our desire to advance the recycling of produced water. In April 2011 the Ground Water Protection Council and the Interstate Oil and Gas Compact Commission launched the FracFocus Web site which allows oil and gas companies to post well-specific information on the chemical composition of frac fluids. Hess endorses this initiative and is actively working with our hydraulic fracturing vendors in support of their efforts to develop the infrastructure to post information on this Web site.

We also realize that water sourcing has potential environmental impacts which must be appropriately assessed and mitigated. In August 2010 we commissioned a pilot reverse osmosis (RO) water treatment plant in North Dakota. This plant takes brackish (non-potable) water from an underground aquifer and removes the dissolved solids so that it can be used for hydraulic fracturing in place of municipal water sources. In 2010 we produced approximately 540,000 barrels of fracturing water through RO. The successful application of this technology has led us to commission a full scale RO facility, subject to state permitting, designed to provide 41,000 barrels of water per day. This is sufficient to meet the majority of our water requirements for hydraulic fracturing operations in North Dakota.

COMMUNITY AND SOCIAL PERFORMANCE



Teacher and Students at Hess-sponsored
School, Equatorial Guinea

We are committed to making a long lasting positive impact on the communities where we do business. We believe long term sustainable progress can only be made by a healthy, well educated community; therefore we focus our community and social responsibility efforts largely on health and education.

Management Approach

Social Responsibility is one of the six core Hess Values. It defines our commitment to meeting the highest standards of corporate citizenship and creating a long lasting positive impact on the communities where we do business.

Hess is committed to building trusted partnerships with communities, employees, customers and investors.

Before making a major new investment, we conduct an Environmental and Social Impact Assessment to understand the potential effects of our operations. We partner with host governments, community groups and other stakeholders to develop programs that can make a measurable and sustainable difference.

Guided by our active participation in several multi-stakeholder initiatives, including the United Nations Global Compact and the Voluntary Principles on Security and Human Rights, we continued to strengthen our human rights program by issuing a Human Rights policy, adding dedicated staff and expanding our human rights risk assessments and training efforts. We also updated our Social Responsibility Policy to reflect current industry best practice and to more explicitly address our commitment to the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

The new Human Rights Policy and revised Social Responsibility Policy were developed in response to our changing geographic footprint and evolving stakeholder expectations.

The volunteer efforts of our workforce are an important part of our social responsibility activities. Hess employees provide ideas, start grass-roots campaigns, and provide their time, energy, enthusiasm and expertise to many worthy community based organizations.

Social Investments

In 2010 we invested more than \$18 million in social programs around the world, an increase of more than 40 percent from 2009. The majority of our social investments were focused on making lasting improvements in education and health care. Those are areas that are vital to the vibrancy of local communities and of lasting importance to our business and our stakeholders. A smaller portion of our social spend is in the form of in-kind programs, such as our donation of Hess Toy Trucks during the holiday season to Toys for Tots® and a number of social service agencies in host communities.

More than half of these funds were spent in the U.S. supporting education and cultural initiatives and approximately 25 percent of the remaining budget was in Equatorial Guinea in support of the PRODEGE education project (Programa de Desarrollo Educativo de Guinea Ecuatorial).

In addition, HOVENSA spent \$2.5 million on social programs, of which \$1.9 million was dedicated to education and \$400,000 to community projects. The International Craft Training Program, established in 2007, was the primary recipient of these educational funds.

Hess Funds Emergency Relief in Haiti and St. Lucia

Haiti

Within days of the January 12, 2010 earthquake that devastated Haiti, Hess provided funding for three organizations active in immediate relief efforts: \$500,000 to the International Medical Corps (IMC) and \$250,000 each to the International Rescue Committee (IRC) and UNICEF. In addition, the company matched nearly \$100,000 in employee contributions to these organizations.

The early commitment from Hess to IMC enabled the organization to rapidly increase the number of nurses and doctors deployed on the ground, to airlift more than \$2.5 million in critical supplies and to establish seven mobile clinics. In the first few months after the disaster, IMC operated 22 sites and reached nearly 75,000 people, treating an average of 100 patients per day. The organization also created the first fully functioning permanent intensive care unit in Haiti.

Hess’ support of UNICEF and IRC helped those organizations and their local partners immunize children and provide water, sanitation and basic supplies to quake victims.

Hurricane Tomas, St. Lucia

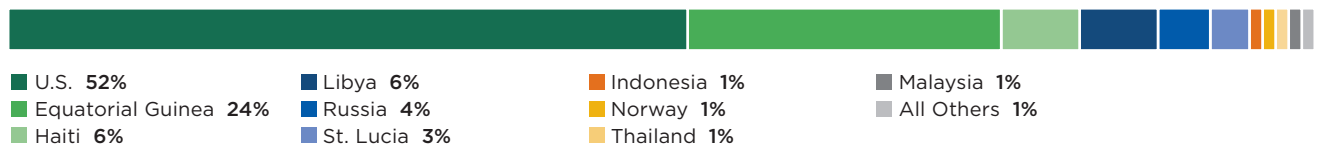
In late October, Hurricane Tomas struck the island nation of St. Lucia where Hess has operated a terminal since 1982. The slow-moving storm claimed 14 lives in St.Lucia and caused \$500 million in damage. Hess provided IMC with \$500,000 to deliver medical supplies, hygiene kits and water purification tablets to families in Soufriere, Vieux Fort and Dennery. IMC also provided water and medical supplies to St. Jude Hospital and installed rain water collection systems at 41 clinics. The Hess terminal distributed 150,000 gallons of water to two hospitals and residents of hurricane stricken communities.

Program Highlights

PRODEGE Marks Important Milestone in Equatorial Guinea

In April 2010, 992 primary teachers from across Equatorial Guinea graduated from a two year training program designed to improve their classroom knowledge and skills. The event marked a major milestone in the West African country’s broad efforts to transform its primary education system. That process began nearly five years ago with the formation

2010 Social Investment by Country (\$18.4 Million)



2010 Type of Investment (\$ Thousand)





PRODEGE Teacher Graduation, Equatorial Guinea

of PRODEGE, a five year \$50 million partnership between Hess and the government of Equatorial Guinea to improve academic achievement in primary schools and enhance the overall quality of teaching and learning nationwide.

PRODEGE's teacher training represents a significant departure from the traditional approach to primary education in Equatorial Guinea. In the past, the country's primary school teachers were drawn heavily from volunteers who had little classroom experience. More than half of the primary level teachers did not have a teaching degree. PRODEGE also seeks to improve educational opportunities for girls and draw more women into the teaching profession. Nearly 40 percent of the 992 graduates were women.

Much progress has been made in achieving PRODEGE's objectives. The partnership has come close to achieving the original goals set forth for PRODEGE. Forty schools have been renovated and equipped to serve as models of active learning. Students and teachers across the country have new textbooks and learning materials. A new curriculum has been developed to help build skills in reading, writing, math and science. Parents and communities across the country are actively participating in the education of their children. The PRODEGE team is focusing on sustaining the program's achievements and planning a second five year follow-on program.

Engaging Surabaya Stakeholders to Address Community Needs

Hess operates an onshore processing facility in Pangkah, Indonesia. In 2007 leaders from surrounding communities expressed concern that few employment opportunities were available to community members, either at the Hess facility or at neighboring companies. This was due to a mismatch between local skill sets and employer needs.

As a result of this stakeholder engagement, Hess partnered with the Surabaya Vocational Training Centre to provide life skills and vocational training to young residents of Pangkah. The training program began in January 2008 and has reached 150 young people from the villages near the Hess facility. Program participants receive training in electronics, welding, automotive maintenance, dressmaking and office administration. Most of the graduates have found employment; many were offered positions before they graduated. A few graduates found jobs overseas. For example, welding graduate Alil Machrus is now in Japan on a three year assignment.

The program's success led the Ministry of Manpower and Transmigration to recognize Hess' contributions to addressing unemployment in the region.

SOCIAL RESPONSIBILITY ACTIVITIES

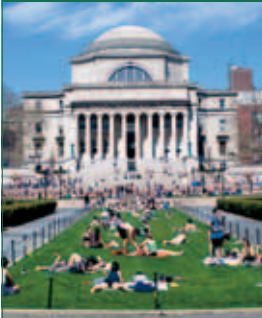
UNITED STATES



Hess \$2 Million Donation Supports North Dakota Heritage Center.

Hess donated \$2 million to fund the Northern Lights Atrium at the North Dakota Heritage Center, where the state's history comes alive for visitors. The building will be completed in 2014, in time for the state's 125th anniversary.

UNITED STATES



Hess Energy Marketing Helps Customers Celebrate Earth Day.

Hess Energy Marketing celebrated the 40th anniversary of Earth Day by donating \$25,000 in carbon offsets to more than 20 of its industrial and commercial customers including Columbia University in New York City. The donation offset more than 4,000 tons of carbon dioxide.

UNITED STATES



Hess Employees Volunteer to Support New York Cares.

A group of 25 Hess employee volunteers participating in two Winter Wishes events this past holiday season helped New York Cares distribute gifts to 32,000 low income children and adults.

NORWAY



Hess Norway Directs Efforts To Support Projects for Children.

Companies doing business in Norway are encouraged to support local community projects, particularly those that improve the quality of life for children. Hess sponsors 60 youth sports teams in the Stavanger, Norway community.

UNITED STATES



Employees Help Make Strides in The Quest for Breast Cancer Cure.

Hess employees in Woodbridge, N.J., New York and Houston participated in the American Cancer Society's annual team events aimed at raising money for breast cancer research and programs. Hess employees and families raised more than \$40,000.

UNITED STATES



Team Hess Joins 13,000 Riders Pedaling to Cure Multiple Sclerosis.

Each year for the last five, a Hess team of cyclists spent two days fundraising with thousands of other cyclists in a 180-mile ride that takes them between Houston and Austin, Texas. In 2010 Hess riders raised \$113,000 to help the fight against MS.

EQUATORIAL GUINEA



Hess Provides Safe Blood Supply In Equatorial Guinea.

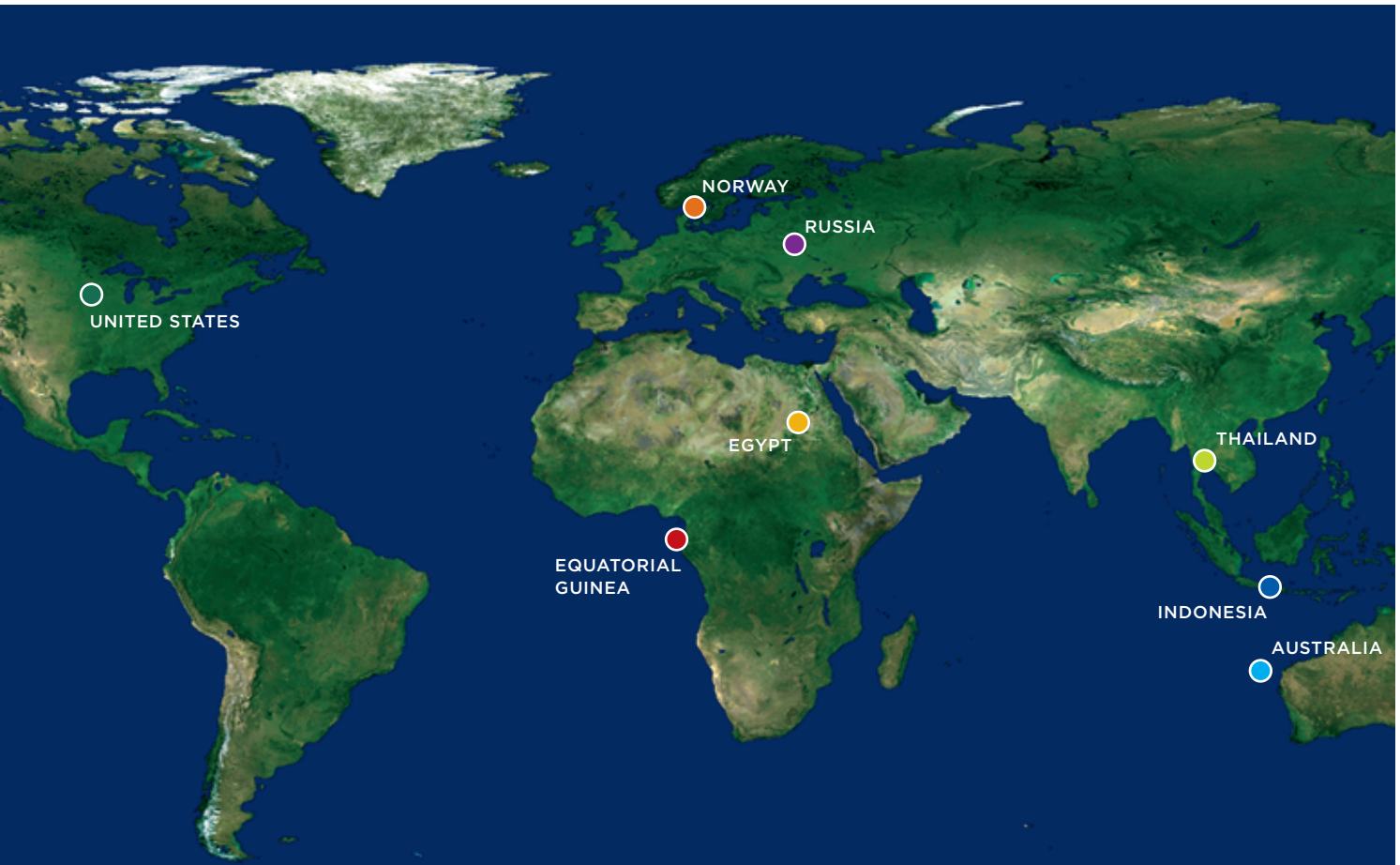
In Equatorial Guinea, Hess established a blood donor program that provides a safe blood supply for employees and contractors. The blood supply is also providing a life saving resource for the local community, whose blood supply is lacking.

EGYPT



Hess Completes Stadium Renovation For Youth Sports In Safaga, Egypt.

Hess recently completed a \$50,000 renovation in Safaga, Egypt, rebuilding the youth center's soccer field and installing stadium lights to make the playing field available at night. On December 17, 2010, the youth center held a football tournament to honor Hess.



RUSSIA



Hess Supports Kinel, Russia's Pre-school Facility Improvements.

Hess donated \$161,500 to support major classroom renovations, the purchase of equipment and upgraded the medical office at the Municipality of Kinel's preschool. The renovations ensured that the school would be available to more children.

INDONESIA



Employee Volunteers Reach Out, Creating Employment for Disabled.

Employees in Kuala Lumpur worked with United Voice, the first society in Malaysia led by people with learning disabilities. The project provides employment for disabled artists and also built them a professional kitchen that supports a small baking business.

THAILAND



Supporting Forest Fire Prevention Across Two Thailand Provinces.

Hess is working with Thai province representatives in Udon Thani and Khon Kaen where forest fires have become an increasingly serious problem. With local agencies, Hess offers a comprehensive forest fire prevention plan that is slated to run through 2022.

AUSTRALIA



Perth Employees Pitch In On Community Projects

Employee volunteers improved outdoor spaces and gardens at several Perth area non-profits, including a respite care center.

Program Highlights

Hess Partners with New York Public Library

Hess has committed \$5 million over five years to the New York Public Library (NYPL) to strengthen services at neighborhood libraries and research centers. The NYPL is a critical institution in our headquarters community. It provides a unique suite of services through its 90 locations such as employment assistance, after school programs, language classes for recent immigrants and tutoring services for students. Due to the economic downturn and cutbacks from state and municipal funding sources, these services were in jeopardy.

The library is using the first \$1 million installment of the gift to expand programs and outfit a new Teen Center in Harlem's Hamilton Grange branch with state of the art technology. NYPL research shows that designated spaces for young people provide a safe atmosphere for learning and interacting with peers. Twenty-eight percent of area residents are between the ages of 13 and 18; the new space is designed to engage youth from the neighborhood and beyond and draw in community partners such as the Children's Art Carnival and the Dance Theatre of Harlem.

Human Rights

Hess has a longstanding commitment to human rights as reflected in our Social Responsibility Values, Code, Social Responsibility Policy and Human Rights Policy. We support international voluntary initiatives designed to promote universal human rights, combat corruption and uphold the rule of law.

In June of 2010 the company issued a new human rights policy and a revised corporate social responsibility policy that more explicitly addresses human rights. During the year we hired additional experienced staff to increase our organizational capacity in the areas of human rights, community engagement and socioeconomic development.

We also expanded our third-party human rights risk assessments (HRRAs) to include Algeria and Equatorial

Guinea, began development of a computer based human rights training course and continued to actively engage with government, stakeholders, and peer companies on business and human rights issues.

Voluntary Initiatives

We subscribe to the following international voluntary multi-stakeholder initiatives: the Voluntary Principles on Security and Human Rights (Voluntary Principles), the Extractive Industries Transparency Initiative (EITI), the United Nations Global Compact and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

During 2010 and early 2011 we participated in the Voluntary Principles Plenary and the fifth EITI Global Conference. We also attended the annual United Nations Global Compact U.S. Network Forum and a Global Compact Management Model Workshop and were involved with the initial launch of the Voluntary Principles Indonesia Working Group, which we continue to support.

Policies and Protocols

Our Social Responsibility Values, Code, Social Responsibility Policy and Human Rights Policy, which are available to the public on our Web site (www.hess.com), uphold the principles in the voluntary initiatives that we endorse and support. The policies also state our commitments to meeting the highest standards of corporate citizenship and to making positive and lasting contributions in the areas of governance, transparency, respect for the rule of law, and social and economic development. Hess requires employees to comply with the Code and social responsibility policies and related directives.

Human Rights Risk Assessments

We use several methods to predict and identify human rights impacts, including third-party field visits to Hess operations in countries identified as higher risk for alleged violations of human rights.

Building on the HRRAs performed on our operations in Thailand, Indonesia, and Malaysia, as reported in our 2009 Corporate Sustainability Report, in 2010 we contracted

with independent monitors to conduct HRRAs in Algeria and Equatorial Guinea.

Training and Awareness

We are committed to increasing internal awareness of the Voluntary Principles and human rights more generally. We are also taking steps to ensure that our contractors are aware and respect the Voluntary Principles. During the year we continued to roll out Voluntary Principles and human rights training at our global operations.

In 2010 we employed consultants to provide human rights training to employees in our Equatorial Guinea and Algeria operations. Corporate staff also began development of a computer based training course to raise awareness of our Human Rights Policy and our Voluntary Commitments. The course will be finalized in 2011 and will be mandatory for all U.S. and international employees.

Security

While our goal is to prevent adverse human rights impacts from occurring, 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 keeping with our Code of Conduct, we avoid engaging public security forces where possible. In practice, this means that we almost exclusively contract with private security companies over which Hess assumes greater influence, and we have sought to limit the use of public security forces unless required by law.

In order to mitigate the risk of unreasonable use of force, security guards are unarmed whenever the local security situation permits this option. We have also developed standardized contract language regarding security contractor conformance with the Voluntary Principles.

In Equatorial Guinea, private security guards are Hess employees and the company selects them, provides training and maintains oversight of security operations. Security guards are hired primarily from communities near our camp in Bata. They are tasked to act solely in a defensive capacity, are unarmed and are trained on

the limits of their responsibilities, which include simple surveillance tasks for our offices.

Any security incident with human rights implications is reported to the head of global security, including occurrences that highlight potential future risks such as peaceful community protests. While such incidents are reported to the global security manager, as well as regional managers, we believe they are generally best addressed at the local level. Accordingly, our community development and security teams seek to engage with the community to address the root causes of all incidents or protests. In addition, we engage governments regarding security and human rights issues at the national level, as appropriate.

Labor Practices

We do not permit the employment of underage children or the use of forced or compulsory labor in our global workforce. 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 local customs. Within this framework, the company has not identified significant risk in our global workforce for child labor, forced or compulsory labor or freedom of association or collective bargaining violations.

Hess is committed to diversity and equal employment opportunities for all employees and job candidates regardless of race, color, gender, age, sexual orientation, creed, national origin or disability. We do not tolerate any form of workplace harassment, including sexual harassment.

Communities

Hess respects the rights and cultures of the local and indigenous communities where we operate. We also seek to collaborate with host governments, local communities, civil society, businesses and other stakeholders to make lasting contributions to social development, especially in the areas of education and health.

SAFETY AND HEALTH

Malaysia/Thailand Joint Development Area



In 2010 we improved our safety performance for the sixth consecutive year. Our progress is the result of the commitment of our entire workforce and the success of our management systems. We remain focused on continuing to improve our safety performance and protecting the health and safety of our employees, our partners and the community.

Management Approach

Social Responsibility, Performance and Value Creation are among the Hess Values that underpin our commitment to protect the safety and health of our workforce and the communities where we operate. The safety and health management systems and processes we use and the outcomes we expect are key to our operational excellence.

The Operational Excellence Leadership Team, under the auspices of the Hess Leadership Team, helps drive continuous improvement in Hess' safety culture and performance. Safety performance results are factored into executive compensation and employee bonus compensation.

Occupational safety and process safety metrics are incorporated into the Hess key business performance indicators. The Hess Leadership Team establishes annual targets for many of these metrics. Operations establish safety performance targets that align with the Corporate targets. Additionally, targets for business or asset specific metrics are also developed. Progress against these targets is routinely monitored and reviewed by management.

We have information systems in place to track performance, including work related injuries, illnesses, process safety incidents, fires, explosions, loss of primary containment and near misses. Year on year, we have improved the accuracy and reliability of employee and

contractor safety performance data for Hess operated assets and joint ventures. We do not track absenteeism at the group level.

Results are reported monthly to senior managers including the Hess Leadership Team. Safety performance is also reviewed with the Audit Committee of the Board of Directors.

We use risk assessments to identify occupational and process safety and contractor management risks to determine appropriate risk mitigation measures. These include business level and project specific risk assessments, as well as activity focused job hazard analyses.

Following the Macondo well disaster in the Gulf of Mexico, our company initiated detailed analyses of corporate, business and facility safety management systems. These activities are ongoing.

Management, employees and contractors are expected to reinforce safety expectations and ensure competence in safety matters inherent to their roles. The company provides safety leadership training for executives, managers, professionals and hourly employees that is tailored for their respective responsibilities. We also ensure that safety and health training and competencies are effective.

Employees and contractors are encouraged to make safety observations, both positive and negative, and to

suggest improvement opportunities. Any member of our workforce has the right and obligation to stop work activity within the scope of their responsibility if he or she deems it unsafe.

We conduct regular emergency response and crisis management drills and exercises, often including public emergency responders and agencies, and use incident and near miss investigation and root cause analysis for learning and improvement.

Our operations are regularly audited to ensure conformance with our management systems and voluntary commitments and compliance with national, regional and local health and safety regulations.

Workforce Safety Performance

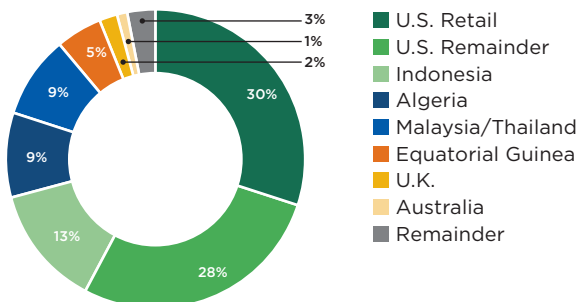
Each year the Chairman’s Award for Safety Excellence is presented to the operation which has been most effective at improving its safety culture and performance. The E&P and M&R presidents also present awards for safety excellence within their respective lines of business. In 2010 our North Dakota operation earned the Chairman’s Award for Safety Excellence. Our Equatorial Guinea Drilling, Completions and Production operations and Terminal Operations earned the E&P and M&R President’s Awards for Safety Excellence respectively.



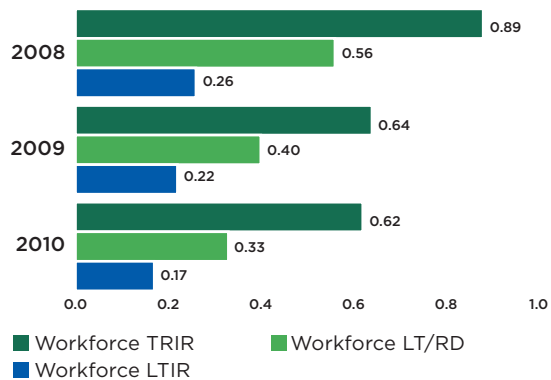
Okume Production Platform, Equatorial Guinea

The safety excellence reflected in these annual nominations is indicative of the day to day leadership and operational achievements that foster improved safety results and is reflected in the metrics we routinely track and review.

2010 Workforce Hours (47.7 Million Employee and Contractor Hours)



Workforce Safety Performance



Results for leading safety metrics, which are tailored to address the challenges presented by our diverse lines of business and the environments within which we operate, are tracked and reviewed by local management. As a result of this work, local managers are able to proactively and effectively manage safety risks. Leading metrics include: the percentage of workforce that participates in fit for purpose safety leadership training seminars, safety observations reported and addressed, percentage of high potential near misses with follow-up evaluations and sharing of lessons learned.

The following key lagging occupational safety metrics, as defined by the U.S. Occupational Safety and Health Administration, are tracked and reported to the corporate level by each of our operations: Total Recordable Incident Rate (TRIR), Lost Time/Restricted Duty Incident Rate (LT/RD) and fatalities. We also monitor Lost Time Incident Rate (LTIR).

In 2010 workforce hours increased 7 percent compared with 2009 due, in part, to increased exploration, drilling and production activity and a major turnaround at the Port Reading refining facility. There were no employee or contractor fatalities and the company's TRIR, LT/RD and LTIR improved by 3 percent, 18 percent and 23 percent respectively.

2010 Total Recordable Incident Rate (Cases Per 200,000 Hours)

	M&R	E&P
Workforce Manhours (%)	38%	61%
Employees	1.03	0.24
Contractors	0.56	0.45
Workforce	0.98	0.40

Retail Marketing accounted for 30 percent of total workforce hours. Across our industry, gas station and convenience store operations typically have higher safety incident rates than other types of oil and gas operations. Hess owns and operates the vast majority of our retail locations whose performance is included in our company safety data summary. Many other oil and gas sector companies either operate their retail sector principally through branded dealer operations or do not include retail operations in their statistics at all. As a result, our recordable incident rates may appear to be higher than the rates of our competitors. The TRIR for our upstream, Refining, Terminals and Energy Marketing operations was 0.43, or about 30 percent lower than our total company TRIR.

We participate in ORC Network's annual Marketing Advisory Safety and Health benchmarking for U.S. Retail (gas station and convenience store operations). When analyzed as a standalone operation, 2010 retail safety results were among the best in the benchmark group.

We also use industry recognized process safety and asset integrity assurance methodologies to reduce the risks associated with catastrophic incidents. Process safety fundamentals, including workforce information, management of change, mechanical integrity assurance and follow up on incident investigation and Process Hazard Analysis recommendations are routinely practiced in our operations. We strictly adhere to operating procedures developed to minimize the likelihood of a catastrophic incident.

Employee Safety Performance

In 2010 we achieved our best company wide employee safety performance since we began reporting. Employees met the TRIR target of 0.80, driven by strong performance in Retail Marketing and our Port Reading assets that resulted in a 4 percent and a 38 percent decrease in recordable injury rates, respectively. Retail Marketing accounted for 58 percent of employee hours.



Terminal Operations, St. Lucia

Strong employee safety performance in 2010 at our Port Reading (N.J.) refining facility earned Hess personnel a Meritorious Safety Performance Award from the U.S. National Petroleum Refining Association. In 2010 Terminal Operations employees earned the International Liquid Terminal Association's Safety Excellence Award for the second consecutive year.

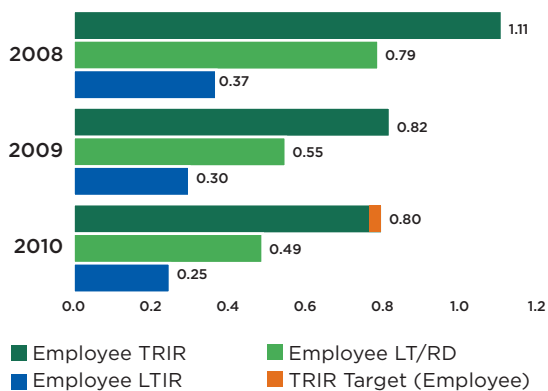
Contractor Safety Performance

In 2010 contractors accounted for about 50 percent of total workforce hours. Contractor hours increased 17 percent due primarily to increased upstream activity and a maintenance turnaround at the Port Reading refining facility. The contractor TRIR was slightly higher than in 2009, a reflection of increased contractor exposure in higher risk aspects of our business. There were no contractor fatalities.

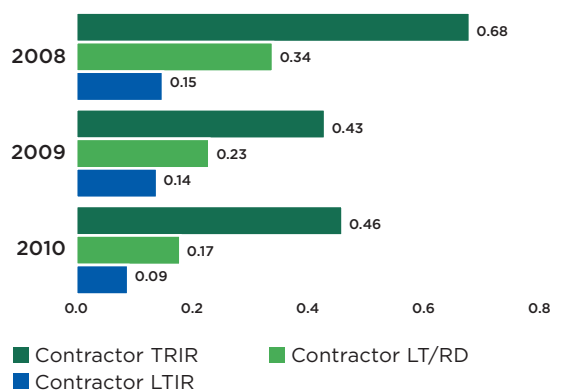
In Exploration and Production Operations, contractors accounted for 77 percent of workforce hours and 86 percent of recordable injuries. The business has established "Hess Rules" to focus on high risk activities that account for the majority of occupational safety incidents and has set clear management expectations for conformance.

During the year Hess enhanced its standardized contractor safety prequalification process. To ensure that contractor companies selected for work at Hess meet or exceed our requirements for safety performance and competency, the process evaluates contractor safety performance, management systems and programs, as well as fulfillment of insurance requirements. In those instances where a contractor does not fully meet our criteria, management approval and risk mitigation plans must be in place before work can proceed.

Employee Safety Performance



Contractor Safety Performance



Process Safety Used to Manage Risk

At Hess, we focus on effectively managing process safety to help prevent catastrophic incidents and manage key risks in our business. Our management systems are designed to address the process safety issues inherent to the energy industry. We focus on continuously improving the systems and procedures that are the hallmark of sound process safety in our E&P, Terminals, and power generation operations, in addition to the regulated refining and gas plant process safety environments.

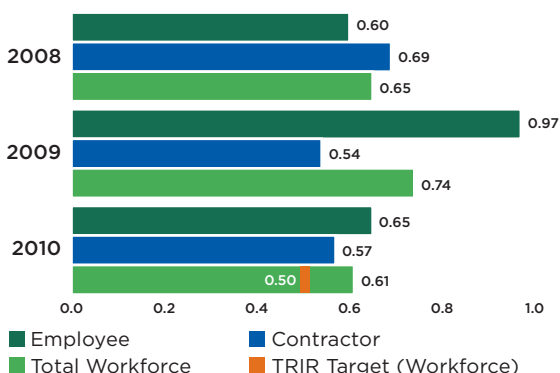
Process safety coupled with occupational safety and health form the cornerstone of Operational Excellence. In addition to the prevention of catastrophic incidents, our focus on process safety is core to ensuring asset integrity, operational reliability and cost effectiveness, which help drive the company's growth and economic stability in the communities where we operate.

While we continue to maintain a healthy sense of vulnerability to our safety risks, our focus on process safety is critical to ensuring we effectively manage the types of risks that could threaten the company's financial strength and reputation.

HOVENSA

The HOVENSA joint venture refinery's workforce TRIR for 2010 was 0.61. Although the 2010 target of 0.50 was not met, the operation achieved an 18 percent improvement over the 2009 rate of 0.74.

HOVENSA Safety Performance (TRIR)



Regulatory Compliance

The U.S. Occupational Safety and Health Administration (OSHA) established the Petroleum Refinery National Emphasis Program (NEP) in 2007 to audit U.S. refineries' OSHA regulatory compliance, with an emphasis on process safety management. In 2009 intensive NEP inspections were conducted at the Port Reading refining facility and the HOVENSA joint venture refinery as discussed in our 2009 Corporate Sustainability Report.

Following an audit in 2009 Port Reading settled and paid a \$97,500 fine and completed all corrective actions by the third quarter of 2010. HOVENSA settled and paid a \$150,000 NEP fine in 2010, in addition to a \$10,000 OSHA Waste Heat Boiler penalty. The NEP related fines were consistent with what OSHA has issued to other U.S. refineries inspected under the program, relative to refinery capacity. Corrective measures at HOVENSA are complete.

Safety Committees

Safety committees at Hess, whose members include management and non-management employees, including those represented by collective bargaining agreements, provide a lead role in ongoing site safety culture improvements at operating and office locations.

The composition of site safety committees varies by location and type of operation, but typically includes managers, hourly and salaried employees, contractors and safety professionals. Committee responsibilities may include establishing site safety goals; identifying and prioritizing safety activities; reviewing safety issues, incidents, near misses, incident investigations and root cause analyses; overall safety performance and general safety concerns. Safety committees may also play a role in determining the safety performance component of site specific employee bonus compensation.

Certain collective bargaining agreements include specific safety related provisions that address topics such as safety training, individual and site safety goals and links to bonus compensation, as well as incident investigation, root cause analysis and reporting. Some represented employees are eligible to receive additional compensation for safety committee membership.

Promoting Wellness and Preventing Disease

The Hess Health4Life employee wellness initiative was launched in 2008 in the U.S. Health4Life encourages employees and their families to be active in the management of their health and well being. Resources and tools are provided to help employees meet health and wellness objectives for exercise, diet and nutrition, weight control, stress management, tobacco cessation and chronic disease management.

In 2010 Hess launched the Health4Life wellness initiative in Asia Pacific. Local educational workshops and programs were complemented with routine communications that included advice from health experts.



Offshore Drilling Operation

In Equatorial Guinea employee disease prevention and education efforts are focused primarily on malaria. Equatorial Guinea operations also continued to build community focused disease prevention and education initiatives on the mainland, including:

- Drilling and maintaining more than 50 water wells
- Refurbishing a health center in the town of Akonibe
- Distributing mosquito nets and malaria prevention materials to 22 communities
- Establishing a blood donor program to provide a safe blood supply

The company's business continuity plans include a globally consistent pandemic preparedness and response plan, first initiated in 2006 in response to the threat from Asian Bird Flu (H5N1) and updated and exercised as needed.

Emergency Preparedness and Response

Hess strives for safe and incident free operations. As a responsible partner in the communities in which we operate, we frequently exercise and drill, applying our site specific emergency response and continuity plans and corporate crisis management plan. We enhance our ability to manage an incident and its consequences by incorporating into our plans what we have learned from Hess exercises and drills and incidents in our industry. We share best practices across Hess using internal networks.

Our emergency and crisis management system provides for support of local efforts with Incident Support Teams and a Corporate Crisis Management Team. In addition to our own experts, Hess has established strategic relationships with third-party specialists who are experienced in emergency response and crisis management. These specialists help us manage incidents related to security, spill containment and clean-up, fire suppression, medical aid and wildlife rescue and provide the necessary functional support for communications, humanitarian outreach, government relations, finance and legal counsel.

Hess also has regional and worldwide mutual aid agreements and relationships with emergency response organizations that have strategically positioned equipment and personnel to supplement and support our response efforts. We participate in drills and work closely with government agencies and response organizations to ensure an integrated and systematic approach to emergency response management.

We routinely conduct major drills that exercise our emergency response, incident support and crisis management plans and capabilities in our business units and joint ventures. The increased competency that results from successful execution of these drills and the incorporation of lessons learned into our plans have prepared us to deal effectively with emergencies.



Spill Containment Exercise, Gulf of Mexico

GLOBAL WORKFORCE



Ujung Pangkah Facility, Indonesia

The employees and contractors that comprise the Hess team worldwide are working to ensure that we continue to be a trusted energy partner. Our values provide guidance on how we conduct our business and serve as the foundation of our operations.

Management Approach

Hess is committed to attracting, energizing, developing and retaining a highly talented, diverse workforce. 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 endorse and respect the International Labor Organization Declaration of Fundamental Principles and Rights at Work. Our Social Responsibility, Human Rights and Human Resources policies recognize and respect our employees' right of freedom of association and prohibit the employment of underage children in our workforce or the use of forced or compulsory labor in any of our global operations.

We provide equal employment opportunity to all employees and applicants without regard to race, color, religion, national origin, gender, age, disability, veteran's status, sexual orientation or any other protected status

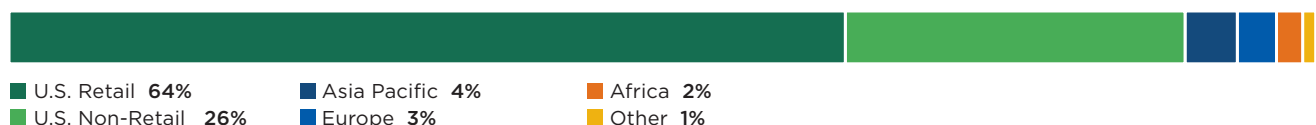
in recruitment, hiring, compensation, promotion, training, assignment of work, performance evaluation, and all other aspects of employment. We benchmark against other companies in our industry and calibrate the performance of employees in similar positions to ensure we provide total pay and benefits that are competitive and fair.

We do not tolerate harassment of employees or job applicants by anyone, including supervisors, coworkers, vendors, clients or customers. We offer preventive training and encourage the immediate reporting of suspected abuses. All cases, reported and suspected, are handled confidentially and are promptly and thoroughly investigated. Where harassment is determined to have occurred, we take appropriate disciplinary action, including termination of employment or business relationship.

Workforce Demographics

Hess employed 12,587 people worldwide in 2010, a 3 percent increase over 2009, and supported another 1,189 in our Russian and Trading operations. Ninety

Global Employees (12,587 Employees)*



* Excludes an additional 1,189 employees in our Russian and Trading operations.

percent of employees were based in the U.S.; of those, 27 percent were part time and 63 percent were hourly employees. Seventy-one percent of U.S. employees worked at retail locations, the vast majority in hourly jobs. The number of employees in the Asia Pacific region grew by 22 percent.

The global voluntary turnover rate for employees other than retail hourly was 5.4 percent. Voluntary turnover rates were slightly lower among women and minorities, significantly lower for employees over 50 years old and higher for employees under 30 years old. Approximately 1 percent of employees were laid off because their positions were eliminated.

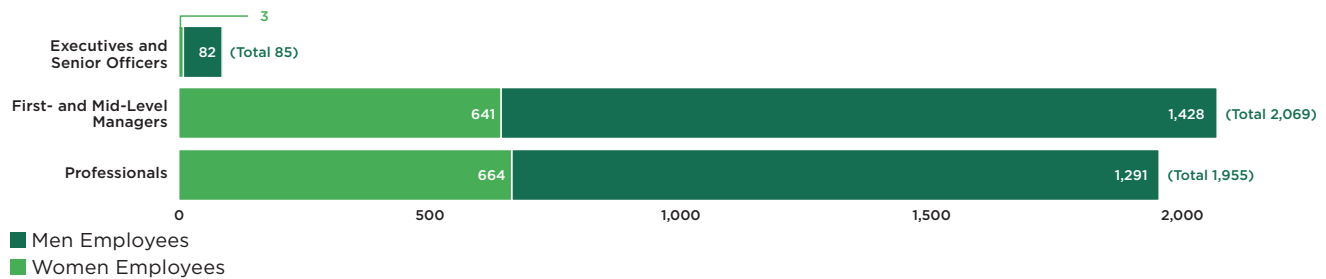
Diversity and Equal Opportunity

Diversity was a major focus in 2010. An executive meeting was held early in the year to discuss the challenges inherent in being a diverse and inclusive organization. A study of

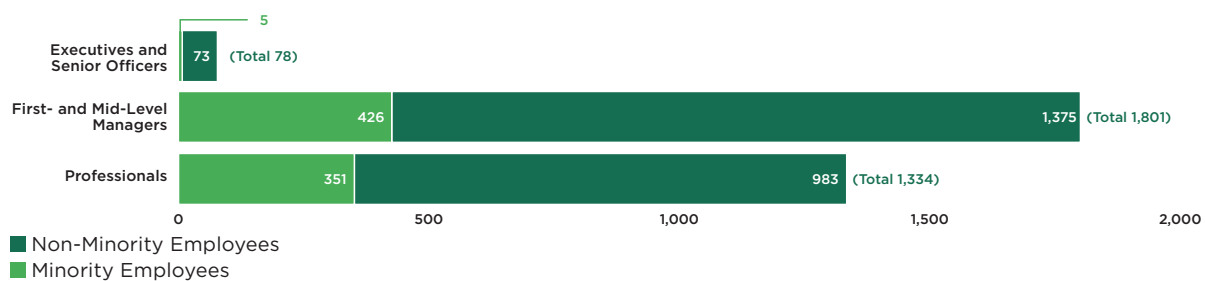
practices at 30 companies within and outside the energy industry was commissioned to assess our current state and identify areas for improvement. While we have made important strides particularly over the last five years, the assessment team concluded that there is more we can do. The company's general counsel was appointed to lead a new Diversity and Inclusion Council to provide greater focus and guide our actions over time.

Globally in 2010, the make up of our workforce was similar to the prior year. The percentage of women (40 percent), U.S. minorities (36 percent) and employees under 30, between 30 and 50 and over 50 years old (31 percent, 48 percent and 21 percent respectively) remained steady. Of eight executives who left the company, two were women who assumed executive positions at other companies. Half of new college and university graduates hired into downstream operations were women or minorities. Forty-one percent of all new hires were women or minorities.

Women Representation (Global Employees) (Executive, Management and Professional Staff)



Minority Representation (U.S. Only) (Executive, Management and Professional Staff)



In 2010 the company upgraded to a new Human Resources Information Systems (HRIS) platform. HRIS allowed us to improve accuracy and global consistency in categorizing job positions, particularly for professionals and first/mid-level managers. As a result, the number of people reported in each of these groups is not directly comparable to pre-2010 data.

Diversity and inclusiveness activities took place at corporate, business and facility levels. For example, focus groups were held with a subset of U.S. based women representing a variety of positions and levels of seniority. The objective was to stimulate dialogue about the unique issues they face and solicit ideas for attracting and developing highly skilled women to assume more senior roles. Planning is underway for a similar event in 2011.

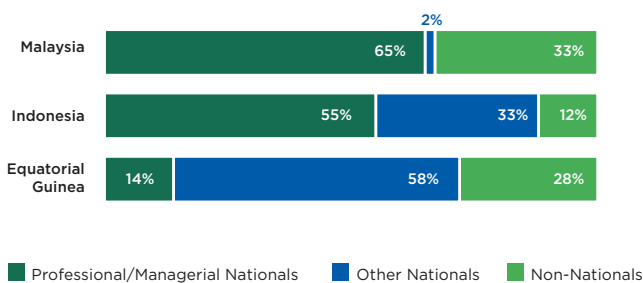
Hess developed a new comprehensive Fair Employment Practices training program for supervisors and managers to help the company achieve its U.S. equal opportunity and affirmative action goals. The training was designed to reinforce what discrimination in the workplace means, provide a foundation to help determine and prevent discrimination in the workplace, and suggest actions to provide a comfortable, harassment free environment. In addition Hess developed a new employee training program, Respect in the Workplace, designed to ensure that employees maintain a work environment free of harassment toward other employees, applicants, vendors and customers.

Allegations of discrimination or workplace harassment within Hess and Hess joint ventures that are reported directly to supervisors, managers or human resources professionals or anonymously through the Hess hotline, are handled confidentially and investigated promptly and fairly. Confidential hotline allegations determined to be violations of the company's Code of Business Conduct and Ethics are handled by the vice president, Global Audit and Compliance. Non-code of conduct allegations are investigated by Human Resources. In both instances, substantiated incidents of harassment or discrimination are subject to disciplinary action, including termination of employment. Seven substantiated allegations of workplace harassment or discrimination were reported in 2010; two resulted in terminations, three in written warnings and two in advice or education and training of personnel. There were no major legal judgments, fines or penalties related to discrimination or harassment during 2010.

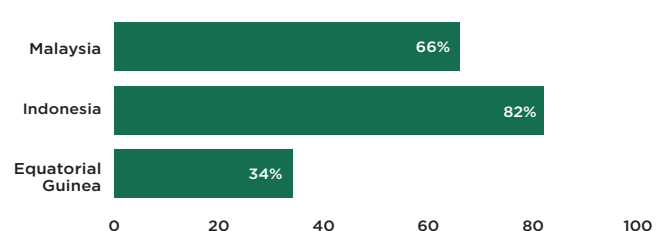
Workforce Localization

Workforce localization is an important issue, particularly for non-Organization for Economic Cooperation and Development countries including Algeria, Equatorial Guinea (EG), Indonesia, Malaysia and Thailand. EG, Indonesia and Malaysia operations employ significant staff, which we define as more than 100 employees. In 2010, 72 percent of EG staff were locals, including 34 percent of managers and professionals. In Indonesia, 88 percent of all employees and 82 percent of managers and professionals

**National and Non-National Employees
(% of Country Workforce)**



**National Employees
(% of Managers and Professionals)**





Local Staff Development, Kuala Lumpur

were locals. In Malaysia, two-thirds of employees and managers/professionals were locals.

Indonesia and Malaysia, as well as Thailand (45 employees) and Australia (27 employees), comprise Hess Asia Pacific operations. In 2010 a Malaysian national was hired to take on one of the three most senior leadership positions for the region, where locals make up 80 percent of the workforce. An effort is underway to accelerate local staff development so they can take on more senior roles currently held by expatriates. A National Leadership Development Program was established to train internal talent, strengthen graduate recruitment and development, and hire selectively to fill gaps. Specific roles were identified to be nationalized and a local talent readiness study helped line managers identify 50 individuals as having leadership potential.

Approximately 90 percent of the Asia Pacific employees had structured, audited individual development plans. Among the actions specified for locals were participation

in the Hess Leadership Essentials Program, taking the team lead role on important projects, mentoring and international exposure. Ten to 15 employees were fast tracked, including five who were promoted, two named as team leads, and two given rotational assignments in the U.K. and the U.S. to broaden their experience.

Learning and Development

All professional, managerial and executive employees took part in objective setting at the beginning of the year and participated in performance management reviews with their supervisors at mid-year and year end. Employees also created formal individual development plans in consultation with their managers that set near term and medium term development objectives and actions.

The company spent \$12 million on formal training in the U.S., a 10 percent increase over 2009. We cannot provide an accurate global figure because our systems do not fully capture all training hours. The verification scope of this sustainability report, as well as the 2009 report, included independent third party reviews of business and facility level training hours as part of site visits to representative operations. Based on these reviews, we estimate that annual training hours for non-retail employees average 25 hours or more. In Retail Marketing, hourly associates completed five to six hours of Web based training and another eight hours of on the job training. Training for assistant store managers consisted of five to six online hours, 24 hours on the job and 16 hours of classroom instruction.

In addition to the training hours specified above, more than 81,000 hours of training were recorded worldwide through the online Hess Learning Center. Learning and development specialists added new, customized courses on LEAN Awareness, Energy Marketing, enterprise management software, performance management and development planning to the more than 500 existing desktop application and general business skills e-learning courses. A series of employee focus groups was held to obtain feedback on The Learning Center's

content, usability and potential. A report of findings and recommendations was provided to senior leaders concerning an upgrade of The Learning Center in 2011.

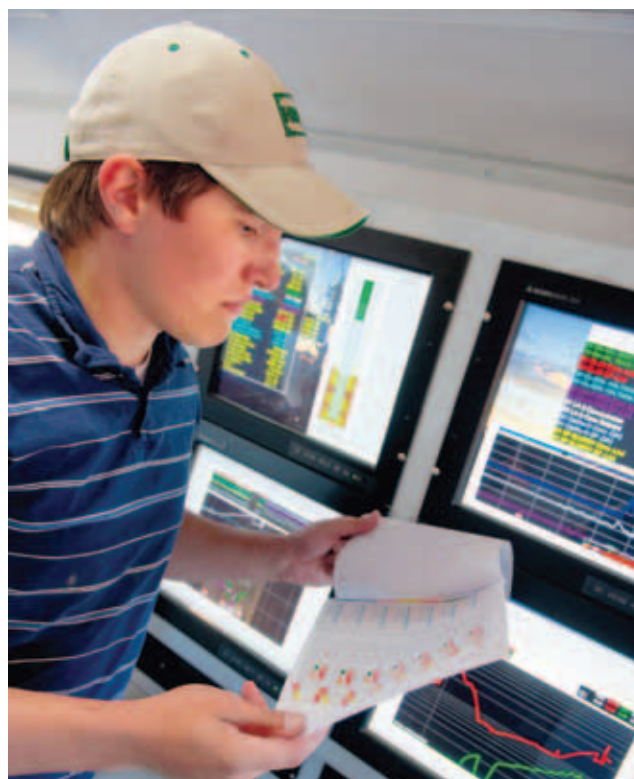
Eight sessions of a Leadership Essentials Program were held for supervisors and managers for developing their leadership skills. These were held at E&P headquarters in Houston and at regional headquarters in Kuala Lumpur and London, as well as downstream headquarters in Woodbridge, N.J. Of the 173 participants, 29 percent were minorities or locals and 28 percent were women. Twenty-eight more experienced middle managers participated in the Business Essentials Program to further develop their capabilities as leaders of groups and teams.

Thirteen percent of professional, non-Retail employees rotated to new jobs as part of formal programs in several functional and technical areas, including the Business Leadership Program and the Foundation Program. Thirty-six percent were women and minorities.

Training Young Geoscientists and Engineers

Finding, attracting and training the next generation of geoscientists and engineers is a critical element of the Hess recruiting plan. Our company targets interns and full time hires by recruiting through campus interviews, career fairs, student organization meetings and as a result of relationship building between students, professors and Hess staff.

The Hess Foundation Program, a comprehensive training program for engineers and geoscientists, plays the dual role of developing new hires and ensuring that they become an immediate asset to the company. The program allows new hires to move through assignment rotations, exposing them to many aspects of oil and gas exploration and production. On the job training is supplemented by formal in-house and outside technical classes. The program has been very successful in allowing our geoscientists to become more proficient in our business.



Exploration and Production Control Center

All Foundation members are assigned two types of mentors: program mentors assigned for the duration of the Foundation Program and rotation specific mentors. Mentors typically have five to seven years experience. Currently there are 71 new hires participating in the program including 40 engineers and 31 geoscientists; one-third are women. In 2010, 21 university graduates were hired and enrolled in the program; 38 percent are women.

Our on-campus recruitment efforts, internship offerings and the Foundation Program have resulted in a substantial increase in the employment acceptance rate. Eighty-three percent of engineers offered full time employment accepted positions, many of whom were previously interns. The acceptance rate of entry level geoscientists has also remained steady at 80 percent.

Employee Engagement

The Hess Leadership Team sponsored 16 employee focus groups that included 240 representatives from different businesses, geographic locations and corporate functions. Focus group participants offered candid and constructive feedback which influenced the development of a new ambitious long term vision for the company.

Business and functional leaders met with employees in person to present and discuss the new strategic vision and framework. A presentation made by the chairman and CEO introducing the vision to the company's top 65 executives was videotaped and made available to all employees via the Hess intranet. In addition, articles on the Hess intranet explained the vision and framework. An employee poll conducted at year end showed a high awareness of the new vision and framework, as well as confidence that Hess will achieve its vision.

During the year the presidents of the upstream and



Leadership Development Meeting, Houston, Texas

downstream businesses held quarterly town hall meetings at their respective headquarters. The town halls provided a forum for quarterly updates on business performance and future plans and were broadcast live to employees unable to attend in person. Employees were asked to submit questions prior to and during these meetings. During each quarter, the presidents regularly sent e-mails to employees updating them on business activities and progress in achieving stated goals.

In response to employees' needs, the company implemented an easily accessible global online system, called The Resource Center. Through The Resource Center employees are able to access training courses, benefits and pay information and the company's performance management system in one place from home or at the office.

The company developed a new internal Web site, Hess Connect, which includes social media tools that facilitate networking and collaboration. The system was tested in 2010 and went live in April 2011.

Compensation and Benefits

Hess is committed to paying employees fairly for the work they do and the contribution they make. The company recognizes differences in performance and provides greater rewards to employees who make a bigger contribution or perform at higher levels.

For the year, Hess spent \$992 million in pay and benefits for U.S. employees. Hess has a bonus plan for employees that is based equally on corporate performance, business performance and personal performance.

Retail store employees were paid, on average, approximately 20 percent more than the local minimum wage. Non-retail entry level positions in our principal U.S. and international operations in Europe, West Africa and Southeast Asia were paid on average between two and four times the prevailing minimum wage.

Hess offers an array of benefits that varies by location for full time, non-retail salaried and hourly employees. These typically include overtime pay, education assistance, savings, pension, medical plans, bereavement and jury duty. In addition, employees who work at our New York City corporate headquarters and Exploration and Production headquarters in Houston may use pre-tax earnings to pay for mass transit and public parking near these offices.

Many of these benefits are offered to part time and retail hourly employees. Benefits for union represented employees are outlined in collective bargaining agreements. Hess also offers benefits at our international locations that are supplemental to government provided programs and services. These are country specific and may include paid maternity and paternity leave, lactation programs, compassionate leaves of absence, additional paid holidays and vacation days, life insurance and short and long term disability insurance.



Financial Planning Seminar, Woodbridge, New Jersey

In 2010 a new Financial Planning and Counseling Program was introduced in the U.S. to all non-retail store employees and members of their families. The program offers a Web site with educational materials and online planning tools, seminars tailored to needs at various stages of life, and an Answer Line for individual counseling with credentialed financial experts.

Details of retirement plans, including funding of pension benefits, can be found in our annual U.S. Securities and Exchange Commission Form 10-K.

Freedom of Association

Hess employs unionized and non-represented workers in hourly job classifications. To our 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 the United States and Denmark. In 2010 approximately 9 percent of U.S. employees were represented by collective bargaining agreements, all within the M&R business segment. During this period, 30 collective bargaining positions in terminal trucking operations were outsourced. Denmark operations also have represented workers, but Danish law prohibits data collection and public disclosure.

For major operational changes, such as layoffs and facility closures, we comply with advance notification requirements specified in collective bargaining agreements and labor regulations. These are typically 60 to 90 days for locations with 50 or more employees and 14 to 28 days for locations with fewer than 50 employees.

CLIMATE CHANGE AND ENERGY



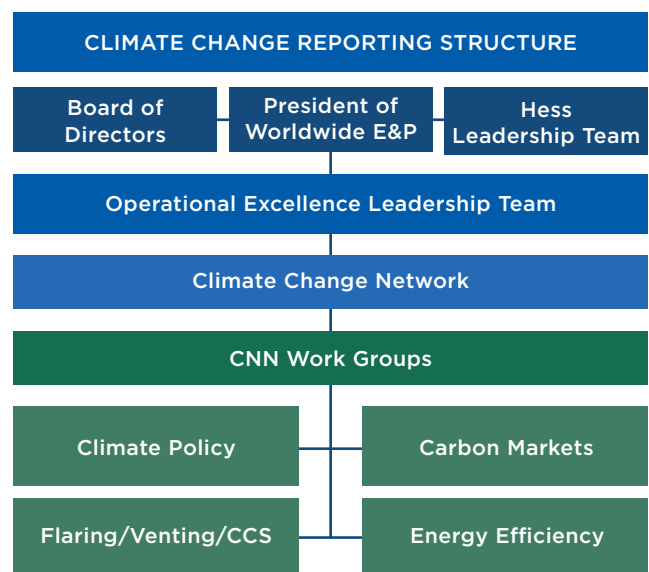
We recognize that to grow our business and help meet the increasing global demand for energy, we must do so in a manner that protects the world's land, water and air resources.

Management Approach

Hess understands that climate change is a global environmental concern with potentially significant consequences for society and the energy industry.

We have spoken openly about the need for U.S. and world leaders to work with industry to develop comprehensive energy and climate solutions that will help meet future energy demand and reduce greenhouse gas emissions. To be effective, this approach must combine demand reduction measures, such as energy efficiency, with a full range of energy sources, including clean burning natural gas and commercial scale carbon neutral technologies.

Hess continues to monitor the evolving U.S. regulatory landscape. The current regulatory and legislative context creates considerable uncertainty, which discourages investment in necessary energy and emissions measures. We are committed to complying with all emissions mandates, and believe the best approach to reducing emissions in the U.S. is through a carbon tax on transportation fuels and a market based mechanism for reducing stationary source emissions. However, we support any reasonable approach that is transparent, flexible and equitable. Our European operations participate in the European Union Emissions Trading Scheme and our Norway operations pay carbon taxes.



Hess has taken a number of voluntary measures to assess, monitor, and reduce our carbon footprint at existing and future operations. In 2009 the Hess Leadership Team approved a seven point strategy for addressing the challenges and opportunities climate change presents. The Hess Climate Change Network (CCN) was tasked with executing that strategy. Reflecting the importance Hess senior leaders place on this issue, the CCN reports through the company's Operational Excellence Leadership Team, which is chaired by the president of Worldwide Exploration and Production and includes executives

and senior managers from upstream and downstream business segments, as well as corporate Environment, Health, Safety and Social Responsibility, Global Process Excellence and Information Technology. The president of Worldwide Exploration and Production sits on the Hess Leadership Team and the Board of Directors.

The CCN consists of four work groups, aligned with the objectives of Hess' climate change strategy: the Climate Policy Work Group, the Energy Efficiency Work Group, the Flaring, Venting, and Carbon Capture and Sequestration (CCS) Work Group, and the Carbon Markets Work Group. The Climate Policy Work Group monitors international and domestic climate change policy developments in the countries where Hess does business and assesses their impact on our operations. The Carbon Markets Work Group monitors global carbon markets and provides guidance on forward pricing for project economics,

emissions trading strategies and carbon monetization opportunities. The Energy Efficiency and Flaring, Venting and CCS Work Groups focus on the technical and operational aspects of carbon footprint reduction.

We aim to be top quartile for our emissions performance and the quality of our climate change disclosures to investors and stakeholders and have made considerable progress toward our strategic targets. After two years we are approximately two thirds of the way toward meeting the five-year target we set to reduce the emissions intensity of our oil and gas operations by 20 percent. We have achieved an absolute greenhouse gas (GHG) reduction of 1.8 million tonnes against the 2008 baseline. We have decreased flaring from our operations in Algeria and Equatorial Guinea (EG) by 54 percent, meeting our 50 percent reduction target three years early.

CLIMATE CHANGE STRATEGY	
STRATEGY	PROGRESS
Establish and publicly communicate a five-year GHG emissions intensity reduction target.	Hess set a GHG intensity reduction target (equity basis) for 2013 that is 20 percent below the company's 2008 baseline. In 2010 we achieved a 15 percent GHG intensity reduction against the baseline and an absolute GHG reduction of 1.8 million tonnes.
Account for the cost of carbon in all significant future investment decisions.	Will be implemented in the 2012 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 2010 we met our five year flare reduction target by achieving a 54 percent reduction against our targeted reduction of 50 percent.
Implement a corporate-wide energy efficiency program focused on major combustion sources and greater use of renewable sources.	Made significant progress toward establishing a 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 2010. Also purchased carbon credits to offset all employee business travel on commercial air carriers in 2010.
Through our Green-e program, we offer Hess Energy Marketing customers a full suite of products to help minimize their carbon footprints.	Ongoing program.

We made progress toward our other strategic goals. The Energy Efficiency Work Group is taking the lead in developing and subsequently implementing a company wide energy efficiency program. We continued to obtain certified renewable energy certificates equivalent to 10 percent or more of our annual net purchased electricity and are initiating a phased process toward integrating the cost of carbon into the project economics of all major capital investments.

Greenhouse Gas Performance

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

Hess Operated Emissions (Scope 1 and Scope 2)

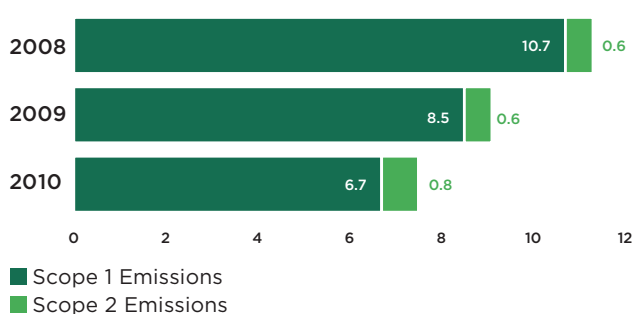
Our GHG emissions from operated assets decreased from 9.1 million tonnes CO₂ equivalent (CO₂e) in 2009 to

7.5 million tonnes CO₂e in 2010. Of the 7.5 million tonnes of GHG emissions, 6.7 million tonnes were Scope 1 emissions primarily from flaring and process operations and 0.8 million tonnes were Scope 2 emissions related to purchased electricity usage. Emissions related to direct transportation from corporate aviation and Hess domestic trucking operations were 7,000 tonnes of CO₂e.

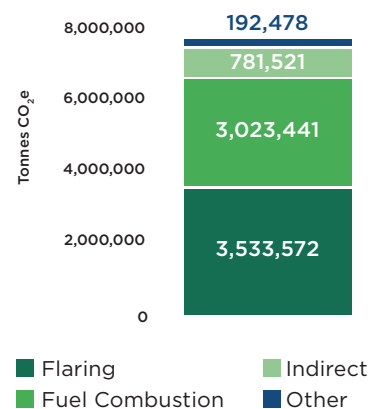
The reduction in Scope 1 emissions was primarily attributable to reduced emissions at the Malaysia/Thailand JDA (MTJDA) Block A-18 resulting from select high CO₂ content wells being temporarily shut-in during 2010 for gas processing upgrades. Flaring accounted for 47 percent of emissions from operated assets in 2010, down 9 percent from 2009. In addition to our flare reduction projects in Algeria and EG, we continue to explore opportunities to further reduce flaring from our operations.

Fuel combustion from process operations and indirect emissions from purchased electricity accounted for 40 percent and 10 percent respectively of our GHG emissions from operated assets. The remaining 3 percent of emissions was from miscellaneous sources. Through our company wide Operational Excellence initiative and work being undertaken by the Hess Climate Change Network, we continue to examine opportunities to improve the efficiency of our operations and reduce GHG emissions.

Operated Greenhouse Gas Emissions (Million Tonnes CO₂e)



Operated GHG Emissions by Source (7.5 Million Tonnes CO₂e)



Hess Net Equity Emissions (Scope 1 and Scope 2)

The majority of our net equity emissions is concentrated in a few locations where we have significant operations. These include the U.S., Malaysia/Thailand Joint Development Area, EG, the U.K. and Algeria.

In 2010 our net equity emissions were estimated to be 9.0 million tonnes CO₂e, a 0.5 million tonne reduction from 2009. This reduction was primarily attributable to reduced emissions at the MTJDA Block A-18 which have already been discussed.

In 2007 we began tracking GHG emissions from our net equity interests. Estimating net equity emissions is a difficult process because we have equity interests in many projects around the world which are operated by other companies and it is often difficult to obtain timely and accurate data. We believe, however, that net equity emissions are a more meaningful measure of our total carbon footprint.

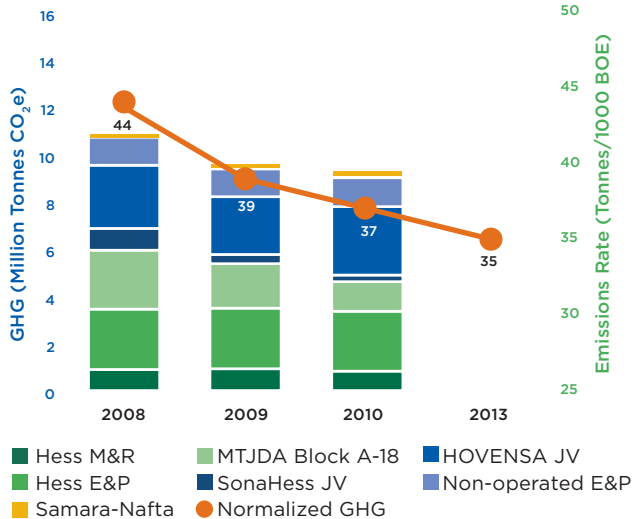
Hess has a large pool of exploration projects that will result in significant production growth over time and which may cause our absolute GHG emissions to grow. While we do not think that it is desirable to constrain our growth with an absolute target, we believe that it is our responsibility to operate more efficiently by reducing GHG emissions per unit of production as we continue to grow our business.



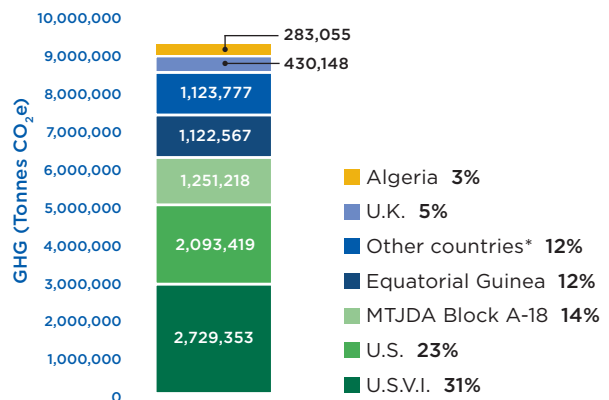
Production Platform, Malaysia/Thailand Joint Development Area

In 2008 our equity emissions per unit of production resulted in a GHG intensity of 44 tonnes per thousand barrels of oil equivalent (boe). By 2013 we intend to reduce that number by 20 percent to 35 tonnes per thousand boe. At the end of 2010 we achieved an emissions intensity of 37 tonnes per thousand boe, an approximate 15 percent reduction from our baseline.

Net Equity Greenhouse Gas Emissions (Million Tonnes CO₂e)



Net Equity Emissions by Country (Million Tonnes CO₂e)



*Other Countries:

- Azerbaijan 1.1%
- Norway 2.4%
- Libya 1.4%
- Indonesia 1.7%
- Denmark 1.1%
- Thailand 2.3%
- Russia 2.2%

Product End Use Emissions (Scope 3)

For the third consecutive year, Hess is providing an estimate of GHG emissions associated with the end use of our fuel and other products, commonly referred to as “Scope 3” emissions. While the World Resources Institute is drafting a methodology to address Scope 3 product emissions, at present no common methodology is available within our industry to report these emissions. In our calculation Hess includes the emissions related to the products that we refine and sell, as well as the natural gas that we produce 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 40.2 million tonnes of CO₂ in 2010, of which approximately 46 percent is related to product use in mobile sources and 54 percent is related to product use in stationary sources. Compared to last year, our Scope 3 product emissions have decreased by 5.5 million tonnes due to sales declines of 10 percent and 3 percent, respectively, of petroleum and natural gas related products.

Other Scope 3 emissions

While product end use emissions account for the major share of our Scope 3 emissions, we have collected logistics, supply and business travel data for several years as our first step in determining non-product related Scope 3 emissions. In 2010 emissions associated with the ocean transport of purchased feedstock to the Port Reading refinery were 56,840 tonnes CO₂e and those associated with third party trucking of refined petroleum products to our retail stores and customers were 32,493 tonnes CO₂e.

Our emissions from business travel on commercial aircraft were approximately 19,661 tonnes of CO₂e which we offset through the purchase of 20,000 carbon credits certified to the Voluntary Carbon Standard.

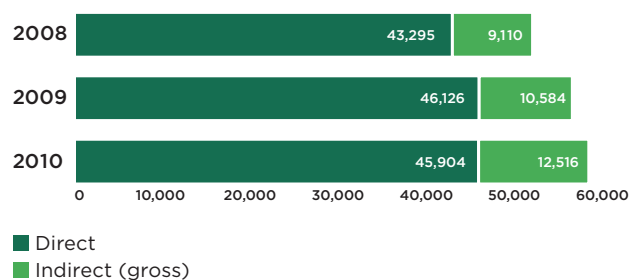
Energy Utilization and Efficiency

Hess' climate change strategy includes a commitment to make energy management an integral part of the company's business strategy and to strive for continuous improvement in energy efficiency. The CCN's Energy Efficiency Work Group (EEWG) was chartered to identify opportunities for developing a corporate wide energy management program to enable us to systematically operate existing facilities efficiently, minimize energy costs, consider the use of renewable energy where practical and design energy efficiency into all major new projects.

PRODUCT END-USE EMISSIONS			
Product	Sales Volumes	GHG Factor*	2010 CO ₂ (MM Tonnes)
Gasoline (bbls)	36,314,520	0.37	13.4
Diesel (bbls)	18,007,200	0.43	7.7
Residual Oil (bbls)	10,354,140	0.47	4.9
Natural Gas (MMBtu)	250,777,995	0.0566	14.2

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

Three Year Energy Use (Thousand Gigajoules)



The company is an active member of the International Petroleum Industry Environmental Conservation Association (IPIECA) Climate Change Task Force and associated working groups focusing on energy efficiency best practices, upstream energy efficiency benchmarking, flaring and venting reduction and the ISO 50000 international energy management system standard. We share the knowledge gained from working with our industry peers with the EEWG and other technical experts within the company.

Energy use

Our operations make and purchase energy primarily for power, heating, cooling and processing. In 2010 direct and gross indirect energy consumption was 58,420 thousand gigajoules (GJ), a 3 percent increase over 2009. Increases in energy use were attributable to flare reduction projects, enhanced oil recovery operations, higher global drilling activity and higher oil and gas production. Exploration and Production (E&P) accounted for 81 percent of total company energy use and Marketing and Refining (M&R) for 19 percent.

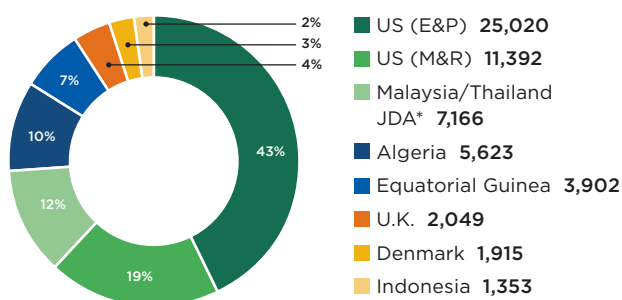
In 2010 the EEWG conducted an energy measurement data sourcing and integrity review that identified and closed several data gaps. As a result, 2009 indirect energy use has been restated to reflect an additional 696 thousand gigajoules. The corrected number is 4 percent higher than that provided in last year’s sustainability report.

Hess U.S. operations accounted for 52 percent of direct energy use. Overall, natural gas constituted 78 percent of the company’s and 88 percent of E&P’s direct energy fuel. M&R’s Port Reading Refinery’s direct energy supply was 84 percent petroleum coke and 16 percent natural gas. The refinery also produced more than four billion standard cubic feet of refinery fuel gas for export to the local utility.

U.S. upstream and downstream operations consumed more than 99 percent of the electricity purchased by the company, primarily from regional and state power pools in the Eastern U.S., North Dakota and Texas. The average renewable energy component for these power pools, based on the most current data available from the U.S. Energy Information Service and independent system operators PJM, New York Independent System Operator (NYISO) and Independent System Operator-New England (ISO-NE), is approximately 6 percent.

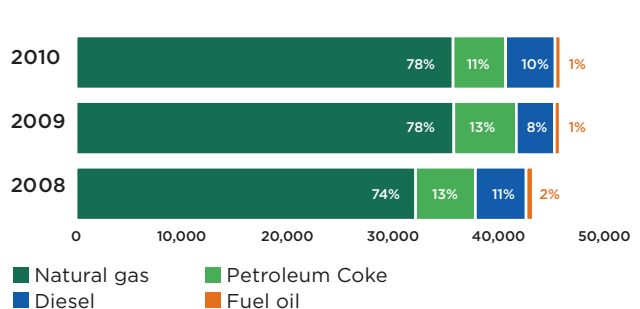
Hess is also committed to purchasing at least 10 percent of annual net electricity for company operations from renewable sources. In 2010 we acquired 140,000 Green-e certified renewable energy certificates (RECs), equivalent to 140,000 megawatt hours or 11 percent of our net purchased electricity. Renewable energy accounted for a total of approximately 17 percent of our indirect energy use when the purchased RECs are combined with the power grid averages.

2010 Energy Use by Country (Thousand Gigajoules)



* MTJDA Block A-18

Direct Energy Use by Fuel Source (Thousand Gigajoules)



Energy Initiatives

The EEWG is working to determine current energy data availability, identify data gaps and make plans for the sustainable capture of company wide energy data going forward on a monthly basis. Quality energy data will serve as the key to measuring success of the energy management program.

In 2010 the EEWG gave its highest priority to identifying best in class energy management practices in project design. With support from highly experienced oil and gas energy efficiency consultants, we identified key energy efficiency concepts to incorporate into the various stages of project design, development, implementation and handover to operations. The EEWG conducted a pilot energy review workshop to review these concepts with major new projects staff. One of the outcomes of the workshop was the development of an energy review tool for use in future major projects. Implementation of the tool will help ensure that major new project teams ask and address applicable energy management questions at appropriate times in the project design, implementation and execution process.

The EEWG is also developing an energy review program for existing operations that will incorporate knowledge gained from best in class energy performers. In addition, this year Hess plans to start company wide monthly energy use data collection, develop an energy baseline

and identify appropriate energy use metrics so that we are able to effectively evaluate and communicate performance.

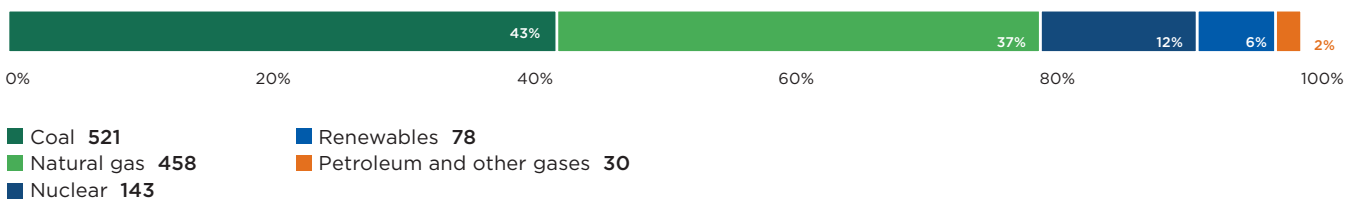
In downstream operations, the most recent refining industry benchmarking study, conducted in 2008, once again ranked the Port Reading refining facility in the top quartile for energy efficiency among U.S. and Western Hemisphere refineries. The study results provide us with information for improving our operating efficiency.

Building on energy efficiency initiatives begun in 2008, retail store lighting upgrades continued. The Baltimore and Bronx terminals and M&R's Woodbridge, N.J. headquarters continued to participate in demand response programs. Woodbridge increased its participation to 500 kilowatt hours from 100 kilowatt hours, which provided us an opportunity to reduce our electricity costs while easing the burden on the grid during peak days.

We began renovating our company owned Woodbridge building with the goal of qualifying for Leadership in Energy and Environmental Design (LEED) Silver status. As part of this initiative we are investigating obtaining the necessary permits and installing a 1.1 megawatt ground mounted photovoltaic system to self generate renewable energy for up to 25 percent of the facility's power needs.

E&P will be moving its Houston headquarters into a leased, newly constructed LEED Silver building during the second half of 2011.

Net Indirect Energy Use by Fuel Source* (Thousand MWh)



* Based on U.S. EIA state energy profiles and PJM, NY ISO and ISO-NE Power Pool data.

ENVIRONMENT



Our company is committed to protecting the environment. Our management systems uphold or exceed international standards and promote internal consistency, while encouraging continuous improvement in environmental performance.

Management Approach

Environmental policies, procedures and programs are in place at the corporate, business unit and facility levels. We dedicate significant staff and resources to ensure that we operate in compliance with applicable environmental laws, regulations and permits and in conformance with international standards and voluntary commitments.

Company and business segment policies, management systems and standards set expectations and provide tools for managing water use and biodiversity, prevention and control of emissions, spills, discharges and waste, and environmental site assessment and remediation.

In keeping with the precautionary principle, we screen our operations for environmental, safety, health and social risks and conduct environmental and social impact assessments for major new projects. All of the assets we operate and joint ventures over which we have significant influence are required to collect and maintain environmental performance data. The company aggregates these data for operated assets and major joint ventures except for the HOVENSA joint venture refinery which is shown separately. Performance data is then summarized, analyzed and publicly reported on an annual basis.

Employees receive environmental training appropriate to their duties and responsibilities. Our operations maintain

spill preparedness and response plans and conduct drills and exercises, often joining with regulatory agencies and local emergency responders to test and improve these plans. Among the key performance metrics at the corporate, business unit and facility levels is the measurement of hydrocarbon spills outside of containment, which are a factor in our employee business unit bonus formula.

Freshwater availability and quality are issues of increasing importance to our upstream and refining operations, the communities where we operate and other stakeholders. Historically we have successfully managed water use for long standing and routine gas plant and refinery operations. We actively manage emerging water related and other environmental issues associated with hydraulic fracturing for unconventional shale oil and gas development.

Freshwater Use

We utilize a variety of tools to identify and track water supply and quality risks that have the potential to impact our operations and the communities where we do business. These include the World Business Council for Sustainable Development Global Water Tool, specialized risk mapping services and engagement with local and regional water authorities and planning districts.

In 2010 our operations used 10.35 million cubic meters of fresh water, a decrease of 3 percent from 2009, primarily due to lower water use in gas processing and refining. Our U.S. operations accounted for more than 98 percent of company wide freshwater use. Approximately 35 percent of freshwater was purchased from local utilities; the remaining 65 percent was groundwater, sourced primarily from Hess owned and operated wells. Surface water withdrawals comprised 0.2 percent. No water sources were identified as being significantly affected by the company’s water use.

Hess E&P operations accounted for 67 percent of freshwater use, of which 91 percent was for U.S. gas processing plant operations, 6 percent for U.S. production and 3 percent for non-U.S. operations. The Seminole gas processing plant in West Texas accounted for slightly more than half (5.8 million cubic meters) of the company’s freshwater use, most of which was used for process cooling. The facility’s freshwater is provided by our Permian Basin production operations, where we own and operate a groundwater well field.

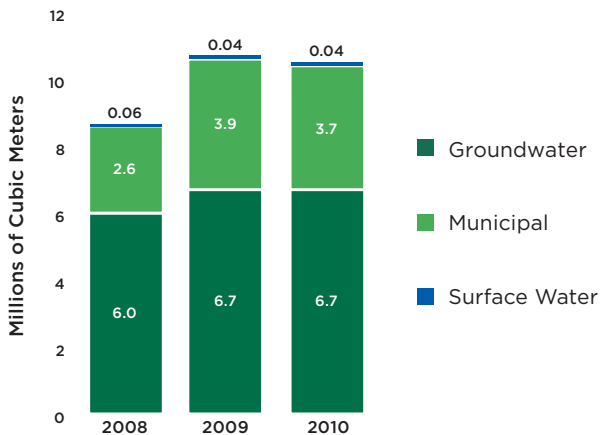
At the Seminole facility we recirculate cooling water up to three times. Cooling system evaporative losses are high because the local climate is dry throughout the year and hot during the summer. Cooling tower blowdown

accounted for 1.31 million cubic meters, or 23 percent of the gas plant’s total freshwater use and was reused for oil reservoir management.

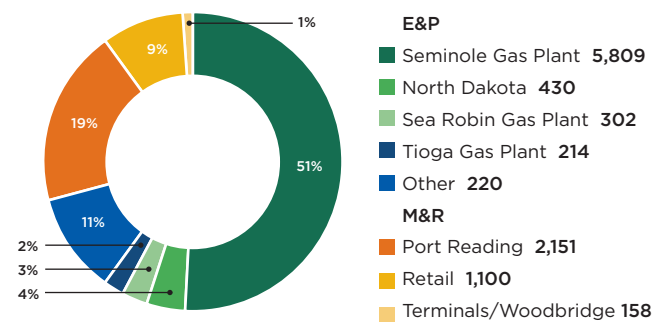
The Seminole gas processing plant is located within the Llano Estacado regional water planning area and county groundwater conservation district, where agriculture accounts for more than 98 percent of water abstraction, exceeding available water supply. The region and county are therefore considered “water stressed” and drought planning is a way of life. Hess personnel regularly attend water planning meetings and meet with groundwater conservation district staff. The 2010 through 2060 Llano Estacado regional water plan indicates that current and estimated future oil and gas sector water demand and supply are balanced. In 2010 Seminole’s groundwater withdrawal represented 0.1 percent of regional groundwater demand from the Ogallala Aquifer.

The Port Reading (N.J.) refining facility used 2.2 million cubic meters of municipally supplied freshwater which accounted for 63 percent of Marketing and Refining’s total fresh water use. Approximately two-thirds of the water used by Port Reading was for the refinery’s water cooling system, which recirculates water between three to five cycles. Service and steam system water accounted for 37 percent of the refinery’s freshwater use, of which about 27 percent was reused in process units.

Freshwater Use (Million Cubic Meters)



Freshwater Use by Business and Facility (Thousand Cubic Meters)





Gas Plant, Sinphuhorm, Thailand

Additional information on our company's water related risks, opportunities and performance is available in our Carbon Disclosure Project (CDP) Water Disclosure report.

Marcellus Shale

In 2009 Hess acquired leases for 80,000 net acres of privately held land in Wayne County, Pa. Development of the acreage is subject to regulation by the Pennsylvania Department of Environmental Protection (PADEP), as well as the Delaware River Basin Commission (DRBC) and the Susquehanna River Basin Commission, depending on well location. In 2010 we drilled two vertical exploration wells in the Delaware River Basin and one in the Susquehanna River Basin. Well construction included an extra water protection casing. No hydraulic fracturing was conducted. We are monitoring the status of DRBC's rulemaking related to standards and requirements concerning production in the Basin.

Prior to drilling, we performed risk based screening to select well pad sites and determine engineering controls to minimize the potential for land disturbance, erosion and impact on neighbors, communities, potable water sources and sensitive ecosystems. We also consulted with property owners and local emergency responders on well pad and ancillary facilities sites, allowing us to minimize tree clearing within the permitted disturbance area and maximize site restoration.

Once well pad locations were selected, we conducted a comprehensive pre-drilling baseline sampling program of potable water wells and some privately owned springs and ponds used for livestock, agriculture or recreational purposes. We extended our sampling radius to 5,000 feet, significantly exceeding the DRBC's proposed minimum sampling radius of 1,000 to 2,000 feet, to establish ground water quality in a representative number of freshwater sources. We hired consultants to coordinate with property owners to collect water samples which were then analyzed for more than 70 water quality parameters by PADEP certified laboratories. The analytical results were provided to the property owners along with state and federal guidance to assist in interpretation. We also performed baseline soil sampling prior to well pad construction to understand existing soil conditions and incorporate appropriate soil handling and erosion controls into the construction process, although those steps were not regulatory requirements.

During 2010 we met with four service companies providing hydraulic fracturing services in the Marcellus Shale to identify with each the most environmentally preferable frac fluid systems and to voice our support for disclosure of the frac fluid chemicals. We attended conferences and monitored the development of more environmentally favorable frac fluid additives and technological advancements for frac fluid flowback recycling and reuse. We are working with our vendors on public disclosure of well-specific hydraulic frac fluid chemical composition and volume data.



Drilling Platform, Australia

Biodiversity

Some of our operations are located in sensitive environments where the protection of migratory and local animal and plant life is an important consideration. Hess Policy sets forth the commitment of the company and its subsidiaries to identify, assess and manage the environmental risk and impact of existing and planned operations. Biodiversity is included in the scope of high level risk assessments, environmental hazard identification and impact assessments for major new projects and acquisitions, as well as other stages of the business life cycle.

Upstream Operations

Hess E&P conducts environmental and social/socio-economic impact assessments (ESIAs) in accordance with best practices and country specific laws and regulations. In locations where an ESIA is not mandated, E&P's EHS&SR management system framework and EHS&SR Risk Management Key Process require that risk screening and impact assessment be carried out for proposed exploration, drilling and development programs and at the conceptual design stage for major new projects.

The EHS&SR Impact Assessment Recommended Practice provides guidance on fulfilling applicable Risk Management Key Process requirements. The practice describes recommended approaches, based on industry best practices and internationally accepted standards such as those developed by the International Finance Corporation to identify, assess and manage potential environmental and social/socioeconomic impacts. The findings are considered in final site selection and project design and carried through into environmental and social management plans.

ESIAs are performed for Hess by experienced third-party consultants and include biodiversity baseline surveys and screening of plants and animals against the International Union for Conservation of Nature (IUCN) Red List, as well as local and national threatened and endangered species lists. The best available guidelines and tools are utilized, such as those developed by the Energy and Biodiversity Initiative, the Wildlife Conservation Society, the IUCN and the International Petroleum Industry Environmental Conservation Association (IPIECA).

For offshore activities, we follow Joint Nature Conservation Committee Guidelines (JNCC) for minimizing acoustic disturbances to marine mammals and we employ JNCC certified Marine Mammal Observers when conducting seismic surveys. We have also used electromagnetic surveys which have less of an impact on marine mammals than seismic surveys.

No Hess asset is within an IUCN protected area with the exception of the Sinphuhorm Natural Gas Field in northeastern Thailand. Some of the operation's wellheads and gas gathering lines are within the northern boundary of the Phu Kao-Phu Phan Kham National Park which is classified as an IUCN Category V protected area.

In 2010 Hess E&P conducted a biodiversity screening study prior to drilling an offshore exploration well in the North Red Sea Block of Egypt. The IUCN Red List of the Egyptian Red Sea includes 16 near-threatened and one vulnerable fish species, the endangered fin whale and two species of hammerhead shark, two species of endangered sea turtles and three species of critically endangered sea turtles. The study included the entire Red Sea and Egypt's offshore, coastal zone and coastal desert environments. No impact to sensitive habitats was identified.

During the year Hess E&P also commissioned third-party environmental screening, including identification of ecological and biodiversity issues, for newly acquired oil and gas lease holdings in North Dakota. As a result of the screening we learned that a small percentage of lease holdings are within state designated wildlife action plan focus areas. These represent unique and rare natural community types or habitats considered of high importance to species identified as conservation priorities. Less than 1 percent of lease areas were on state owned land containing or in proximity to sensitive habitats included in greater sage-grouse management plans and conservation strategies. In the event Hess moves ahead with oil and gas activities on these leases, measures to minimize and mitigate adverse impacts will be determined in consultation with state agencies responsible for wildlife and habitat conservation and management.

Downstream operations

For existing refining and terminal operations in the Eastern U.S. and the Caribbean, emergency and oil spill response plans include lists of federal and state listed endangered, threatened and vulnerable species of plants and animals. Facility specific mapping of vulnerable receptors and

sensitive ecosystems was performed and results were incorporated into spill protection and response scenarios and action plans.

Some of these operations are involved in initiatives to protect and restore local ecosystems and threatened and endangered species. The Chesapeake Terminal and corporate site remediation staff are active members of the multi-stakeholder Elizabeth River Project which is striving to restore that river's ecosystem. Our HOVENSA joint venture refinery maintains wildlife rescue equipment and assists federal and territorial natural resource agencies in monitoring, protecting and rescuing wildlife. The refinery also preserves and protects Least Tern nesting grounds on plant property and supports local conservation efforts for Hawksbill, Leatherback and Green sea turtles.

IUCN Red List

Corporate EHS&SR maintains a list of IUCN Red List species compiled from environmental due diligence, screening and impact assessment reports conducted on behalf of Hess. More than half of the critically endangered and endangered species on this list are sea turtles common to tropic and subtropic regions, including some offshore and coastal areas in the vicinity of Hess project areas or operations.

IUCN Category	Number of Species
Critically Endangered	4
Endangered	5
Vulnerable	4
Near Threatened	22

Material Use

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, freshwater 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 packaging material.

Spills

Hydrocarbon spills

In 2010 the total number of oil spills decreased 13 percent, from 122 spills in 2009 to 106 in 2010. Half of these spills occurred in our retail operations.

While our 2010 spill volume of 403 barrels was low by industry standards, it was 30 percent higher than the 2009 spill volume of 306 barrels. Ninety percent of the volume spilled was in upstream operations.

There were two oil spills greater than 50 barrels; these spills occurred in the North Dakota operation due to line leaks. These two spills accounted for half of the company's 2010 spill volume. Interim oil recovery efforts were undertaken for the first spill pending a delineation report and remediation and a recovery system was installed to recover oil from the second spill.

Typical industry practice is to report oil spills to land that are in excess of one barrel (42 U.S. gallons). However, our downstream operation records and reports spills to land of five gallons or more. As a result, the number of oil spills that occur in our operations may appear higher than other companies in our sector because 56 of our 106 oil spills (53%) were land spills of less than one barrel.

Non-hydrocarbon spills

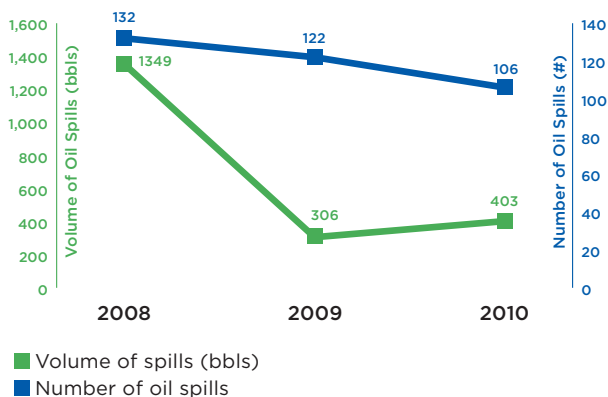
In 2010 there were 44 non-hydrocarbon spills and nine oil/water mixture spills that were also tracked in the hydrocarbon spill category. All of the spills occurred in our upstream operations; 78 percent of the spills were produced water and 13 percent were aqueous drilling and cementing fluids. These totaled 1,574 barrels of non-hydrocarbon fluid, which included one spill of 944 barrels of produced water that was related to a produced water injection line leak at SonaHess (Algeria.)

Fifty-one of the spills were to land, totaling 1,570 barrels of fluid. These accounted for essentially all of the volume spilled. Three spills totaling four barrels entered surface water. These amounted to 0.3 percent of spill volume.

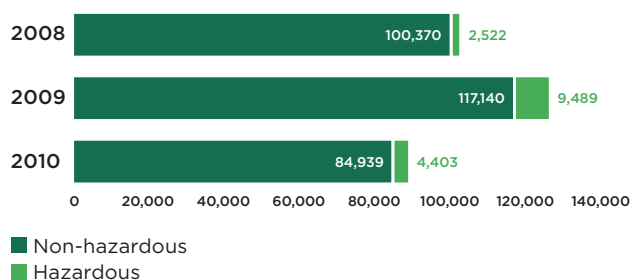
Waste

Approximately 90,000 metric tons of solid waste was generated in 2010, a 29 percent decrease from 2009. Ninety-five percent of the waste generated by our operations was classified as non-hazardous and 47 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 for reuse or was recycled in cement plants, and spent acid was regenerated for reuse. No

Oil Spills



Waste Generation (Metric Tons)



waste considered hazardous under the terms of the Basel Convention was exported from our operations.

Air Emissions – Criteria Pollutants

Air emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) result from fuel combustion, process operations and flaring activities. Volatile organic compounds (VOCs) are emitted during product loading and storage and fuel dispensing. Normalized NOx and SOx emissions increased 15 percent and 6 percent respectively between 2009 and 2010. Normalized VOC emissions decreased 17 percent while absolute VOC emissions decreased more than 6 million tonnes, primarily as a result of the installation of vapor recovery units on oil storage tanks in our North Dakota Production operations.

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 1 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 2010.

Discharges

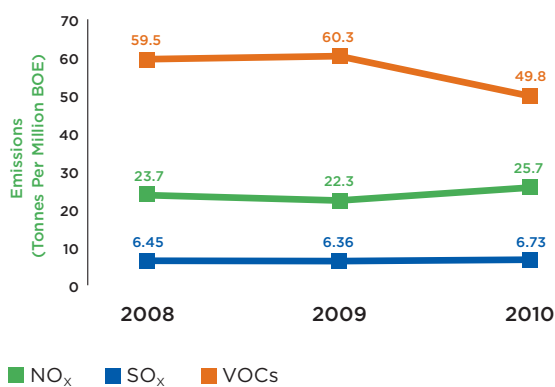
Discharges in our operations include stormwater runoff and wastewater effluent associated with our upstream and downstream operations. Discharges also include produced water, drill cuttings and drilling fluids generated during upstream operations. Discharges associated with offshore exploration and production include drilling mud, drill cuttings and produced water.

Offshore Discharges

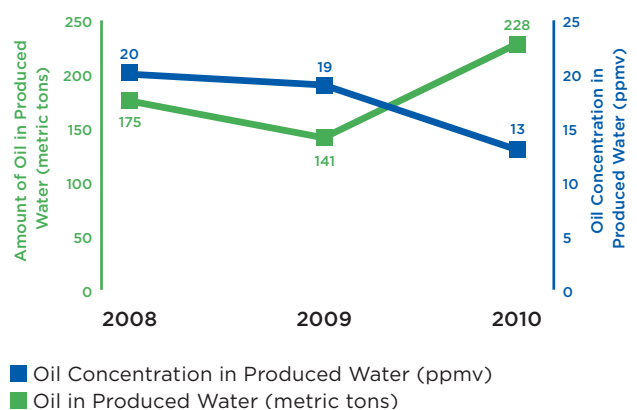
In 2010 approximately 19,000 barrels of drill cuttings and 48,000 barrels of drilling mud were discharged from offshore facilities, a decrease of approximately 30 percent from the year before, due mainly to the Gulf of Mexico drilling moratorium. The discharged mud and cuttings contained approximately 83 metric tons of oil, a decrease of more than 80 percent from the previous year.

Offshore produced water discharges more than doubled over 2009, from 8.6 million cubic meters to 20.4 million cubic meters. The increase was mainly attributed to higher volumes from Indonesia production due to inclusion of wet gas scrubber water in that operation’s produced water discharges. The average oil content in total offshore produced water discharges was 13 parts per million (ppm), more than 50 percent below the accepted regulatory limit of 30 to 40 ppm. The discharged produced water contained 228 metric tons of oil, 91 percent of which was from Equatorial Guinea, North Sea, and Indonesia operations.

Criteria Pollutants Normalized



Oil in Produced Water Discharges to Sea



Onshore Discharges

In the U.S., onshore discharges include stormwater and process wastewater permitted under the federal National Pollutant Discharge Elimination System (NPDES). In downstream operations, the Port Reading refining facility discharged 611,591 cubic meters of treated wastewater; overall, 99.9 percent of terminal and refinery discharge samples were within permit specifications. In upstream operations, 98.5 percent of gas plant stormwater discharge samples were within NPDES permit limits. Upstream operations also generated approximately 20.2 million cubic meters of produced water, of which 55 percent was reinjected for reservoir management and 45 percent was reinjected for disposal. No produced water onshore was discharged to surface water.

Port Reading Wastewater Emissions (Metric Tons)

	2008	2009	2010
Biochemical oxygen demand (BOD)	7.4	36.9	7.4
Suspended solids	5.8	41.2	11.2
Hydrocarbons	4.6	4.8	4.6

Legal Proceedings

Information regarding legal proceedings and legacy liabilities that pertain to the company's wholly owned and joint venture operations is available in the company's SEC Forms 10-K and 10-Q. The status of these legal matters as of the end of 2010 is detailed in Item 3 of the SEC Form 10-K, which is available to the public on our Web site, www.hess.com/investors.

Environmental Expenditures

We remediate sites that have been impacted by our activities, including former or current gas stations, terminals, refineries and onshore exploration and production facilities.

Hess accrues for environmental assessment and remediation expenses when the future costs are probable and reasonably estimable. As described in Item 7 of the company's 2010 SEC Form 10-K filing, at the end of 2010 Hess held a reserve of \$55 million for estimated environmental liabilities, which is expected to be more than sufficient to assess and remediate all known impacted sites.

Environmental assessment and remediation expenditures in 2010 were \$13 million. In 2010 capital expenditures related to compliance with federal, state and local environmental standards at Hess operated facilities were not material to the company.



Chesapeake River Remediation Project

Regulatory Compliance

We paid approximately \$88,000 in environmental fines and penalties in 2010. Our retail operations accounted for 94 percent of these fines, primarily related to issues associated with underground storage tank systems. The remaining fines were paid by terminal operations for a release to water during a barge pan overflow incident and issues associated with aboveground storage tank inspections.

HOVENSA Environmental Performance

Freshwater

HOVENSA meets most of its process and potable water needs through onsite desalination of sea water. HOVENSA used 5.6 million cubic meters of desalinated sea water, accounting for 93 percent of total freshwater usage. The refinery withdrew approximately 400,000 cubic meters of groundwater in 2010, a decrease of 7 percent from the year before.

Freshwater Use (Cubic Meters)

	Desalinated Water	Groundwater
2008	6,400,401	505,418
2009	5,532,007	439,156
2010	5,550,902	407,605

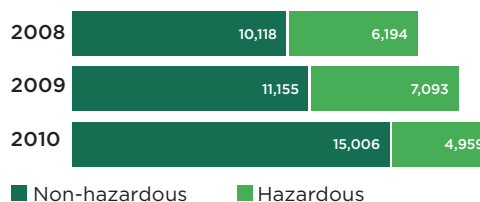
Spills

There were 46 hydrocarbon spills at HOVENSA in 2010, 38 of which were less than a barrel. Our downstream operations, including HOVENSA, record and report on spills to land of five gallons or greater. As a result, the number of oil spills that occur in our operations may appear higher than other companies in our sector, which often report spills in excess of one barrel. The total amount of oil spilled was 29 barrels. Spills to water accounted for 11 percent of the spills and 14 percent of the spill volume. In addition, there were eight non-hydrocarbon spills totaling 38 barrels, seven of which were to land and one spill of less than one barrel was to water. One spill resulting from a caustic line leak totaled 36 barrels and accounted for 93 percent of the non-hydrocarbon spill volume. The area was roped off, sewers secured, and the line isolated until the leak was repaired.

Waste

Approximately 20,000 metric tons of waste was generated in 2010, of which 75 percent was non-hazardous. Although total waste generation increased by 9 percent compared to 2009, hazardous waste generation decreased 30 percent. More than half of the total waste stream was reused or recycled.

HOVENSA Waste Generation (Metric Tons)



Wastewater

The refinery discharged 3.5 million cubic meters of treated wastewater in 2010. Overall, 99.9 percent of the discharge samples were within permit specifications.

Wastewater Discharges (Metric Tons)

	2008	2009	2010
Biochemical oxygen demand (BOD)	112.9	25.8	35.9
Suspended solids	266.5	221.1	128.6
Oil and grease	30.0	18.5	21.3

Petroleum Refinery Initiative Consent Decree

The U.S. Environmental Protection Agency (EPA) National Petroleum Refinery Initiative, a federal effort to reduce petroleum refinery air emissions, has resulted in 28 settlements with U.S. companies that account for more than 90 percent of domestic petroleum refining capacity. The first settlements took place in 2001 and have resulted in investment in new and upgraded air emissions controls of more than \$6 billion, civil penalties in excess of \$80 million and supplemental environmental projects of more than \$75 million. On January 26, 2011, HOVENSA agreed to pay a \$5.4 million civil penalty, spend more than \$700 million over a period of eight years in air emissions reduction projects and an additional \$4.9 million for supplemental environmental projects in the U.S. Virgin Islands.

PRODUCTS AND SERVICES



As a global independent energy company we provide customers with refined petroleum products, natural gas and electricity. We are committed to providing our customers with a broad range of energy products that will meet their needs while transitioning to a lower carbon economy.

Management Approach

Hess provides customers and consumers with energy related products and services including natural gas, refined petroleum products and electricity.

Domestic initiatives to transition to a lower carbon economy present us with business and regulatory risks and opportunities. We produce and sell reformulated gasoline and ultra-low sulfur diesel that meet federal standards and are cleaner than conventional fuels. We are also increasing our wholesale sales volumes of biodiesel and bioethanol.

Hess Energy Marketing provides services that can help our energy customers reduce their carbon footprint and become more energy efficient. Nuvera Fuel Cells, a wholly owned Hess subsidiary, conducts applied research and development to improve hydrogen fuel cell durability and efficiency while reducing cost.

We have a dedicated staff that tracks legislative and regulatory developments in each of our business lines. At Hess Energy Marketing, for example, regulatory affairs staff members engage with state utility commissions and regional and independent electricity transmission system operators. We also belong to industry trade associations, such as the Retail Energy Supply Association, the American Petroleum Institute and the

National Petrochemical and Refiners Association which track legislation and regulation and engage with state and federal policymakers.

We comply with applicable federal, state and local requirements for product quality and labeling and share information on the health, safety and environmental impacts of our products with customers and consumers. We do not make unsubstantiated claims in our marketing materials, we respect our customers' right to privacy and we have in place customer service and satisfaction programs that ensure rapid response to concerns and complaints. Our retail gas stations and convenience stores comply with minimum age requirements for tobacco and alcohol sales and are prohibited from selling pornography. No significant fines or penalties were received during the year.

Refined Petroleum Products

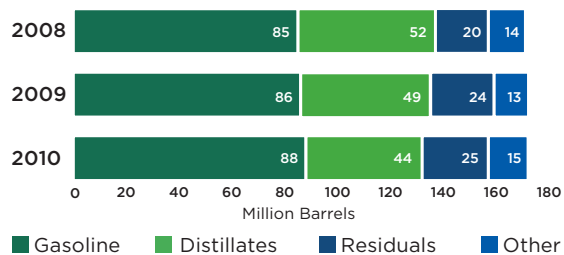
Our principal refined petroleum products are reformulated and conventional gasoline, ultra-low sulfur diesel fuel and heating oil. The lifecycle impacts of petroleum products have been well documented by industry, government agencies and the scientific community. Through our membership in industry trade associations and our involvement with the International Petroleum Industry Environmental Conservation Association, we stay informed



Hess Fuel Oil Delivery, New York City

of lifecycle assessment results regarding conventional, reformulated and renewable fuels and fuel blends. The main environmental emissions and health related impacts associated with our products occur during product use. The vast majority of our products are handled in bulk throughout the product lifecycle and no packaging materials are needed.

Refined Petroleum Product Sales (Million Barrels)



Tanks for refined product storage at our terminals and refineries are labeled and placarded. Petroleum products sold at our retail stations are labeled at point-of-sale in accordance with applicable regulatory requirements.

Each of our products has a Material Safety Data Sheet (MSDS) that provides information on chemical, physical and toxicological characteristics, safe handling and spill and emergency response measures. Each retail, terminal and refinery operating location maintains product MSDSs; these are also available through Hess Retail and Energy Marketing customer service departments and at www.hess.com/sustainability/msds.

Transportation fuels

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 emissions from diesel-powered vehicles. Compared with 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).

The Port Reading refining facility's production of RFG increased from 40 percent in 2006 to 90 percent of total gasoline production in 2010. At our HOVENSA joint venture refinery, 42 percent of gasoline production was RFG with the remaining conventional gasoline shipped to the U.S. East and Gulf coasts and Puerto Rico. HOVENSA also makes 100 percent ULSD. Hess branded retail stations sold 164 million gallons of diesel fuel, all of which was ULSD. RFG sales volumes were approximately 1 billion gallons and represented 50 percent of total gasoline sales. Supply, Trading and Terminals sold more than 1 million gallons of biodiesel, a more than four fold increase from 2009. We estimate that in 2011 we will increase biodiesel sales more than five fold compared to 2010.

Ethanol is the primary designated renewable fuel under the RFS program. Hess Marketing and Refining has gone through a system wide conversion in its terminals and retail stores to provide wholesale and retail customers with ethanol blended fuel. Domestically produced ethanol from corn dominates the market supply that Hess and other petroleum retailers rely on to meet federal renewable fuel mandates. Hess welcomes efforts by industry and government to advance cost competitive cellulosic ethanol and advanced biofuels that can be produced from non-food crops; however, commercial volumes are not yet available to meet either current or increasing future demand.

Hess is one of many oil and gas companies that has been party to resolved and ongoing lawsuits and claims related to historic MTBE use as disclosed in our annual SEC Form 10-K filing. The company no longer makes or sells gasoline that contains MTBE.



Museum of Fine Arts, Boston, Hess Energy Marketing Customer

Energy Marketing

Hess Energy Marketing, headquartered in Woodbridge, N.J., is active in retail and wholesale energy markets and well established as the leading energy supplier to commercial and industrial businesses on the U.S. East Coast. Small business services were added in 2009, bringing our total customer base to more than 21,000.

Sales volumes for the year increased 1 percent for natural gas, 4 percent for electricity and remained steady for oil. Based on cost considerations and regulatory drivers for improved air quality, we expect to increase sales of natural gas, while reducing sales of No. 6 and No. 4 heating oil, including an eventual phase out to New York City customers due to new air emissions regulations associated with PlaNYC 2030. We have identified new business opportunities helping customers comply with PlaNYC 2030 air quality and energy efficiency initiatives, including energy efficiency and savings projects and conversion of legacy oil services to natural gas coupled with long term commodity contracts.

Hess “Green Suite”

Since 2008 Hess Energy Solutions has offered customers a “Green Suite” of products and services, including Hess C-Neutral, Demand Response and Green-e certified renewable energy certificates (RECs). Customers can offset their carbon emissions, temporarily reduce their energy use during peak energy use periods and support the development of U.S. renewable energy through the purchase of RECs.

We provide turnkey opportunities for our clients to participate in demand response and other load management programs. We work with our clients to provide engineering studies, determine curtailment plans, facilitate enrollments and provide payments for their membership in demand response programs. Our customers can access our proprietary Web based program, Hess PowerPort, which enables them to track their energy use, access performance reports and view payment history.

We have enrolled more than 500 customers in Demand Response programs throughout New York, New England and the Mid-Atlantic region. Hess' portfolio accounts for nearly 500 megawatts of demand response, up from 400 megawatts in 2009, producing income for our customers while simultaneously improving grid reliability and reducing the need for more costly generation. We also provide opportunity for our demand customers in the capacity, energy (day-ahead and real-time) and ancillary markets (synchronous reserves). We continue to expand our product line to adapt to the changing needs of the market and our customers.

In 2010 we purchased and retired 485,682 voluntary RECs for our customers. In addition we purchased 140,000 RECs for our company to offset 11 percent of our net purchased electricity. We also purchased and retired 1,895,333 compliance RECs to meet compliance requirements related to our overall electricity sales.

Electricity Operations

Energy Marketing also provides asset management services to wholesale power generators. Under power purchase agreements totaling more than 1,600 megawatts, Hess assists independent generators with all commercial activities. These assets are used for baseload, mid-merit and peaking duties and use a variety of conventional, alternative and renewable fuel sources including natural gas, biomass and hydropower. We have partnered with several of our industrial customers with cogeneration assets to export excess power to the grid.

In 2010 construction began in New Jersey on the Bayonne Energy Center (BEC), a 512-megawatt, natural gas fueled electric power plant jointly owned by Hess Corporation and Arclight Capital Partners. The BEC, located on a brownfields site adjacent to our Bayonne oil products terminal, will be one of the most efficient and modern combustion turbines in the New York City

metropolitan area. 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. Once operational in 2012, the facility will generate enough electricity to power approximately 500,000 homes in the New York City area and is expected to displace older and less efficient generating assets in the dispatch order.

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 applied research and development (R&D) and commercialization of key hydrogen energy technologies, including hydrogen fuel cells that produce electricity and steam methane reformers that produce hydrogen from natural gas.

Nuvera received a \$1.1 million grant from the American Recovery and Reinvestment Act for fuel cell commercialization in the material handling industry. The grant was used to deploy 14 fuel cell hybrid systems and a hydrogen refueling station at a large Texas based supermarket distribution center in 2009. Nuvera previously installed fuel cell/battery hybrid units in a fleet of 20 forklifts being used to service the U.S. Defense Logistics Agency (DLA) and in late 2010 installed an additional 18 units at the DLA site. These projects are being evaluated for lifecycle cost projections, productivity gains and overall environmental benefits.

Nuvera conducts its fuel cell R&D with partners that include the U.S. Department of Energy's (DOE) National Energy Laboratories, other companies and academic institutions. In 2010 Nuvera continued its research on improving fuel cell durability and the efficiency of fuel cell stack technology meeting DOE cost and durability targets with \$8.4 million in funding from the DOE's Office of Energy Efficient and Renewable Energy.

Customers and Consumers

We are committed to customer satisfaction and privacy, truth in advertising and compliance with applicable laws and regulations.

Customer service and satisfaction

Within Hess Energy Marketing, retail and wholesale customers are assigned account managers to support and assist them. In our retail operations customers can speak directly with store managers. Customers with concerns, complaints or compliments can also contact our retail and energy marketing service departments via dedicated telephone lines, Web site links and e-mail. Customer issues are logged and tracked to final resolution. We also conduct formal customer satisfaction surveys,

benchmark the results and determine actions to improve our customer satisfaction scores.

Customer privacy

The most significant customer privacy issues are payment card security for retail and internet privacy for Hess Energy Marketing. Hess dedicates significant resources 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 non-compliance with customer privacy or data loss.



HESS EXPRESS, Clearwater, Florida

PERFORMANCE DATA

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

	UNITS	2010	2009	2008
ECONOMIC CONTRIBUTIONS				
Capital and exploration expenditures	\$ Million	5,855	3,245	4,828
Income Taxes, royalties and other payments to governments	\$ Million	2,715	1,129	3,231
Cash dividends paid to shareholders	\$ Million	131	131	130
Employee wages and benefits (U.S.)	\$ Million	992	794	720
Interest paid to lenders and holders of debt securities	\$ Million	361	360	266
Recordable supplier spend (U.S.)	\$ Million	2,407	2,451	2,345
COMMUNITY AND SOCIAL PERFORMANCE				
Total social investment	\$ Million	18	13	21
Education	%	34	13	49
Health	%	12	23	12
Disaster relief	%	9	8	15
Community contributions (non-in-kind)	%	19	29	18
In-kind	%	18	25	6
Arts and culture	%	7	—	—
Environment	%	1	2	<1
GLOBAL WORKFORCE				
Number of employees	#	12,587	12,229	12,432
International employees	%	9	9	9
Hourly paid employees (U.S.)	%	63	61	66
Part-time employees (U.S.)	%	27	24	26
Employees represented by independent trade unions (U.S.)	%	8.7	9.0	7.5
Employee turnover - voluntary (excluding Retail hourly)	%	5.4	4.5	7.3
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
Board members in the "50 and above" age group	%	100	100	100
Female employees (U.S. and International)	%	40	40	40
Executives and senior officers	%	4	6	7
Managers and professionals	%	32	37	40
Minority employees (U.S.)	%	36	36	37
Executives and senior officers	%	7	7	7
Managers and professionals	%	25	27	26
Technical and personal training and development spend (U.S.)	\$ Million	12	11	13
Training per year per management/professional employee	Average hrs	25	25	25
Training per year per hourly retail employee	Average hrs	14	14	12
Employees receiving performance reviews (excluding retail hourly)	%	100	100	100
SAFETY PERFORMANCE – WORKFORCE (EMPLOYEES + CONTRACTORS)				
Fatalities - Employees + Contractors	#	0	0	1
Hours worked	Million hours	48	45	47
Recordable Incident Rate – Employees	per 200,000 hrs worked	0.80	0.82	1.11
Recordable Incident Rate – Contractors	per 200,000 hrs worked	0.46	0.43	0.68
Recordable Incident Rate – Workforce (Employee + Contractor)**	per 200,000 hrs worked	0.62	0.64	0.89
Lost Work Time Incident Rate – Employees	per 200,000 hrs worked	0.25	0.30	0.37
Lost Work Time Incident Rate – Contractors	per 200,000 hrs worked	0.09	0.14	0.15
Lost Work Time Incident Rate – Workforce	per 200,000 hrs worked	0.17	0.22	0.26
Lost Work Time Incident Rate – Workforce	per 1,000,000 hrs worked	0.85	1.10	1.30

	UNITS	2010	2009	2008
ENVIRONMENTAL PERFORMANCE				
Gross operated hydrocarbon production/throughput (normalization factor)	000 BOE/D	1,345	1,392	1,333
Net hydrocarbon production and net refinery throughput	000 BOE/D	668	672	665
ENERGY USE				
Direct energy use	000 GigaJoules	45,904	46,126	43,295
Indirect energy use (gross)	000 GigaJoules	12,516	10,584	9,110
Indirect energy use (net)	000 GigaJoules	4,323	3,655	3,146
Production energy intensity	GigaJoules/tonne	0.88	0.83	0.79
Green-e certified renewable energy certificates (wind power)	000 MWh	140	100	100
GREENHOUSE GAS EMISSIONS				
Operated direct CO ₂ e emissions (Scope 1)	Million Tonnes	6.7	8.5	10.7
CO ₂ emissions	Million Tonnes	6.4	8.0	10.1
Methane emissions	Million Tonnes CO ₂ e	0.3	0.5	0.6
Operated indirect CO ₂ e emissions (Scope 2)	Million Tonnes	0.8	0.6	0.6
Total Net Equity Emissions	Million Tonnes	9.0	9.5	10.8
Net equity carbon intensity (Scope 1 and 2)	Millions Tonnes/BOE	37.1	38.8	44.4
Product end-use emissions (Scope 3)	Million Tonnes	40.2	45.8	47.2
Other Scope 3 emissions	Thousand Tonnes	109.0	100.7	NR
FRESHWATER USE				
Groundwater*	Million m ³	6.7	6.7	6.0
Municipal	Million m ³	3.7	3.9	2.6
Surface water	Million m ³	0.04	0.04	0.06
AIR EMISSIONS - CRITERIA POLLUTANTS				
Sulfur oxides (SOx)	Tonnes	3,302	3,233	3,149
SOx Intensity	Tonnes/Million BOE	6.7	6.4	6.5
Nitrogen oxides (NOx)	Tonnes	12,606	11,353	11,581
NOx Intensity	Tons/100,000 BOE	25.7	22.3	23.7
Volatile organic compounds (VOC)	Tonnes	24,444	30,631	29,031
VOC Intensity	Tonnes/100,000 BOE	49.8	60.3	59.5
EXPLORATION & PRODUCTION DISCHARGES				
Oil in produced water to sea	Tonnes	228	141	175
Oil in produced water to sea	ppmv	13	19	20
Produced water to sea	Million cubic meters	20.4	8.6	10.2
Produced water reinjected	Million cubic meters	20.2	18.4	15.5
US CLEAN WATER ACT DISCHARGES - PORT READING REFINERY				
Biochemical oxygen demand (BOD)	Tonnes	7.4	36.9	7.4
Suspended solids	Tonnes	11.2	41.2	5.8
Total Petroleum Hydrocarbons	Tonnes	4.6	4.8	4.6
WASTE				
Non-hazardous waste	000 Tonnes	84.9	117.1	100.4
Recovery/Reuse/recycle	%	49	56	60
Treatment/disposal/incineration	%	51	44	40
Hazardous waste	000 Tonnes	4.4	9.5	2.5
Recovery/reuse/recycle	%	4	3	16
Treatment/disposal	%	76	95	75
Incineration/energy recovery	%	20	2	9
Basel Convention (recovery/reuse/recycle)	Tonnes	0	0	11
OTHER ENVIRONMENTAL INDICATORS				
ISO 14001-certified operations	% of production	12	14	13
ISO 14001-certified operations	#	3	3	3
EHS fines and penalties (environment and safety)	\$ Thousand	96	362	1,188
Remediation expenditures	\$ Million	13	11	11
Environmental reserve	\$ Million	55	55	61

Note:

* 2008 does not include Retail + Terminal freshwater use; 2009 and 2010 do include this information.

**There was one recordable illness in 2010. All other recordable incidents were injury related.

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	2-3, 4-5, 15, 17-18, 24-25, 32-33, 39, 51, 59, 69	●							
ORGANIZATIONAL PROFILE										
2.1-2.9	General information on reporting organization	9-11	●							
2.10	Awards received during reporting period	80	●							
REPORT PARAMETERS										
3.1-3.3, 3.5-3.8	Report period, scope and boundary; materiality determination for content	6-7	●							
3.4	Contact point for questions regarding report	7, IBC	●							
3.9	Data measurement techniques and basis of calculations	7, 37, 45, 53-55, 59-60, 64-66, 79	●							
3.10, 3.11	Explanation of restatements and significant changes	7	●							
3.12	GRI content index	76-78	●							
3.13	External assurance	79	●							
GOVERNANCE										
4.1-4.7, 4.9-4.10	Information on highest governance body	13, 15	●							
4.8	Internal values, codes of conduct, and principles	13-14, 16-19	●							
4.11	The precautionary approach	59	●	7						
4.12	Externally-subscribed or endorsed voluntary initiatives	2-3, 18, 27	●							
4.13	Key memberships and associations	80	●							
4.14-4.17	Stakeholders, types of engagement, key topics and concerns	19-22, 40, 27-33, 48	●							
ECONOMIC INDICATORS										
EC	Disclosure on management approach to economic performance	2-3, 9, 27	●							
	Disclosure on management approach to market presence	9-11, 69	●							
	Disclosure on management approach to indirect economic impacts	27	●							
EC1	Direct economic value	21	●			ECO-1 – ECO-A3, SOC-A4				
EC2	Financial implications of climate change	51-53	●	7						
EC3	Defined benefit plan obligations	48-49	●							
EC4	Significant financial assistance received from government	21, 72	●							
EC5	Comparison of standard entry level wage with local minimum wage	48, 49	●	1						
EC6	Local supplier spend at significant locations of operation	21	▲			SOC-A3				
EC7	Local hiring at significant locations of operation	45-46	●	6		ECO-3				
EC8	Development and impact of infrastructure investments and services	27-32	●							
EC9	Understanding and describing significant indirect economic impacts	27-32	▲							

GRI INDICATOR	GENERAL DESCRIPTION	PAGE	GRI STATUS	COMPACT PRINCIPLE(S)	IPECA INDICATOR
ENVIRONMENTAL INDICATORS (UN8)					
EN	Disclosure on management approach to environmental aspects	51-52, 59	●	7	
EN1, EN2	Materials used and percentage recycled input materials	63-64	●	9	
EN3, EN4	Direct and indirect energy use by primary source	55-56	●		ENV-5
EN5 - EN7	Energy conservation and efficiency initiatives and improvements	57	●	9	ENV-5 & A8
EN8, EN9	Total water withdrawal by source, significantly affected water sources	59-61, 67	●	9	ENV-A7
EN10	Water recycled and reused	59-61	●	9	
EN11, EN12	Proximity of protected areas/areas of high biodiversity	63	●		
EN13, EN14	Habitats protected or restored and management of biodiversity impacts	62-63	●	7	ENV-A9
EN15	Number of IUCN Red List and national conservation list species	63	●		
EN16, EN17	Total direct and indirect and other relevant greenhouse gas emissions	53-55	●		ENV-3 & 4
EN18	Greenhouse gas reduction initiatives and results	51-53	●	7, 9	
EN19	Emissions of ozone-depleting substances	65	▲		
EN20	NOx, SOx, and other significant air emissions	65	●		ENV-A6
EN21	Total water discharge by quality and destination	65-67	●		ENV-2 & A2
EN22	Total weight of waste by type and disposal method	64-65, 67	●		ENV-A3, A4 & A5
EN23	Total number and volume of significant spills	64, 67	●		ENV-1 & A1
EN24	Basel Convention waste management summary	65	●		
EN25	Biodiversity value of receiving waters for water discharges and runoff	66	●		
EN26	Mitigation of environmental impacts of products and services	69-72	●	7, 8	
EN27	Products sold and packaging reclaimed	63-64, 69-70	●	9	
EN28	Fines, penalties and non-compliances	66-67	●		
EN29	Transportation impacts	55	●		
EN30	Environmental expenditures	66	▲	7, 9	
IPECA ONLY	Environmental management systems	18-19	—	—	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	43	●		
	Disclosure on management approach to occupational health and safety	35	●		
LA1	Total workforce by employment type, contract and region	43-44	●		
LA2	Total number and rate of employee turnover by age group, gender and region	44	▲	6	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	48-49	●		
LA4	Percentage of employees covered by collective bargaining agreements	49	●	1, 3	
LA5	Minimum notice period of significant operational changes	49	●	3	
LA6	Percentage of total workforce represented in joint safety committees	40	▲	1	H&S-2
LA7	Injury, occupational illness, lost days, absenteeism and fatalities by region	36-39	●	1	H&S-4
LA8	Programs to assist workforce, their families and communities with serious diseases	48-49	●	1	H&S-3
LA9	Health and safety topics covered in collective bargaining agreements	40	●		
LA10	Average hours of training per employee by employee category	46	●		SOC-5
LA11	Programs for skills management, lifelong learning, career endings	46-47	●		
LA12	Percent employees receiving regular performance and development reviews	46	●		
LA13	Governing bodies and employees by category according to diversity indicators	44	●	1, 6	SOC-4
LA14	Ratio of basic salary of women to men by employee category	48-49	▲	1, 6	
IPECA ONLY	Health and safety management systems	18-19	—	—	H&S-1
IPECA ONLY	Employee satisfaction	48	—	—	SOC-A2
IPECA ONLY	Non-retaliation and grievance system	17-18	—	—	SOC-6

GRI INDICATOR	GENERAL DESCRIPTION	PAGE	GRI STATUS	COMPACT PRINCIPLE(S)	IPECA INDICATOR
HUMAN RIGHTS					
HR	Disclosure on management approach to human rights aspects	27, 32	●		
HR1	Significant investment agreements that include or are screened for human rights	32-33	▲	1-6	
HR2	Significant suppliers/contractors screened for human rights	21	▲	1-6	
HR3	Employee training on policies and procedures concerning human rights	33	▲	1-6	
HR4	Total number of incidents of discrimination and actions taken	45	●	1, 2, 6	
HR5	Operations at risk re: freedom of association and collective bargaining	49	●	1, 2, 3	
HR6	Operations at risk re: child labor	33	●	1, 2, 5	
HR7	Operations at risk re: forced and compulsory labor	33	●	1, 2, 4	
HR8	Security personnel trained on human rights	33	▲	1, 2	
HR9	Violations of indigenous peoples' rights	33	●	1, 2	
SOCIETY					
SO	Disclosure on management approach to corruption, public policy, anti-competitive behavior and compliance	13, 15, 17-18	●	10	
	Disclosure on management approach to community	27, 33	●		
SO1	Programs and practices that assess and manage impacts of operations on communities	27, 32, 59, 61	●		SOC-A7, SOC-8
SO2	Business units analyzed for risks related to corruption	13	●	10	
SO3	Employees trained in anti-corruption policies and procedures	17	▲	10	
SO4	Actions taken in response to incidents of corruption	17-18	●	10	
SO5	Public policy positions/participation in public policy development and lobbying	18, 51, 69	●	1-10	SOC-A1
SO6	Political contributions	15	●	10	SOC-3
SO7	Legal actions for anti-competitive behavior and outcomes	17	●		
SO8	Fines and penalties for non-compliance with laws and regulations	17	●		
IPECA ONLY	Bribery and corruption, transparency of payment	13, 17-18	—	—	SOC-2, ECO-A1
IPECA ONLY	External capacity building	27, 32	—	—	SOC-A5
PRODUCT RESPONSIBILITY					
PR	Disclosure on management approach to product responsibility	69	●		
PR1	Lifecycle assessment for health and safety impacts of products/services	69-70	●	1	
PR2	Non-compliances with health and safety impact requirements for products/services	69	●	1	
PR3	Product and service labeling requirements for significant products	69-70	●	8	
PR4	Non-compliances with product and service labeling requirements	69	●	8	
PR5	Customer satisfaction practices	73	●		
PR6	Marketing communications compliance programs	69	●		
PR7	Non-compliance with marketing communications regulations/voluntary codes	69	●		
PR8	Substantiated customer privacy complaints and data loss	73	●	1	
PR9	Fines for non-compliance with laws and regulations re: products and services	69	●		

Note: Performance data is also available on p. 74-75.

ASSURANCE STATEMENT



Scope and Objectives

ERM Certification & Verification Services (ERM CVS) was commissioned by Hess Corporation to undertake verification of its 2010 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.

Respective Responsibilities & Independence

Hess Corporation is responsible for preparing the Report and the information contained within it.

ERM CVS, responsible for reporting to Hess Corporation on its assurance conclusions, is a member of the ERM Group. This is the ninth 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.

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.

Between February and April 2011 we undertook a series of activities, including:

- Visits to the following operations to review activities and verify data and data management processes at reporting units; Exploration and Production operations at the Sea Robin Gas Plant, Louisiana, U.S.A, North Dakota drilling and production operations; and Marketing and Refining (M&R) operations at the Port Reading refinery in New Jersey, U.S.A; and U.S. oil products storage terminals in Baltimore.

- Discussions with Hess Corporation's leaders who exercise overall business responsibility and those with authority for data and Report content.
- Visits to offices in Houston, Texas, and Woodbridge, New Jersey to assess and review data collection, consolidated data management, data interpretation and internal data assurance processes.

Opinion & Recommendations

Based on the assurance activities undertaken, we conclude that, in all material respects, the information provided and Hess Corporation's assertion that the report meets the requirements of GRI G3 application level A+ are an appropriate presentation of performance during 2010.

In the opinion of ERM CVS, Hess Corporation has continued to improve the quality and 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.

Observations

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:

- Seek to implement consistent methodologies for calculating and capturing GRI/IPIECA performance data where those do not currently exist to improve accuracy and reliability; and
- Support these methodologies with user guidance and training related to data collection requirements; and
- Consistently applying independent data review at the operational level.

We have provided Hess Corporation with a separate, confidential report detailing our assessment of Hess' 2010 Sustainability Report.

Leigh Lloyd, Managing Director

June 2011

ERM Certification and Verification Services, London

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Awards & Recognition

- CDP 2010 Carbon Disclosure Leadership Index
- Maplecroft Climate Innovation Index
- Oekem Prime Status
- Transparency International Revenue Watch – Among top oil and gas companies for anti-corruption reporting and country level revenue transparency
- *Workforce Diversity* magazine's Top 50 Employers List
- *Woman Engineer* magazine's Top 50 Employers list
- Recognized as a Women's Health Week Collaborator by the U.S. Centers for Disease Control and Prevention (CDC)
- Designated a Gold Level Fit Friendly Company by The American Heart Association
- National Safety Council's 2011 List of CEO's Who 'Get It'

Key Memberships & Associations

Hess has leadership or is actively engaged in these key national and international organizations, among others:

- American Petroleum Institute
- Conference Board's Executive Compensation Council
- Corporate Council on Africa
- Council on Employee Benefits
- E27 Group
- International Association of Oil and Gas Producers
- International Emissions Trading Association
- International Petroleum Industry Environmental Conservation Association
- National Petrochemical and Refiners Association
- National Safety Council
- ORC Worldwide Executive Business Issues Forum
- Retail Energy Supply Association
- Society of Petroleum Engineers

Special Note Regarding Forward-Looking Statements

This report contains projections, future estimates, plans, expectations and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect the company's current views with respect to future events and the company's performance. No assurance can be given, however, that these events will occur or that expected results expressed in any forward-looking statement will be achieved, and actual results could differ materially from those expected for a number of reasons, including risk factors affecting the company's business. A discussion of these risk factors is included in the company's annual report of Form 10-K filed with the Securities and Exchange Commission.

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:

174 trees		preserved for the future
503 lbs		waterborne waste not created
73,991 gallons		wastewater flow saved
8,187 lbs		solid waste not generated
16,119 lbs		net greenhouse gases prevented
123,379,200 BTUs		energy not consumed

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

8,183 lbs		air emissions not generated
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Displaces this amount of fossil fuel:

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

Not driving		8,098 miles
Planting		557 trees





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