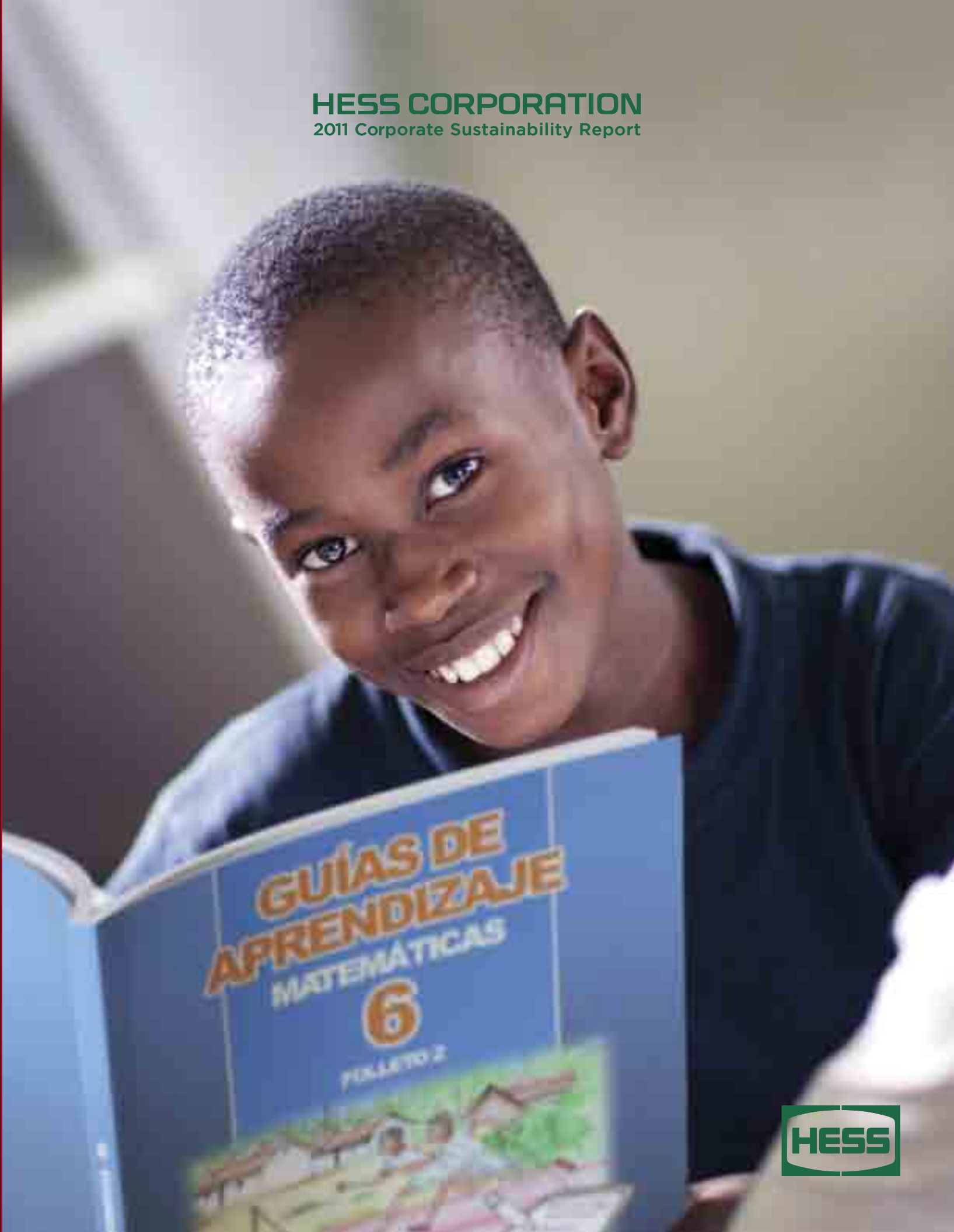
HESS CORPORATION

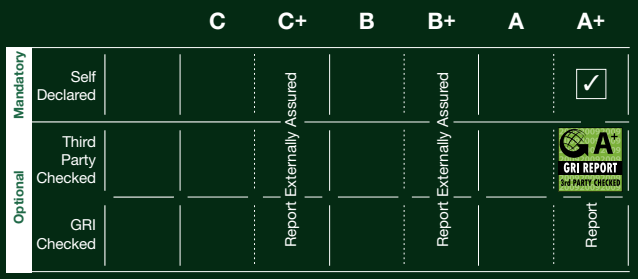
2011 Corporate Sustainability Report



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



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.

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 information presented is a reliable representation of our performance. An ERM CVS verification statement has been included at the end of this report. ERM CVS also provided an opinion on the GRI Application Level.

On the cover: Hess Education Program, Equatorial Guinea

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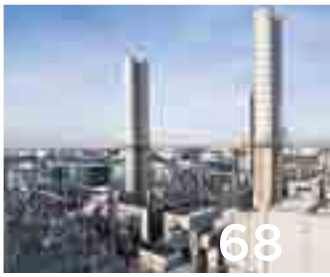


Message From The Chairman

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

Our company continued to make progress during 2011 in our strategy to sustain long term profitable growth while making a positive impact on the communities where we operate. Hess remains 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. We recognize that our performance as a socially responsible company is critical to our license to operate.

Our company holds a long term vision for our future that is based on the Hess Values of Integrity, People, Performance, Value Creation, Social Responsibility and Independent Spirit. These deeply held values, embodied in our Code of Business Conduct and Ethics, guide the way we do business and help us fulfill our purpose of developing trusted partnerships with communities, employees, customers, business partners and investors.

A critical challenge for our company and our industry is that demand for energy is expected to rise significantly in the years ahead. World population is estimated to grow from 7 billion today to 9 billion by 2050, largely in developing countries. With a corresponding increase in living standards, hydrocarbon energy is essential for the betterment of human life and economic development. While renewable energy is needed and should be encouraged to help meet future energy demand and reduce carbon emissions, it currently does not have the scale, timeframe or economics to materially alter the growing demand for hydrocarbons.

Over the past five years, hydraulic fracturing has been applied to shale formations, unlocking vast supplies of natural gas and crude oil. Shale gas, which accounted for approximately 5 percent of the United States' natural gas production five years ago, is now more than 30 percent of the nation's natural gas supply. This growth in supply has significantly lowered the price of natural gas in the United States compared to other parts of the world, providing a material cost advantage for the nation's economy in electricity generation, manufacturing and potentially transportation. It also has the benefit of leaving a much smaller carbon footprint than other forms of hydrocarbon energy. In terms of crude oil, production from shale has grown to more than 1 million barrels per day and is projected to reach an estimated 2 million barrels per day in the next five years, with the potential to reduce crude oil import dependency during this time period to approximately 35 percent from 45 percent today. In the United States, hydraulic fracturing was used in 80 percent of the 44,000 wells drilled last year and has been safely deployed in approximately 1 million wells since 1949. While there are improvements to make in terms of measuring water use and air quality, disclosure of fracturing fluids and utilization of best operating practices, the application of hydraulic fracturing to shale resources offers many nations a unique opportunity to improve their economic growth and energy security in an environmentally responsible way.

We must address climate change in a manner that sustains economic growth and protects the environment. With five percent of the world's population and 20 percent of its energy use, the United States has an obligation to lead globally and to develop an energy policy that lowers demand for oil, encourages more supply through drilling, emphasizes natural gas for electricity generation, invests in research for new forms of energy and sets realistic targets for reductions in carbon emissions. The United States and Europe cannot meet climate change alone. The role of China, which has surpassed the United States in CO_2 emissions, is critical. Transparent and equitable carbon price signals should be given serious consideration once the economy recovers and people get back to work. This would ensure that we use hydrocarbon energy more efficiently and make meaningful reductions in emissions.

Our Performance

Stakeholder expectations are rising for the energy industry to increase transparency, combat corruption, promote human rights,

minimize adverse environmental and socioeconomic impacts, responsibly manage suppliers and provide clean energy products and services. These areas present significant challenges and opportunities to our industry and our business.

Across our entire company, we have engaged in intensive efforts around operational excellence, capital discipline, risk management, innovation, trusted partnerships and the professional development of our people to sustain growth. These initiatives will help us become more efficient and effective with our use of resources.

The global reach of our operations demands our commitment to respect human rights. We maintain a long-standing engagement with the Voluntary Principles on Security and Human Rights, the United Nations Global Compact and the Extractive Industries Transparency Initiative. We also endorse and uphold the international standards set out in the United Nations Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

Hess joined last year with other companies in our industry to identify, learn from and apply lessons from the Macondo tragedy in the Gulf of Mexico and other deepwater spill incidents. We conducted extensive reviews of our technical and management systems for well design, construction and staffing and significantly enhanced our well control response capabilities. With our plan to resume drilling in the Gulf of Mexico in 2012, we worked closely with drilling contractors and blow-out preventer manufacturers to conduct comprehensive risk assessments and implement upgrades and we plan to apply what we have learned to our operations elsewhere in the world. Our participation in the Marine Well Containment Company and the Helix Well Containment Group further strengthens our response capabilities in the Gulf of Mexico.

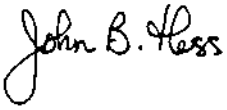
Three years ago, our company established a Climate Change Network to execute a strategy to be a top quartile performer for both our greenhouse gas emissions performance and the quality of our climate change disclosures to stakeholders. In 2011 we achieved a 14 percent GHG intensity reduction against our 2008 baseline and achieved our flare reduction target several years ahead of schedule. We have been recognized by the Carbon Disclosure Project, Bloomberg, Maplecroft and others for communicating openly about our climate change strategy, programs and performance.

Hess invested more than $23 million in social programs around the world in 2011, an increase of more than 25 percent from the previous year. More than two-thirds of our social investment funds were spent in the United States, primarily supporting education and community initiatives. During the year, we announced a five-year $25 million donation to fund “Succeed 2020,” an education project in North Dakota to help students prepare for college, careers and the workplace. In addition, our company recently signed an agreement to build upon our successful primary education partnership with the government of Equatorial Guinea by developing a $50 million Phase 2 program to strengthen secondary education, continue efforts in primary education and vocational training.

For the seventh consecutive year, Hess employee safety performance continued to improve. There were no fatal incidents for employees or contractors. However, contractor safety performance declined last year, driven primarily by the rapid rise in activity in our growing unconventionals business. Plans are in place to significantly improve safety in that portion of our business, and recent data indicate performance is improving.

We advanced our strategy to offer more clean energy solutions to our customers. In Marketing and Refining we significantly expanded our products and services to help customers become more energy efficient and reduce their carbon footprint. We recently completed construction of the natural gas fueled Bayonne Energy Center in New Jersey and are now generating cleaner electricity for New York City. Nuvera Fuel Cells, a wholly owned subsidiary that conducts research and development of hydrogen energy technologies, made advancements in hydrogen generation technology from natural gas and cost effective hydrogen fuel cell efficiency.

We are proud of what we have accomplished this year and aware that significant challenges remain. With the ongoing support of our communities, employees, customers, business partners and investors, 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

Our goal at Hess is to help meet the world's increasing demand for energy and sustain long term profitable growth while incorporating environmental and social considerations into our business decisions. Hess understands that climate change is a global environmental concern with potentially significant consequences for society and the energy industry.

In 2011 we continued to reduce enterprise risk by rebalancing our portfolio to build a global position in unconventional resources while maintaining access to key conventional resources.

A viable option for reducing CO_2 emissions includes replacement of coal fired power plants with natural gas fired ones. Hess has invested in two natural gas fueled power plants in New Jersey. One began operations in mid-2012 and a second plant is proposed. We are also growing our Energy Solutions business to offer customers opportunities to reduce their energy use and greenhouse gas emissions (GHG).

Environment, Health & Safety

Hess has spent considerable effort evaluating our operations after the Macondo incident and will apply what we have learned in the Gulf of Mexico to our worldwide operations in order to reduce the risk of serious safety and environmental incidents.

We have strengthened our environmental and social impact assessment (ESIA) program to screen for risks

		Accomplishments
COMMUNITIES		■ Initiated 5 year, $25 million education project in North Dakota ■ Signed partnership agreement for $50 million secondary education program in Equatorial Guinea
HUMAN RIGHTS		■ Rolled out contract language for suppliers and contractors in E&P that includes expectations regarding respect for human rights ■ Field tested draft human rights training
SAFETY & HEALTH		■ Established Global Hess Rules, formalizing expectations for all employees and contractors around high risk activities ■ Implemented performance indicator system to monitor, manage and improve safety processes that prevent major accidents
GLOBAL WORKFORCE		■ Aligned organization goals and individual objectives to our strategic vision for the year 2020 ■ Reinforced a work environment that fosters continuous learning and development for all employees
CLIMATE CHANGE		■ Reduced GHG intensity 14% (1.3 million tonnes) against 2013 target of 20% ■ Incorporated energy efficiency, flare reduction & carbon pricing tools in new investment decisions
ENVIRONMENT		■ Conducted high level risk assessments as part of new asset entry process ■ Joined with seven oil companies to create Sakakawea Area Spill Response consortium, the first of its kind, in North Dakota

and impacts associated with worldwide exploration, drilling and development operations.

Our Exploration and Production (E&P) business is formalizing standardized operating practices for our unconventional operations to ensure that we conduct our activities in the safest manner possible and minimize the environmental and social impacts of our activities.

While employee safety performance improved for the seventh consecutive year, contractor safety performance declined, driven by a tripling of activity levels in our U.S. unconventionals business. We have increased our efforts to reinforce Hess' safety culture with our contractors, resulting in improved contractor safety performance in Q4 2011 and Q1 2012.

We met our flare reduction target three years early and are striving to achieve our 2013 GHG intensity reduction target. We are moving toward our goal of establishing a corporate wide energy management system. These achievements, combined with our natural gas electricity operations, Energy Solutions services and Nuvera Fuel Cells business, underscore our commitment to addressing global climate change.

People and Communities

Hess is committed to attracting, developing and retaining a highly talented diverse workforce. We have made progress in building local workforces that reflect the makeup of our communities.

As our global footprint expands, we have extended our efforts to assess social risks in new areas of operation, including recent projects in the Utica Shale in Ohio and in the Kurdistan Region of Iraq. We have also expanded our efforts to engage with local communities, business partners, suppliers and other stakeholders and are developing a formalized process to screen contractors for human rights performance.

Challenges	Opportunities
■ Identifying key risks and impacts of upcoming operational activities	■ Developing appropriate risk mitigation strategies
■ Helping students better prepare for university and workplace	■ Increasing number of students who complete high school and college programs
■ Tracking the number of agreements that include human rights contract language	■ Engaging with business partners on human rights
■ Presenting complex material in a way that is easily understood by employees and international cultures	■ Operationalizing our Human Rights Policy
■ Focusing on contractor safety management performance in unconventional businesses	■ Completing objective assessments of employees, contractors and worksite leaders on safe work practice competencies
■ Continuing to mature behavior-based safety and health culture within Hess	■ Ensuring that existing EHS&SR processes and procedures align with corporate expectations
■ Developing leaders at all levels of the company	■ Increasing effectiveness of learning and development by better integration of HR systems
■ Creating learning and development opportunities for a diverse leadership pool based on a new competency model	■ Enhancing our Employee Value Proposition – what attracts people to join us and makes them want to stay
■ Increasing the pace of progress for implementing a corporate wide energy management system	■ Generating savings resulting from energy management system
■ Operating in a political environment where economy trumps climate	■ Reducing flaring through gas monetization
■ Finding innovative ways to reduce fresh water usage in hydraulic fracturing	■ Developing more comprehensive tools to actively monitor and deploy measures that protect water quality
■ Contending with harsh weather conditions and remote locations that create operational and environmental challenges	■ Continuing to use ESIAs to identify, assess, and manage environmental risks and impacts from our operations

Our Approach to Reporting

This report provides information on our sustainability programs and performance in 2011. Additional information is available at www.hess.com/investors, including the current annual report, U.S. Securities and Exchange Commission (SEC) Form 10-K filing and the proxy statement. Stakeholders for this report include employees, suppliers, customers and consumers, communities, shareholders and investors, governmental and non-governmental organizations and industry colleagues.

Reporting Standards

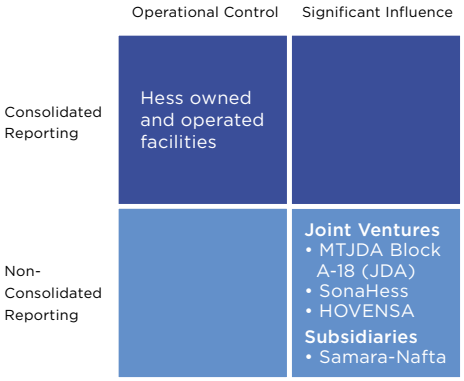
We report sustainability performance based on the Global Reporting Initiative (GRI) G3 guidelines to an A+ reporting level. For industry specific reporting guidance, we follow the International Petroleum Industry Environmental Conservation Association (IPIECA) and the American Petroleum Institute (API) Oil and Gas Industry Guidance on Voluntary Sustainability Reporting. We provide a GRI Content Index, cross-referenced with the IPIECA indicators and the 10 Principles of the United Nations Global Compact (UN Global Compact) at the end of this report.

Boundary Setting

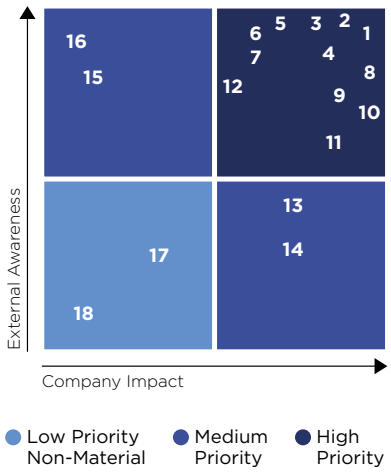
The principal facilities and assets operated by Hess Corporation and its subsidiaries and joint ventures during calendar year 2011 are included in this report. Data presented refer to gross figures from operated facilities and third party activities where Hess has overall responsibility as specified in contractual arrangements. Health, safety and environment data for joint ventures where we have significant influence, as defined by the GRI's guidance on boundary setting, are reported separately. These joint ventures include SonaHess (Algeria), Carigali Hess Malaysia/Thailand Joint Development Area Block A-18 (MTJDA) and HOVENSA. For our subsidiary in Russia, Samara-Nafta, we include net equity greenhouse gas (GHG) data and social investment spending.

Some quantitative environment, health and safety data are reported on a normalized basis to facilitate year on year comparisons. We report GHG emissions on an operated basis for Hess operated assets. Net equity emissions data are provided on a net equity share basis

Reporting Boundary



Materiality Determination



1 Climate change
2 Emergency preparedness and response
3 Suppliers
4 Transparency
5 Human rights
6 Stakeholder engagement
7 Water
8 Communities
9 Diversity and Inclusion
10 Workforce training/development
11 Safety
12 Biodiversity
13 Wellness
14 Atmospheric emissions
15 Renewable energy
16 Low carbon products and services
17 Waste
18 Ozone depleting substances

for operated facilities, joint ventures including SonaHess, Carigali Hess, and HOVENSA, and non-operated facilities in which we hold an interest.

For our unconventionals business, recent acquisitions in Texas and Ohio have been classified as assets in transition. Environmental data for these assets will be reported in 2012 once we integrate these acquisitions into Hess reporting systems.

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 practices. Reliable and verifiable quantitative data have been provided for GRI indicators to the extent possible given our current corporate data collection and aggregation systems.

Restatements and Additions

In past reports, we have included joint venture (JV) data for SonaHess (Algeria) and the Carigali Hess Malaysia/ Thailand Joint Development Area Block A-18 (MTJDA) in Hess operated totals. In order to align with GRI's boundary setting guidance, we have changed our approach in 2011 and are reporting JV data separately. To facilitate comparisons with data from prior years, Hess operated data for 2009 and 2010 have been restated to exclude these joint ventures.

Internal Quality Assurance

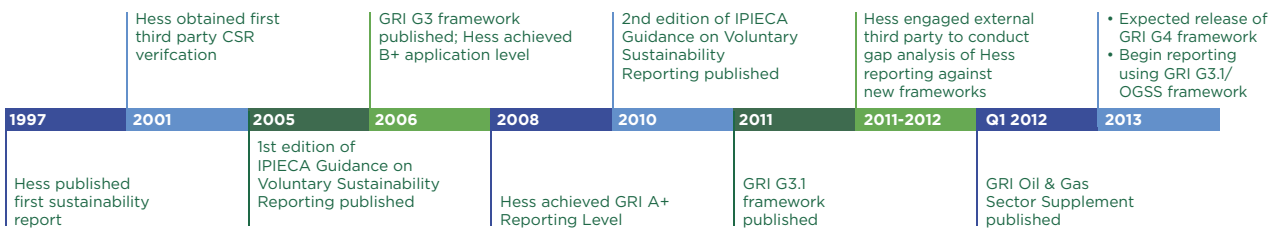
We have documentation and information systems in place to promote consistent and reliable data collection and aggregation from all of our Hess operated and joint venture assets. We conduct corporate and business level Quality Assurance/Quality Control (QA/QC) reviews and validation to evaluate the accuracy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

GRI and IPIECA Raise the Bar on Sustainability Reporting

GRI and IPIECA have been driving more comprehensive disclosure through a series of recent and planned revisions and expansions to reporting guidelines. These include:

- The GRI G3.1 guidance, which builds on GRI G3 by more fully incorporating gender, community and human rights.
- The GRI Oil & Gas Sector Supplement (OGSS), which provides industry specific guidance and indicators.
- The GRI G4 guidance, which is expected to be finalized in 2013.
- The 2010 IPIECA Oil & Gas Industry Guidance on Voluntary Sustainability Reporting, 2nd edition, which includes expanded guidance around materiality, stakeholder engagement, process safety and ecosystem services.

Hess Corporation has participated in the development of the IPIECA guidelines and GRI OGSS and is a member of one of the GRI G4 working groups. To ensure that the quality of our sustainability reporting continues to be top quartile for our sector, we have undertaken an independent third party assessment of our current reporting with the GRI 3.1 and OGSS Guidelines. The results of this assessment will help us determine the additional resources required to meet expanded reporting and disclosure frameworks in future years.



Malaysia/Thailand
Joint Development Area

Our Global Reach

11.4
YEARS OF
RESERVE LIFE

21
COUNTRIES
OF OPERATION

1.57
BILLION BARRELS
PROVED RESERVES

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 marketing petroleum products, natural gas and electricity. Our focus is to build a company that will sustain profitable growth and create significant shareholder value.

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Exploration and Production (E&P)

In 2011 Hess net crude oil and natural gas production averaged 370,000 barrels of oil equivalent per day, down from 418,000 barrels of oil equivalent per day in 2010. This decrease primarily resulted from short term setbacks, including severe weather in North Dakota, the temporary shutdown of the Llano No. 3 well in the Gulf of Mexico due to mechanical issues, a two month shut in of the non-operated Valhall Field in Norway due to a fire, as well as civil unrest in Libya.

In 2011 we replaced 147 percent of production at a finding, development and acquisition cost of about $36 per barrel of oil equivalent. The company's proved reserves rose to 1.57 billion barrels of oil equivalent and reserve life increased to 11.4 years. We have exploration and production activities in 21 countries.

During the year we continued to strengthen our portfolio, significantly expanding our unconventional resources. Despite the harsh winter and severe spring flooding in North Dakota, net production from the Bakken doubled to 30,000 barrels of oil equivalent per day from 15,000 barrels of oil equivalent per day last year. In October 2011 Hess acquired a 50 percent interest in CONSOL's acreage in the Utica Shale and acquired Marquette Exploration LLC's acreage and other leases in Ohio's Utica Shale. Combined, these transactions provide Hess with nearly 200,000 net acres in the Utica Shale resource. With the addition of Utica acreage, the company now has the critical mass in shale resources to make a significant contribution to our future production and reserve growth.

In terms of conventional resources, Hess filed a Notice of Discovery with the Minister for Energy of Ghana for the Paradise-1 exploration well in the Deepwater Tano Cape Three Points license, offshore Ghana. In addition, and in partnership with Petroceltic International PLC, Hess signed production sharing contracts (PSCs) with the Kurdistan Regional Government of Iraq for its Dinarta and Shakrok exploration blocks. In October 2011 we announced that we will proceed with the development of Tubular Bells, a deepwater gas and oil project which we operate in the Gulf of Mexico.

Marketing and Refining (M&R)

Our Retail and Energy Marketing businesses remain a strategic part of our portfolio with a well established brand that generates attractive financial returns and offers selective growth opportunities. Hess is a leading independent gasoline convenience store retailer in the U.S. with 1,360 stores along the East Coast.

Hess Energy Marketing, a major supplier of fuel oil, natural gas and electricity to more than 21,000 commercial, industrial and utility customers in the Eastern U.S., advanced the construction of a 512-megawatt natural gas fired power plant in Bayonne, N.J. Beginning in mid-2012, the plant will generate enough electricity to power 500,000 homes in the New York City area.

In January 2012 HOVENSA announced that our joint venture refinery in St. Croix, the U.S. Virgin Islands would close following three years of financial losses and the complex would operate as an oil storage terminal. During the first quarter of 2012, HOVENSA completed a safe and orderly shutdown of the refinery.

Hess continues to operate its Port Reading, New Jersey fluid catalytic cracking (FCC) facility that produces gasoline and fuel oil primarily for markets in the Northeast U.S.

Operational Highlights

M&R Highlights

ENERGY MARKETING

Electricity and natural gas sales increased 5.6 percent and 7.5 percent, respectively.

BAYONNE ENERGY CENTER (HESS 50%)

Completed construction of Bayonne Energy Center. The 512-megawatt natural gas fueled electric power plant will generate enough electricity to power approximately 500,000 homes in the New York City area.

RETAIL OPERATIONS

Experienced 2 percent sales decline in both convenience store sales and gasoline volumes, reflecting a weak economy. Overall store gross margins improved, driven by new fresh food concept.

HOVENSA (HESS 50%)

Announced the shutdown of the St. Croix, U.S. Virgin Islands refinery in the first quarter 2012. Following the shutdown, the complex will operate as an oil storage terminal.

2011 Business Highlights (Amounts in Millions)

Sales and other operating revenue	$ 38,466	
Net income	$ 1,703	
Capital and exploratory expenditures	$ 7,462	
Total assets	$ 39,136	
Total debt	$ 6,057	
Stockholders' equity	$ 18,592	
Debt to capitalization ratio	24.6	%

Exploration and Production

Total net hydrocarbons produced	370,000	BOE/D
Proved reserves (total)	1,573	BOE (Amount in Millions)
United States	28	%
Europe	37	%
Africa	17	%
Asia and others	18	%
Reserve life	11.4	Years
Replaced production	147	%

Marketing and Refining

Refined petroleum product sales	430,000	BOE/D
Natural gas sales	2,167	000 MCF/D
Electricity sales	4,374	MW-RTC
Convenience store sales*	$ 1,459	(Amount in Millions)
HOVENSA gross crude runs	284,000	BOE/D
Port Reading feedstock runs	63,000	BOE/D

*Excludes fuel sales

E&P Highlights

UNITED STATES

OFFSHORE (GULF OF MEXICO)

Tubular Bells

Sanctioned development, first production expected in 2014, peaking at 25 MBPD net.

Shenzi

Obtained U.S. government approval to resume drilling in Gulf of Mexico.

Pony

In negotiations to determine Pony equity with owners of adjacent Knotty Head prospect for co-development. Sanction expected in 2013.

UNCONVENTIONALS

Bakken (North Dakota)

Increased drilling rig count to 16 in 2012. Doubled net production to 30,000 barrels of oil equivalent per day. Progressed expansion of the Tioga gas plant.

Eagle Ford (Texas)

Three rig program, drilled 28 new wells, completed 22, commenced production.

Utica (Eastern Ohio)

Acquired Marquette Exploration LLC and other leases and formed joint venture with CONSOL Energy, bringing our position to nearly 200,000 net acres.

EUROPE

Norway

Continued redevelopment of the Valhall Field (Hess 64%). Four of 20 wells in the Valhall Flank Gas Lift project came on stream in 2011. Divested interests in the Snorre Field and Snøhvit Fields.

United Kingdom

Divested interests in the Easington Catchment Area, the Bacton Area, the Everest Field, the Lomond Field, the Central Area Transmission System pipeline and the Cook Field.

Denmark

Increased interest to 62 percent in the South Arne Field, offshore Denmark.

AFRICA

Ghana

Drilled a successful exploration well at the Deepwater Tano Cape Three Points License.

Algeria

Sanctioned the development of the Bir El Msana (BMS) Block 401C.

ASIA

Malaysia/Thailand Joint Development Area (JDA) (Hess 50%)

Continued development drilling at Suriya A platform and drilled appraisal wells at Bulan South and Bumi South. Installed Suriya B wellhead platform in Block A-18.

Indonesia Ujung Pangkah (Hess 75%)

Installed a second wellhead platform, central processing facility and accommodations and utilities platform.

Kurdistan Region of Iraq (Hess 80%; operator)

Signed production sharing agreement with the Kurdistan Regional Government of Iraq for the Dinarta and Shakrok exploration blocks.

AUSTRALIA

Pursuing commercial options for Block WA 390-P (100%) offshore Western Australia; 13 natural gas discoveries with appraisal program continuing.

Completed the first year of a two year seismic shoot onshore in the Beetaloo Basin in the Northern Territories.

Okume Complex, Equatorial Guinea

How We Operate

A+
GRI SUSTAINABILITY REPORT APPLICATION LEVEL

5
INTERNATIONAL VOLUNTARY COMMITMENTS TO SOCIAL RESPONSIBILITY

BE A TRUSTED ENERGY PARTNER

Our long term vision and six core Values provide a foundation for how we do business at Hess. One of our Values, Social Responsibility, 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.

Management Approach

Our Values and vision, the Hess Code of Business Conduct and Ethics and the Social Responsibility, Human Rights and Environment, Health and Safety policies ensure that we operate at the highest standards of corporate citizenship.

We also support voluntary initiatives to promote human rights, protect the environment and encourage financial transparency. Our key commitments include the Voluntary Principles on Security and Human Rights, the United Nations Global Compact and the Extractive Industries Transparency Initiative. We regularly report on our progress and performance to these groups. We also support the United Nations Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

Environment, health, safety and social responsibility (EHS&SR) are incorporated into enterprise risk management and governance processes. In keeping with the precautionary approach, identified risks are evaluated and mitigation plans are developed and implemented.

EHS&SR are core aspects of the company's disciplined cross-functional approach to improving the operating results of Hess assets through Operational Excellence. Environment and safety performance metrics are also components of the bonus formula for executives as well as employees.

The company's management of sustainability issues extends to our participation in sector specific and multi-stakeholder associations relevant to the enterprise and to our businesses. Our memberships allow us to learn from sector peers and others, grow internal capacity and engage with external stakeholders on issues of significance to the company.

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.

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 and investors, regulators and other interested parties.

Board of Directors

Our Board 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 meeting of the Board, 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.

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 has 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 and safety 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.

There are 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 ensures that the principles of Operational Excellence are embedded and become part of the culture at Hess.

Ethical Business Conduct

The Hess Code of Business Conduct and Ethics (the Code) describes the standards of ethical behavior the company expects of employees and business partners, including agents, suppliers, consultants and intermediaries. In 2011 Hess updated the Code to more

Enterprise Risk Management

Hess has developed an enterprise wide risk management program that identifies and assesses key risks to the company. The program was developed in 2010 and is being used in Marketing and Refining and in Exploration & Production.

The objectives of the program are to build a better understanding of our risk management culture, develop a shared view on the prioritization of risks, understand the scenarios we face with the greatest potential impact and identify ways we can mitigate them. The program includes qualitative and quantitative risk measurement, cross risk aggregation and emerging risk awareness and analysis.

Our qualitative assessment process is based on a series of management workshops and uses a common framework covering risks in many areas of our business, including: investment; the political and social arena; subsurface; environment, health and safety; and execution and operating, among others. Quantitative risk measurement tools include sensitivity analysis, stress testing, risk mapping and risk correlation.

explicitly align with the Hess Values and reflect new regulations and societal expectations. It will be publicly available at hess.com/investors.

The Hess anti-corruption and anti-bribery policy, Executive Directive 26 (ED26), reflects the requirements necessary to comply with anti-bribery and anti-corruption laws. These include the U.S. Foreign Corrupt Practices Act (FCPA) and the 2011 UK Bribery Act.

In 2011 there were no legal actions, fines or sanctions relating to anti-corruption, anti-bribery, anti-competitive behavior or anti-trust or monopoly laws or regulations.

Certification, Training and Audit

The company's general counsel is responsible for maintaining and updating the Code. The general counsel and the vice president Audit and Global Compliance jointly develop the ED26 anti-corruption and anti-bribery training and auditing scope and schedule.

The Audit Committee of the Board of Directors reviews matters related to compliance with the Code. Senior leaders, 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.

Training on the Code, which includes anti-corruption classes, is included as part of the Hess onboarding process for all non-Retail employees and salaried employees. Detailed ED26 anti-bribery and anti-corruption training is provided to a subset of employees based on job responsibilities and country of operation. In 2011 our legal staff conducted classroom training for approximately 750 executives, managers, and professionals, including the Hess Leadership Team.

Corporate Risk Workshop

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.

Between November 1, 2010, and October 31, 2011, 62 reports were filed through the confidential hotline alleging violations of company policies, laws or other matters, a decrease of 40 percent compared to 2010. Of these, 25 reports were substantiated or partially substantiated. Most allegations were related to workplace harassment. Disciplinary actions, including termination, are taken for substantiated allegations.

Political Contributions

The Code and ED26 prohibit making political contributions with corporate funds and the use of Hess facilities or property for campaign activities. The company may not coerce political contributions from employees nor directly or indirectly reimburse an employee for a political contribution or channel a contribution through an employee to disguise its origin. Any employee, including executives, wishing to engage in the political process may do so as a private citizen.

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.

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 groups, international non-government organizations and investors. The objective of the EITI is to improve governance through transparency of company payments to governments.

Hess complies with EITI revenue reporting and disclosure requirements in the countries where we do business. As the operating company of record, we support the EITI in Indonesia, which is a candidate country that is progressing toward achieving compliant status. In the second half of 2011 Hess announced it had signed production sharing contracts (PSCs) to explore hydrocarbon prospects in the Kurdistan Region of Iraq. We are participating in the EITI process in Iraq, also a candidate country.

In past years we participated in the EITI in Equatorial Guinea, which did not succeed in becoming a candidate country. 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.

Our revenue transparency performance has been evaluated by Transparency International and Revenue Watch and published in Promoting Revenue Transparency: 2011 Report on Oil and Gas Companies. Hess was among a group of eight companies characterized as "Top Performers." We are using the detailed analyses and conclusions in the report to inform and improve our program.

Hess continues to follow the SEC's rulemaking process for Section 1504 of the 2010 Dodd-Frank Act, which 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. We have coordinated with other companies to provide comments to the SEC.

Management Systems

Hess' EHS&SR management system framework communicates our expectations for putting into practice our commitment to EHS&SR excellence and drives effective management of risks, impacts and opportunities. The framework provides the flexibility necessary to accommodate our diverse businesses and assets so that they are able to manage EHS&SR expectations in a way that is risk and operationally appropriate. We assess needs, establish goals and metrics to measure progress, identify and implement plans to achieve these goals, review our performance and adjust accordingly.

This framework conforms to broadly recognized management system frameworks, including international certification standards for environmental and occupational health and safety management systems (ISO 14001 and OHSAS 18001) and is consistent with national process safety and risk management standards and programs.

Our framework is based on the Hess Values, our Code, and our EHS, Corporate Social Responsibility and Human Rights policies. Expectations and threshold requirements for management of EHS&SR risks, compliance with applicable laws and regulations, conformance with international standards and the voluntary commitments to which we subscribe, as well as continuous performance improvement are expressed through EHS&SR Global Standards.

The Global Standards describe our company's expectations which result in establishment of business and asset specific systems, processes and procedures necessary for robust risk management and achieving a consistent level of EHS&SR excellence companywide. They address general management practices, safety (including personal and process), occupational health and employee wellness, environmental, and social performance, including Human Rights. These Global Standards are being upgraded to ensure they advance the desired EHS&SR performance improvements.

Decisions about ISO certification are made within the business units. The company's North Sea and South Arne Operation, and our St. Lucia Terminal are ISO 14001 certified and account for approximately 12 percent of gross operated oil production and throughput. Denmark Production operations are OHSAS 18001 certified.

Key Memberships and Associations

Our memberships provide us with essential information and analysis on issues impacting our industry. They enable us to benchmark and share best practices with sector peers, contribute to guidance documents on significant environmental and social issues and access tools to manage them.

In addition to the voluntary initiatives previously mentioned, key memberships and associations include the International Petroleum Industry Environmental Conservation Association (IPIECA), the International Association of Oil and Gas Producers (OGP), the American Petroleum Institute (API), the ORC HSE Network, the Fund for Peace, the Retail Energy Supply Association, the Council on Employee Benefits, the Conference Board, the Corporate Council on Africa, the U.S. Chamber of Commerce and country level business organizations among others.

These associations also engage with multi-lateral institutions, governments, non-governmental organizations and other stakeholders on issues of importance to Hess. For example, IPIECA holds United Nations (UN) consultative status and has coordinated oil and gas industry input into UN treaty processes such as the UN Framework Convention on Climate Change, the Convention of Biological Diversity and the International Maritime Organization.

Within IPIECA, we are represented on the biodiversity, climate change and social responsibility working groups; the greenhouse gas initiatives, sustainability reporting, water, supply chain and human rights task forces; the occupational health committee; and the strategic planning group that includes the working group leaders.

Economic Contributions

In 2011 our direct economic contributions exceeded $17 billion. These included shareholder dividends, employee wages and benefits, capital and exploration expenditures, interest paid on debt, supplier spend, income taxes, social investments and payments to governments in countries where we operate including royalties, severance, leasehold arrangements, dispensation duties, and other taxes. We currently report only on U.S. wages and benefits as international wages and benefits are not aggregated at the corporate level. We do not collect quantitative information on indirect economic impacts. During the year the company did not receive significant government financial assistance (defined as equal to or greater than one percent of revenues).

Suppliers

Hess is committed to a strong and diverse supplier network that supports our goal of making a positive contribution to the communities where we do business. The company spent more than $6 billion on products and services with approximately 18,000 vendors, of which 62 percent were U.S. based.

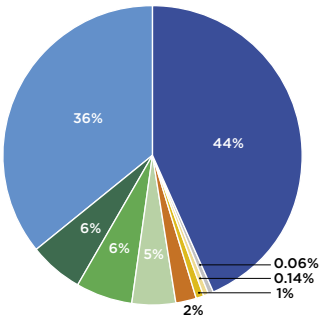
In the U.S., Hess has a supplier diversity policy and program to provide increased opportunities to certified small and diverse suppliers as defined by the federal Small Business Administration (SBA). These local businesses comprised 36 percent of our suppliers, accounted for 29 percent of U.S. recordable spend and were 10 percent minority and women owned. In Marketing & Refining, small and diverse businesses accounted for 52 percent of recordable spend. In our U.S. Exploration and Production segment, small and diverse businesses comprised 37 percent of vendors but accounted for only 19 percent of recordable spend since a high proportion of our budget was for major capital projects.

E&P conducted business with 6,854 international vendors. Outside the U.S., E&P has production sharing contracts that typically include government oil companies. Most government PSCs stipulate local spend thresholds and provide E&P with the names of local vendors that have been approved by the government to receive tenders.

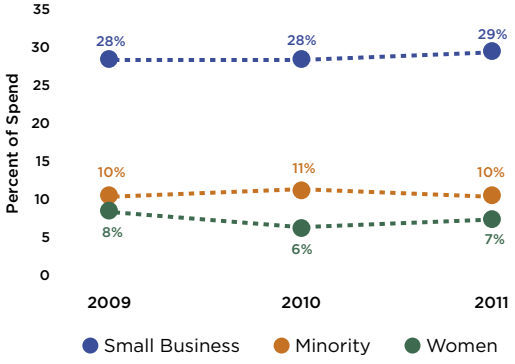
Hess conducts quarterly reviews of its suppliers to ensure compliance with the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and the U.S. Patriot Act. Contracts for goods and services typically include requirements for supplier compliance with applicable laws and regulations in areas such as safety, health, environment, process safety, drug and alcohol use, business ethics, conflicts of interest, the Foreign Corrupt Practices Act and labor practices.

Economic Contributions ($Millions)

- Capital and Exploration Expenditures **$7,462**
- Recordable Supplier Spend **$6,081**
- Wages and Benefits (U.S.) **$1,057**
- Royalties and Other Payments **$947**
- Income Tax Expense **$785**
- Interest Expense **$383**
- Dividends **$136**
- Social Investments **$23**
- Carbon and NO_X taxes **$10**



Small Business Supplier Spend (U.S.)



Women and minority data shown above represent percentages of total small business spend. Data are based on the October 1, 2010-September 30, 2011 timeframe.

Deepwater Operations

In 2011 our company joined others in the oil and gas industry to identify, learn from and apply the lessons of Macondo and other deepwater spill incidents. To improve the safety of our deepwater operations and our capacity to prevent and respond to oil spills, we conducted rigorous technical and management systems reviews of deepwater well design, drilling and completions, production, contractor management and emergency response programs, procedures, organizational structures and staffing.

We also integrated elements of Exploration and Production's global environment, health, safety and social responsibility management system (EHS&SR MS) into the Safety and Environmental (SEMS) program in response to new regulations set forth by the Bureau of Safety and Environmental Enforcement for all Gulf of Mexico operations. To facilitate SEMS development and implementation, we hired a full time SEMS coordinator.

The E&P emergency management team enhanced its well control response capabilities by adding the Source Control group, a multifunctional team of subject matter experts from drilling, production, subsea, supply chain and EHS functions. Global Drilling & Completions updated Hess's well design and operations standards to incorporate more robust blow-out preventer (BOP) specifications, including a ban on the type of shear rams used in the Macondo BOP.

Further, in anticipation of resuming drilling in the Gulf of Mexico in 2012, E&P worked closely with drilling contractors and BOP manufacturers to conduct comprehensive risk assessments and implement BOP and hydraulics upgrades to enhance their capacity for working in the Gulf of Mexico. Hess Global Drilling and Completions, as part of its involvement in the Deepwater Operators Group, participated in third party BOP testing and the development of a BOP database to streamline the process of pressure testing in the shop.

As members of the Marine Well Containment Company, the Helix Well Control Group, and the Clean Gulf Cooperative (CGC), we have rapid access to well capping/containment and spill response resources in the Gulf of Mexico. Through our involvement with Oil Spill Response Limited (OSRL), which Hess chairs, we have worked with OGP and the recently formed Subsea Well Response project (SWRP) consortium on improving global well capping/containment and oil spill preparedness and response capabilities.

Hess continued its engagement in oil and gas industry initiatives to improve the sector's Gulf of Mexico, U.S. and international spill prevention, well capping response and spill response capacity. We are members of, and contribute deepwater and emergency response expertise to national and international organizations such as the CGC, the Offshore Operators Committee, the American Petroleum Institute, OSRL, the International Association of Oil and Gas Producers (OGP), and the International Petroleum Industry Environmental Conservation Association.

Shenzi Field, Gulf of Mexico

Unconventional Resources

The presence of vast quantities of oil and natural gas in formations with low permeability, including deep shale, has been known for decades. It is now economically feasible to recover these unconventional hydrocarbons due to a combination of sophisticated horizontal drilling technology and improvements in a proven well stimulation method referred to as hydraulic fracturing.

Over the past five years the rapid development of oil and gas extraction from tight rock has led to stakeholder concerns about the impact on safety, the environment and public health. In recognition of these concerns, Hess publicly reported on the company's use and management of hydraulic fracturing in its 2009 and 2010 Corporate Sustainability reports. More recently stakeholder concerns have also extended to shale and tight oil drilling, development and production.

Our Approach

We are committed to addressing environmental and social considerations throughout the project life cycle. Exploration & Production (E&P) is formalizing operating practices that define the environment, health, safety and social responsibility requirements for each stage of the unconventional value chain, from initial screening of opportunities through optimization of production.

Unconventional acquisitions require several levels of risk evaluation, including identification of baseline environmental and social conditions and potential constraints to oil and gas development. In 2011 E&P coordinated its existing High Level Risk Assessment process with the Hess enterprise risk management qualitative assessment process. Risk governance workshops were conducted for the unconventionals business and also at the asset level for the Eagle Ford and Utica acquisitions. During 2012 risk governance workshops are planned for other unconventional assets, including the Bakken.

As exploration activities continue, steps taken to prepare for asset development include detailed, operations-focused risk assessment and risk mitigation planning; environmental and social impact assessment and management plans; stakeholder identification and engagement; regulatory reviews; contractor screening, selection, onboarding and training; and emergency response planning, drills and training.

Management Practices

General practices and specific activities related to areas of stakeholder concern during development and production are described below.

Unconventional Resources

Ground Water Protection

The company designs its oil and gas wells in accordance with applicable regulatory requirements and internal well design and completion standards. Hydrocarbon-bearing formations are most often found thousands of feet below the deepest fresh water aquifer. Wells are lined with multiple layers of steel pipe and encased in cement to isolate fresh water aquifers, preventing fluids or gas in the well from seeping into ground water.

Water Quality Monitoring

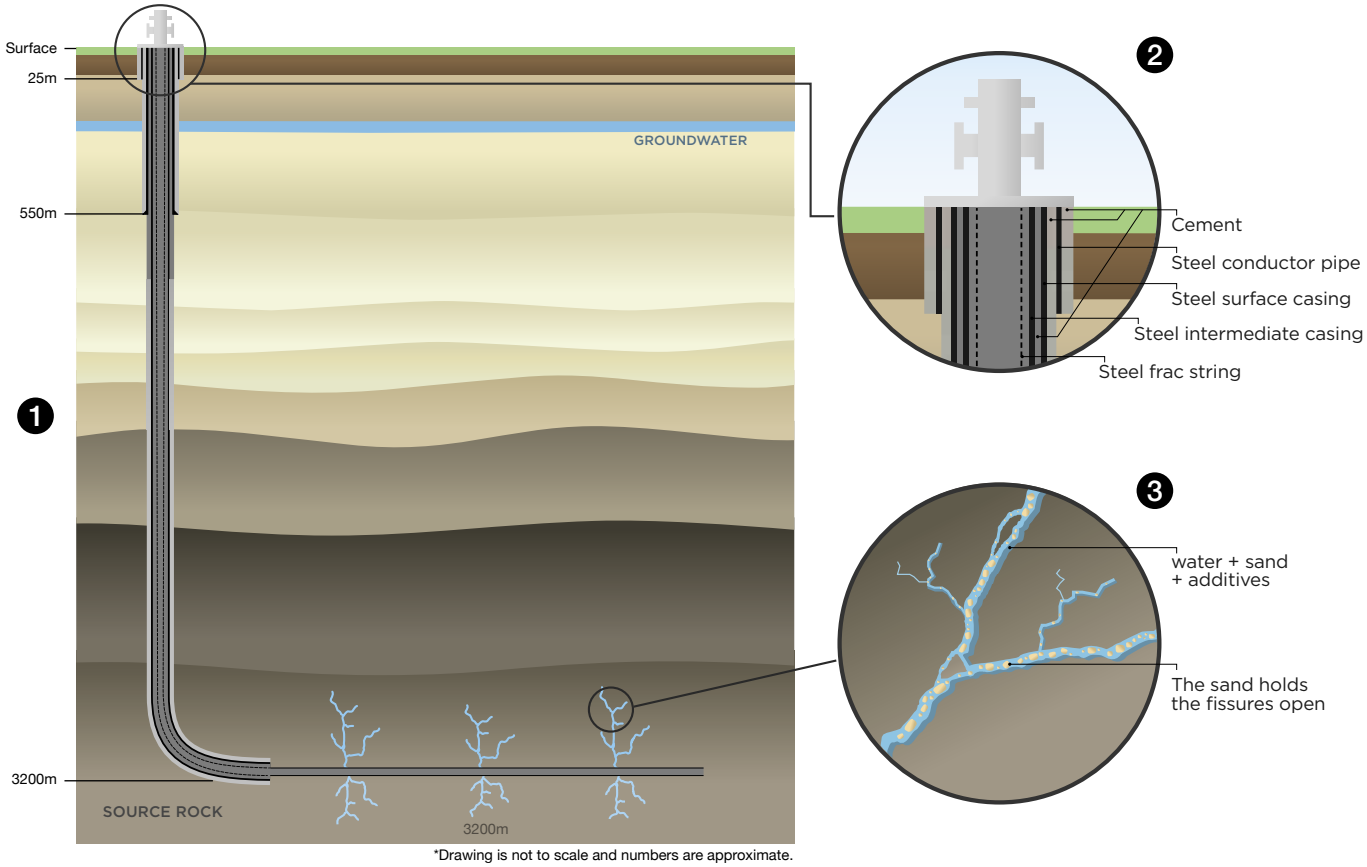
Prior to and after conducting hydraulic fracturing, Hess conducts baseline water quality monitoring of pre-existing ground water wells and surface water bodies within a minimum 2,500 foot radius. At a minimum, water samples are tested for water quality parameters in accordance with state regulations and FracFocus Chemical Disclosure Registry guidance as well as for any known local contaminants. The exception to this practice is in the Bakken development, where the state of North Dakota monitors a long standing, established network of ground water monitoring wells.

Fresh Water and Chemical Use

Hess seeks to minimize the use of fresh water for hydraulic fracturing through fresh water substitution and recycling and reuse of frac flowback where water quality allows. E&P has formed a water management technology team to develop frac fluid water quality and reuse guidelines and to recommend technology applications. The team analyzes water sources, including fresh water, saline water and wastewater, and assesses their suitability for hydraulic fracturing.

We have engaged since 2009 with current and prospective suppliers of hydraulic fracturing services to

Hydraulic Fracturing: Bakken Example



*Drawing is not to scale and numbers are approximate.

1. Hydraulic fracturing is 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 rock formations. These hydrocarbon bearing formations are most often found thousands of feet below the water table. 2. 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. 3. The fractures that are created are propped open, allowing oil or natural gas to flow into the well.

define acceptable fluid systems. This includes efficient use of chemical additives with the lowest possible toxicity that are both functional and cost effective, and incorporates a ban on the use of diesel. In the Bakken, E&P also incorporated a new, environmentally friendly proppant based scale inhibitor and formulated a custom, biodegradable flowback surfactant in place of an additive commonly used by one of our vendors. Since late 2011 the company has publicly disclosed hydraulic fracturing fluids on the FracFocus website.

Hydraulic fracturing accounted for about 10 percent of the company's total fresh water consumption. North Dakota operations used 1.35 million cubic meters of fresh water for hydraulic fracturing in 2011, of which approximately 6 percent was treated brackish ground water from our reverse osmosis pilot plant. We operated the pilot plant for about 20 months and proved the technology to be effective. However, we recently ended this pilot project because fresh water is plentiful and more economical than treated brine. In addition, the state of North Dakota is completing a major water supply pipeline to switch municipalities in the western area from ground water to surface water. Oil and gas companies are being encouraged to purchase municipal fresh water when the pipeline is put in service.

Air Emissions

Air emission concerns during unconventional operations include methane leakage and flaring. Methane leakage can occur at a well site when wells are hydraulically fractured and during pipeline transport and gas processing. In the Bakken we employ a dedicated crew to separate solids and liquids in frac flowback. The flowback is separated in closed-top containers and natural gas is captured and flared to minimize methane emissions. At the same time, the closed loop system offers the added safeguard of containing the liquids.

In 2011 E&P retained third party services to inventory components in our U.S. gas processing plants and gas pipelines to comply with the U.S. EPA's Mandatory Greenhouse Gas Reporting Rule. Later in 2012 we will submit our first report to the EPA. The report will include estimated methane leakage based on EPA mandated emissions factors and the number and types of components in natural gas service.

Hess is committed to reducing its flaring of stranded natural gas and has completed major projects over the past several years that have reduced flaring by more than 50 percent in Algeria and Equatorial Guinea. In the Bakken, we are accomplishing flare reduction by investing in our gas gathering infrastructure and Tioga gas processing plant, and accessing third party infrastructure through contracts and trading agreements.

Prior to the development of the Bakken in North Dakota, we operated, and continue to operate, approximately 330 conventional wells. Hess has the lowest flaring rate (0.5 percent) for conventional wells in the industry, more than 50 times lower than the industry average. We have achieved that rate by consistently building out the infrastructure necessary to gather and commercialize natural gas associated with oil production.

Between 2005 and 2010 Hess completed and put into production nearly 200 Bakken wells. In 2009 and 2010 the company spent more than $50 million to construct a new gas gathering system and to extend the Red Sky natural gas pipeline to interconnect with a third party gas processing plant. This investment helped Hess reduce its flaring rate to 19 percent which was well below the industry average of 27 percent in 2010.

In late 2010 Hess acquired about 250,000 net acres in the Bakken. In 2011 we drilled mostly at locations within the new leases in order to retain them. Many of the well sites did not have access to gas gathering infrastructure. As a result, our flaring rate in the Bakken increased above the industry average.

The company is investing $1.2 billion in oil and gas infrastructure between 2011 and 2013. This infrastructure includes oil and gas gathering lines, compression stations, grouped production facilities and gas processing operations. Combined with third party arrangements, we expect to reduce our flaring rate beginning in 2013 to a point below the state's goal of 10 percent flaring for the Bakken region by 2014.

The oil and gas industry and the state of North Dakota have worked together to address the potential issue of vapor emissions from storage tanks, wells and central facilities. Hess is working with the state to ensure that we install proper emissions controls on existing and new facilities.

At our Eagle Ford operation, the company has engaged an outside consultant to inventory all air permits associated with leases where we operate to ensure that they are in compliance with state regulations. Hess will address any issues identified through this process.

Drilling Fluids and Drill Cuttings

During drilling operations, the company uses a closed loop system to contain drilling fluids. Cuttings and residuals are stored onsite in cuttings bins. Cuttings can be disposed onsite or offsite at authorized third party facilities depending on applicable regulatory requirements. If disposed onsite, cuttings are cleaned, dried and stored in a lined impoundment. When drilling is completed, residual liquids are removed from the impoundment, the cuttings are stabilized and encapsulated in a liner, and the impoundment is covered with soil.

Land Use

Our philosophy is to minimize land use and reduce the number of well sites needed to develop our acreage. This is achieved by using horizontal drilling and by clustering multiple wells on a single well pad. When our leases have short term expiration dates, we drill a single lateral well to hold the lease by production and return later in the field development phase to drill multiple wells from that same location. In newly acquired assets, we conduct biodiversity screening and field surveys as part of well site selection.

Drilling Operations, Texas

Contractor Management

Our company undertakes systematic pre-qualification, selection, engagement, monitoring and post contract review of our contractors to ensure they meet our expectations for management of environment, health and safety. 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.

This approach is being further enhanced in 2012 to address social responsibility aspects, including additional protocols for human rights, labor, security and business conduct and ethics. In addition, senior leadership engaged with our key contractors during 2011 to reinforce the importance of contractor environment, health, safety and social performance to our business.

Community Engagement

Hess is committed to engaging with local communities on issues of concern. We have held open houses for leaseholders, as well as public community meetings. In the Utica, which is a new asset, Hess has set up a complaint hotline and has one in the Bakken for leaseholders. Where we have an established presence, such as in North Dakota, we routinely meet with community members and leaders. We are working with community partners and state officials to minimize traffic congestion, improve traffic safety and support road maintenance. The company has contributed labor and funding to repair local roads. We invested approximately $50 million to construct a rail terminal to transport crude oil to market, thereby eliminating thousands of tanker truck trips on local roads. Hess also donated $1 million to North Dakota flood relief and long term rebuilding in Minot and other impacted communities. We also matched employee donations and halted operations for two weeks so employees could participate in the rebuilding efforts.

Flood Relief Program, North Dakota

Community and Social Performance

$23 MILLION
IN SOCIAL INVESTMENT

18
COUNTRIES WITH SOCIAL INVESTMENT PROGRAMS

5 YEAR
$25 MILLION
PARTNERSHIP IN NORTH DAKOTA EDUCATION

Social Responsibility, one of the six core Hess Values, 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. We partner with host governments, community groups and other stakeholders to develop programs that can make a measurable and sustainable difference.

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

Social Investments

In 2011 we invested more than $23 million in social programs around the world, an increase of more than 25 percent from 2010. We invest in sustainable programs in the communities where we operate, especially in the areas of education, health and community development. A significant portion of our social spend, more than $6 million, was in the form of in kind programs as we expanded our donation of Hess Toy Trucks during the holiday season to Toys for Tots® and a number of social service agencies in Texas, North Dakota and other locations where Hess operates.

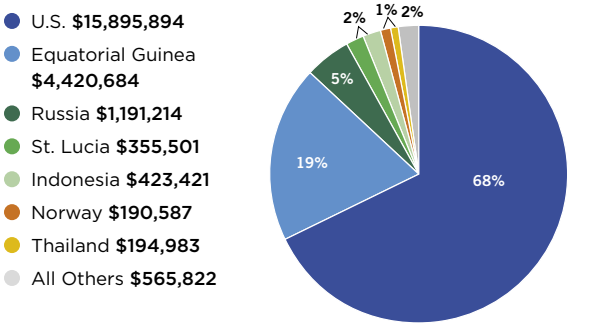
More than two-thirds of our social investment funds were spent in the U.S. supporting education and cultural initiatives and approximately 20 percent of the remaining funds were spent in Equatorial Guinea to support the PRODEGE education project (Programa de Desarrollo Educativo de Guinea Ecuatorial).

In addition, HOVENSA spent $2.6 million in 2011 on social programs, of which almost 90 percent was dedicated to supporting education initiatives in St. Croix (U.S.V.I.). The International Craft Training Program, established in 2007 to help prepare students for the workplace through vocational training, received half of these funds.

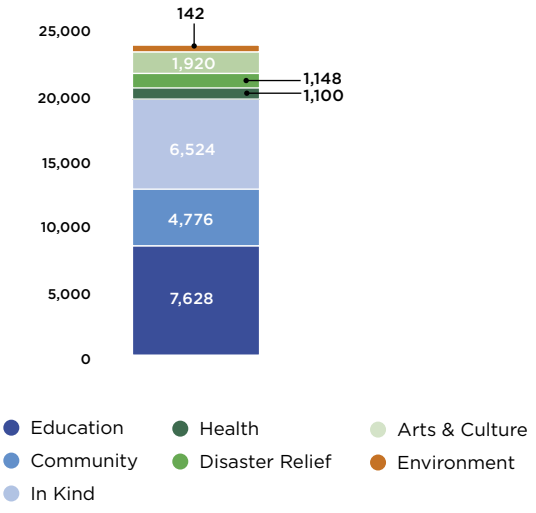
The donations of our workforce are also a part of our social responsibility activities. In 2011 Hess employees contributed $280,000 to charitable organizations that were matched by the company.

Hess donated $1.1 million to promote health and wellbeing in the U.S., Russia, Indonesia, Equatorial Guinea and elsewhere. These included projects to improve hospital facilities, healthcare training and sanitation. More than $1 million went to support relief and rebuilding efforts in North Dakota after the worst floods in a century.

Social Investment by Country ($23.2 million)



Type of Investment ($ Thousand)



Program Highlights

PRODEGE Sees Positive Results as Phase 1 Nears Completion in Equatorial Guinea

As PRODEGE, our Corporate Social Responsibility flagship program in Equatorial Guinea, nears the end of its first phase, we continue to see advancements in the country's primary education system. Results in the project's final year show that the repetition rate for primary school students has dropped by 15 percent. Last year nearly 3,000 more students were promoted to the next grade than in previous years. Updated learning guides were introduced to pupils in grades 2 through 6 and a new school of education was launched to continue supporting teacher professional development.

We recently signed a $50 million agreement with the government of Equatorial Guinea to implement Phase 2 of PRODEGE. Building on the success of the first five years of the program, Phase 2 will strengthen secondary education, continue efforts in primary education and vocational training.

Hess Sponsored School, Equatorial Guinea

Hess Funds Repairs, Technology and Infrastructure Upgrades at St. Lucia Secondary School

Hess continued to support the Leon Hess School in Castries, St. Lucia, making a $500,000 commitment to fund repairs, technology and infrastructure upgrades after heavy rains damaged the school grounds. The donation is part of our ongoing commitment to the school, which opened in 1985 and has more than 700 students.

In addition to regrading the grounds after a landslide and stabilizing the drainage system around the school complex, we donated classroom furniture and more than 50 computers and monitors to expand the computer lab and improve students' computer skills.

Hess Donates $25 Million to Enhance North Dakota Education

During 2011 Hess announced a five year $25 million donation to fund "Succeed 2020," a North Dakota education project to help students prepare for college, careers and the workplace. The project is designed for middle and high school students who will graduate in the class of 2020, with the goal of improving college entrance test scores, reducing developmental or remedial coursework in higher education and increasing the number of students who complete high school and college programs on time.

During this school year Regional Education Associations (REAs) will work with their local school districts and partners to design and implement programs that improve college and career counseling beginning in the middle school grades, increase access to and success in career and technical education, and provide professional development for teachers and counselors.

Hess has engaged FHI 360 to work with the state and Hess to facilitate planning and implementation of the program.

Stakeholder Engagement

Our stakeholders, including communities, employees, suppliers, customers, shareholders and investors, governmental and non-governmental organizations and industry colleagues, shape our business environment and contribute to our success. The Hess Values, Code of Business Conduct and Ethics, and EHS&SR policies and programs focus on the company's long term strategic vision and provide a framework for our interface with stakeholders. Our executive directive governing social investment outlines the need for local consultation and feedback to inform program planning and design.

We strive to connect with our stakeholders early at the onset of a project, starting with our entry into a new country, and during ongoing business operations. Our approach is positive and constructive; our intention is to understand stakeholder expectations, priorities and concerns, with an aim toward long term effective stakeholder identification and engagement. We believe that proactive stakeholder consultation is beneficial to both the company and the community and leads to sustainable outcomes. The importance of stakeholder engagement is emphasized during new employee induction training.

Our engagement activities include small scale meetings, discussions, town hall events and working groups. We also participate in larger scale, multi-stakeholder and industry association working groups and initiatives. This process supports transparent, two way dialogue and encourages constituents to approach us regarding issues or concerns they may have pertaining to our operations.

In 2011 we conducted quarterly town halls for our employees in both E&P and M&R. In January 2012 Hess conducted its first companywide Global Town Hall, during which our Chairman and CEO and members of the Hess Leadership Team reviewed 2011 performance, outlined 2012 strategy and goals, and responded to questions.

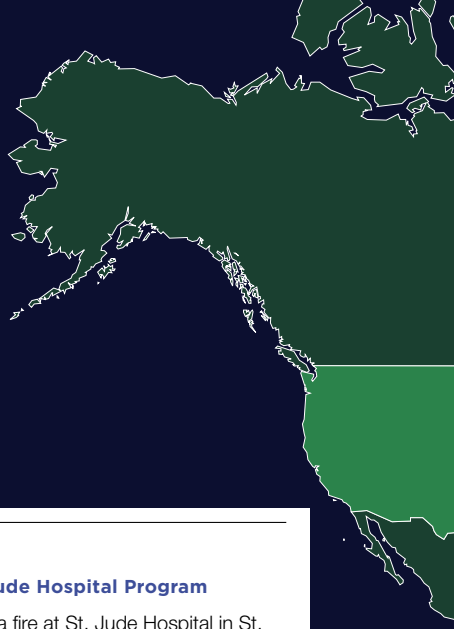
We also communicate through our website and respond throughout the year to direct requests from environment, social and governance research and rating agencies, institutional and individual shareholders, NGOs, academic institutions and individual students regarding the company's EHS&SR programs and performance.

Other examples of stakeholder engagement are included throughout this report, including the Thailand Case Study and Social Risk content that follow.

STAKEHOLDER ENGAGEMENT COMMUNICATION	
Communities	Consultations, town halls, open house meetings, community advisory panels
Employees	Town halls, surveys, intranet, safety committees
Landowners	Consultations, town halls, open house meetings, home visits
Suppliers	Local content and mentoring programs, business to business relationships
Customers	Customer service organizations, surveys, focus groups
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

Community Activities



United States

Hess Supports Community in North Dakota Flood Relief

Hess donated $1 million to North Dakota flood relief and long term rebuilding programs in Minot and elsewhere. The company also matched employee donations and halted operations for two weeks so employees could participate in the rebuilding effort.

United States

Ongoing support for New York Public Library

Last year Hess committed $5 million to strengthen services at the New York Public Library. The first $1 million installment was used in 2011 to outfit a new Teen Center at a Harlem branch of the library with state of the art learning tools.

United States

Team Hess Rides Again to Fight Multiple Sclerosis

Following a long tradition of support for the National Multiple Sclerosis Society, Hess employees in the U.S. participated in Bike MS events in Texas, New Jersey and New York, raising more than $160,000 to benefit MS research.

United States

Hess Funds High School Science Labs

Hess made a $500,000 grant to help equip three new state of the art science labs at Woodbridge High School in Woodbridge, N.J., home of Hess' Marketing & Refining headquarters and center of education for 1,450 local students.

St Lucia

St. Jude Hospital Program

After a fire at St. Jude Hospital in St. Lucia forced the facility to close, Hess' $1 million commitment for essential medical equipment has helped to expand and improve operations at the hospital's temporary home on the island in George Odlum Stadium.

United Kingdom

Hess Employees Volunteer to Support London's Homeless

Every Monday morning at the St. Martin in the Fields' day center, "The Connection," 30 Hess employee volunteers from our London office serve breakfast to more than 200 of the city's homeless.

Algeria

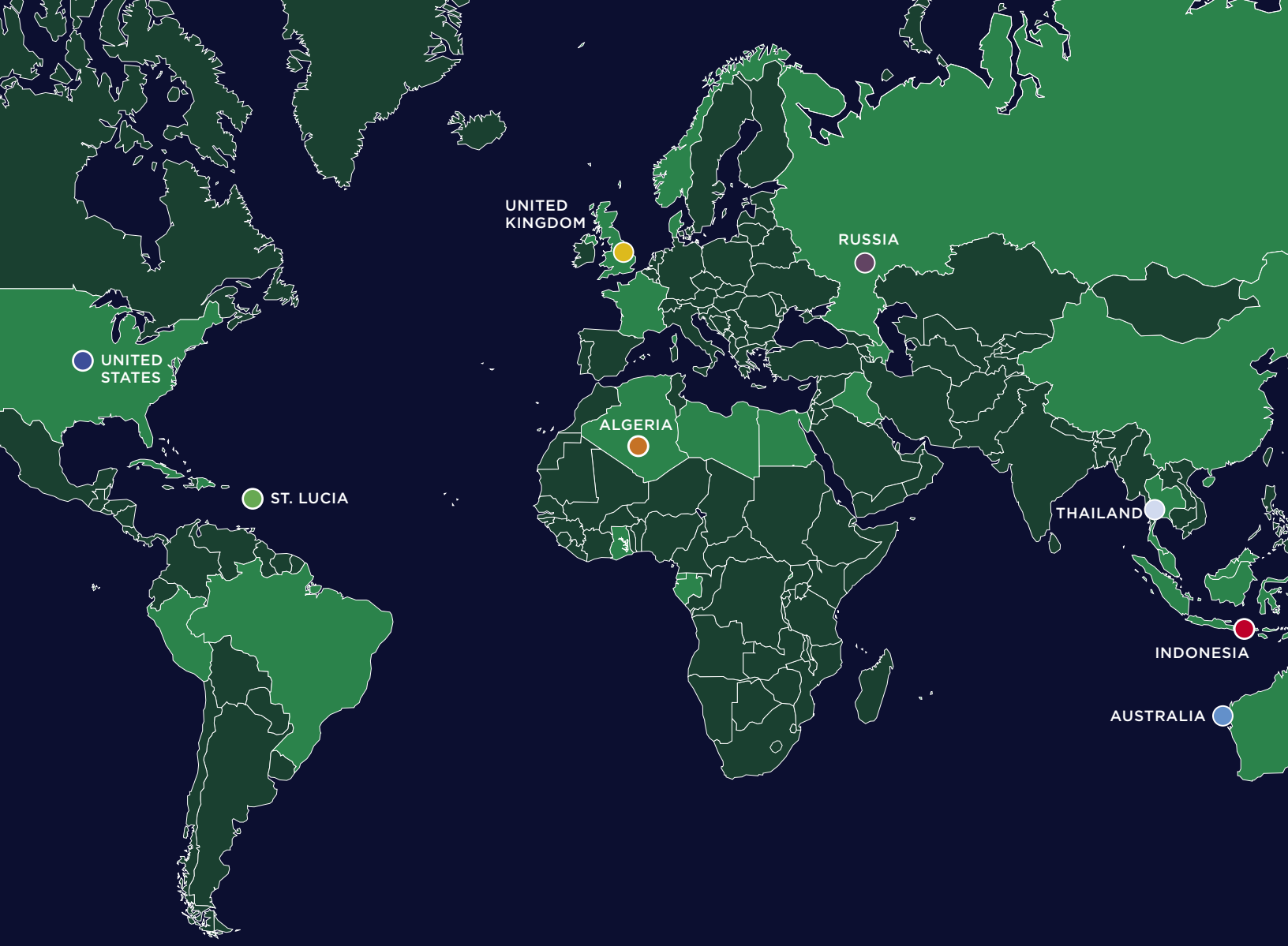
Hess Develops New Computer Facility for Laghouat School

In cooperation with national and local authorities, Hess helped create greater opportunities for local students to develop new skills by donating a multimedia room, including computers and printers, to a school in the Laghouat community.

Russia

Hess Renovates Sports School in Samara Oblast

Hess supported the renovation of the Children and Youth Sports School in the Bolsheglushitskiy district. The refurbished gym and locker rooms are now used by approximately 1,000 pupils to play basketball, volleyball and soccer.



Indonesia

Sustainable Livelihoods Through Local Fishing Initiatives

In partnership with local government and the "All Indonesian Fishermen Association," Hess provides technical and financial assistance to develop community based fishing programs for villages near our operations in Ujung Pangkah, East Java.

Thailand

Hess Library Improvement Project Promotes Literacy and Learning

With the Academic Resources Center of Khon Kaen University, Hess is supporting a project to strengthen the learning environment in 36 school libraries. The program provides training in library management, student study habits and reading skills.

Indonesia

Enhancing the Role of the Community Family Doctor

In collaboration with Brawijaya University, Hess is organizing training programs for paramedics and community representatives to better serve the local population's health needs and provide doctors with equipment to improve clinic management.

Australia

Make a Meal Program, Ronald McDonald House

Hess employees participated in the 'Make a Meal' program at Ronald McDonald House in Perth, Western Australia, volunteering their time to shop for fresh provisions and prepare home cooked meals for families using the residence while their children are hospitalized.

Sustainable Community Development in Thailand

Hess began gas exploration in northeast Thailand in 1996, and following appraisal activities, developed three gas wells, a 63-kilometer pipeline and a gas processing plant in 2006. This development area sits within a national forest and the pipeline route traverses agricultural land and rural communities in Khon Kaen and Udon Thani provinces. Within the combined area, which is home to approximately 46,500 people, there are 72 villages, 36 schools and 15 health centers.

Our Thailand social responsibility program is among the company's strongest and its success is attributable to its experienced local staff, extensive stakeholder engagement, public-private partnerships and ongoing monitoring and assessment. Hess' strategy in Thailand focuses on small, local projects that support self sufficiency and promote the transfer of knowledge within and between villages. We believe this approach can serve as a model for other Hess assets.

Stakeholder engagement

Prior to the start of construction in 2006, Hess adopted an approach of full disclosure and engagement with communities, local institutions, business partners, non-governmental organizations, government officials and regulators. With the assistance of Khon Kaen University (KKU), a rigorous public consultation process included dialogue with local communities, a study tour of the proposed sites with 230 village representatives, meetings with village heads and households, community forums and village presentations.

As a result, we were able to highlight issues and consider alternatives that guided the planning process for our operations, even altering the proposed pipeline route. The initial community engagement also informed our social investment strategy, including community development project selection and funding levels. We applied feedback from stakeholders to strengthen our social investment program.

Building trusted partnerships

Identifying and selecting the right local partners was essential for successful program and project implementation. We have strong working relationships with KKU and the Sustainable Community Development Foundation (SCDF) of Ubonrat Hospital, among other local institutions. These partnerships provide Hess with local insight and expertise, as well as regional and provincial reach. We also engage with villagers and local school staff to develop and implement projects that are unique to their needs.

Selecting the right projects to meet community needs

Long term community needs identified through the consultation phase were grouped around four key themes: community facilities, schools and education, health and wellness, and human habitat and environment.

Initial and subsequent village projects have been closely integrated with the local community's short and long term requirements and aligned with such community values as sustainable livelihoods, education and health.

Monitoring and Assessment

Local Hess staff visit each community development project quarterly, semi-annually or annually. During these visits, Hess engages in discussion, tours the project, and evaluates implementation progress. Hess partners, such as KKU or SCDF, conduct site visits as well, sometimes with Hess and sometimes independently. The results of these site visits inform Thailand operations' annual community development work plan and suggest areas for improvement and continued development.

KEY PROJECTS

Community Facilities

Goal: To improve quality of life by enhancing village infrastructure.

- Upgraded a groundwater treatment system to provide purified drinking water to more than 8,000 villagers at less than 10 percent of the cost of the alternative source.

Schools and Education

Goal: To improve learning environments for children and adults and introduce integrated and sustainable agriculture models that will increase harvests and improve nutrition.

- Funded facility improvements at 36 schools including drinking water supplies, classroom and library upgrades, cafeteria renovations and school lunch projects where students and staff grow ingredients to be used in lunchtime meals.
- Established three integrated agriculture learning centers offering training on organic multi-crop, fish and frog farming, organic fertilizer production, and raising protein sources such as chickens and wild boar. The centers, which reach 15,000 local residents a year via meetings, seminars and training events, support diversified local and cooperative farms that raise fruit and staple crops. Some villagers have extended this program to small scale cash crops such as local flowers and betel to generate outside income.

Health and Wellness

Goal: To prevent and treat illness and increase access to healthcare in rural areas.

- Provided funding to 15 health centers serving nearly 70,000 residents in Khon Kaen and Udon Thani provinces.
- Supported the start up of a community nursing scholarship program through the SCDF to address local nursing shortages. Five nursing students who graduated in March 2012 provide healthcare in village clinics and work at Ubonrat Hospital. An estimated 2,600 residents in four villages are expected to benefit from improved medical care.
- Supplied specialized motorcycles to 14 health centers in Ubonrat and Nam Phong to facilitate rural home health care visits by healthcare professionals.

Human Habitat and Environment

Goal: To improve human habitats and the environment through reforestation.

- Partnered with local government conservation and forest resource management to implement reforestation, revegetation and forest fire prevention and fire fighting programs. Hess has been employing local villagers to plant more than 234,000 trees across 462 acres to meet an objective of 505 trees per acre. The planting program combines agro-forestry and socio-economic considerations into a comprehensive approach to reforestation.
- Funded the pilot Community Forest Project administered by SCDF to provide skills and training so that 50 farming families can grow indigenous timber trees. The success of the pilot project led to government funding for 50 communities to plant two million tree seedlings over a five year period.

Home Healthcare Assistance, Thailand

Social Risk Management

Our Philosophy

Hess respects the rights and cultures of the people in communities where we operate. Our philosophy is to pursue profitable operations and corporate responsibility objectives in tandem, fostering mutual benefit between the company's goals and those of the community. Our practice is to collaborate with host governments, local communities, civil society, businesses and other stakeholders to make lasting contributions to social development.

Early identification and recognition of the impact of our operations on the interests and values of our community stakeholders is a key part of our planning activity. We focus on a diverse range of issues, including livelihood, living conditions, land access and use, health, safety, cultural heritage and security. We promote a stable, secure environment in which to conduct business, and we aim to gain local support for projects and to minimize adverse impact on our host communities.

Our Policy and Approach

Our Corporate Social Responsibility Policy sets expectations on how we conduct our business and requires that we carry out Environmental and Social Impact Assessments (ESIA) to ascertain the potential social, cultural and environmental impact of our operations. These assessments ensure that the impact of our operations is actively managed throughout the project lifecycle, enabling consultation, engagement and informed decision making.

As part of our approach to operational readiness in the Kurdistan Region of Iraq, for example, our company completed a high level risk assessment (HLRA) as part of initial entry, as well as an ESIA and full demographic survey in preparation for seismic activity. We are working in consultation with the community and have begun holding town halls and local meetings. We have appointed a full time social responsibility manager for this operation who is native to this area and based in the region.

We have recently conducted an in-depth cross-functional HLRA for our Utica Shale project in Ohio, where risks and impacts of upcoming operational activity have been identified and mitigation strategies are under development.

In 2011 we updated existing company directives to incorporate social risk criteria into our internal approval process for new country entries and major expenditures. Social risk has also been integrated into our enterprise wide Risk Governance Workshops, which have been held at various locations worldwide.

We are working to integrate our best practice examples of social risk management throughout our business processes and management systems, particularly with regard to our ongoing operations. We expect our contractors and suppliers to respect our policies and standards in this area and have incorporated new contract clauses clarifying expectations on ethics and social responsibility.

Leaseholder Meeting

Human Rights and Voluntary Commitments

Hess is committed to respecting human rights, as reflected in our Social Responsibility Values, Code of Conduct and respective Social Responsibility and Human Rights policies. We continue the process of integrating these human rights and fair labor condition principles into our business processes around the world. We support international voluntary initiatives designed to promote universal human rights, combat corruption and uphold the rule of law. Following U.N. Special Representative John Ruggie's suggestion of a framework to manage potential human rights issues related to business activity, we are reviewing our due diligence and grievance mechanisms with a view to further enhancing our operational practices in this regard.

Voluntary Initiatives

Hess maintains a long standing engagement with the Voluntary Principles on Security and Human Rights ("the Voluntary Principles") which we publicly communicate on our website (www.hess.com). We also participate in other international voluntary multi-stakeholder initiatives including the United Nations Global Compact and the Extractive Industries Transparency Initiative (EITI). In 2011 we participated in the fifth EITI Global Conference and we were actively engaged in Corporate Pillar Group discussions. In addition, we endorse and uphold the international standards set out in the United Nations Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

As an active member of the Voluntary Principles, we attend and participate in plenary meetings and are members of a number of working groups, including the Iraq working group and the newly formed Host Government Outreach working group. In 2011 we collaborated with the U.S. State Department on a draft governance framework in consultation with the Voluntary Principles Corporate Pillar, the governments of the U.S. and Canada and the Voluntary Principles Secretariat. This group's efforts culminated in the adoption of a new governance framework at the September 2011 Voluntary Principles Extraordinary Plenary in Canada.

Additionally, we are active in the International Petroleum Industry Environmental Conservation Association (IPIECA), an international oil and gas industry association focused on environmental and social responsibility issues and a Voluntary Principles Observer. Hess will assume a leadership role as co-chair of IPIECA's Voluntary Principles task force in 2012. We also support the Fund for Peace and its multi-stakeholder dialogues on business and human rights.

Policies and Protocols

Our Social Responsibility Values, Code of Conduct, and Social Responsibility and Human Rights policies, available to the public on our website (www.hess.com), uphold the principles in the voluntary initiatives that we endorse and support. The policies also state our commitment to meeting the highest standards of corporate citizenship and 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 understand and comply with the Code, social responsibility policies and related company directives.

Hess Outreach Program, Pangkah, Indonesia

As previously noted, the company's Code of Business Conduct and Ethics has been updated to include a new section on human rights.

We have drafted contract clauses for several types of investment agreements with the goal of eventually incorporating this language consistently into future agreements.

Human Rights Risk Assessments

Hess has utilized a global human rights risk assessment process, supplemented by contracted in country human rights risk assessments, to ascertain the human rights and security risks to Hess projects and staff, as well as the communities surrounding our operations. To date, assessments have been carried out in Thailand, Indonesia, Malaysia, Algeria and Equatorial Guinea.

In 2011 we reduced our human rights risk by focusing our effort in the following priority areas:

- We drafted new corporate guidance on our expectations regarding security and human rights
- We completed and rolled out new contract clauses, including Voluntary Principles implementation expectations for upstream business partners. These new contract clauses require our contractors to demonstrate compliance and communicate our ethics, human rights and social responsibility expectations to their employees and subcontractors

Last year Hess consulted with a third party about a human rights risk assessment on our development in the Kurdistan Region of Iraq, which will be commissioned during the second quarter of 2012.

Training and Awareness

As stated, we are committed to increasing internal awareness of the Voluntary Principles and human rights. We are also taking steps to ensure that our contractors are aware of and abide by our Voluntary Commitments and related policies and protocols.

We set a goal for 2011 to roll out mandatory on-line human rights training for all employees. While field testing the early drafts of our training, however, an analysis showed a need to simplify this complex material to ensure adoption by our employees. The valuable feedback we received in the field has since been incorporated into the material and an on-line training module will be further tested and rolled out in 2012. As we launch the training, we will continue to seek employee feedback and are prepared to further refine the content as required. The course will be mandatory for all Hess employees.

Security

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. However, our goal is to anticipate and manage the risks. In keeping with our Code, 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 seek 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.

Any security incident with human rights implications is reported to the head of global security, including occurrences that highlight potential future risk such as peaceful community protests. While such incidents are reported to the head of global security and regional managers, we believe they are generally best addressed at the local level. Accordingly our community development teams 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. We are not aware of any human rights violations with respect to indigenous peoples in 2011.

Hess human rights staff work closely with our global supply chain to ensure Hess contracts include provisions related to our expectations on ethics, security and human rights, and Hess' Voluntary Commitments, including the Voluntary Principles.

Labor Practices

We do not permit the employment of underage children or the use of forced or compulsory labor in our global workforce. This is also enforced in our new contract language on labor practices. We recognize and respect our employees' right to join associations and engage in collective bargaining in a manner that is consistent with applicable laws, rules, regulations and local customs. Within this context, the company has not identified significant risk in our global workforce for child labor, forced or compulsory labor, 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. We reinforce these expectations through our Code, Human Rights Policy, and Corporate Social Responsibility Policy.

Freedom of Association

Hess employs unionized and non-represented workers in hourly job classifications. There are represented workers at our operations in the U.S., Indonesia and Denmark. In 2011 approximately 6.5 percent of U.S. employees were represented by collective bargaining agreements, all within the M&R business segment. Approximately 37 percent of national employees in Indonesia production operations are unionized. Denmark operations also have represented workers, but Danish law prohibits public disclosure of this information.

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.

We plan to initiate a process to identify the countries in which the right to exercise freedom of association and collective bargaining may be at significant risk.

Drilling Operations, North Dakota

Drillship, Gulf of Mexico

Safety and Health

ENHANCED EMPHASIS ON PROCESS SAFETY

ZERO EMPLOYEE OR CONTRACTOR FATALITIES

TRIR CONTRACTOR PERFORMANCE; CHALLENGE TO IMPROVE

Hess employee safety performance continued to improve for the seventh consecutive year. There were no fatal incidents for either employees or contractors. Regrettably, contractor safety performance worsened from 2010 to 2011, driven primarily by our U.S. unconventionals business where overall activity levels increased significantly. Plans are now in place to significantly improve safety performance in that business and results from the final quarter of 2011 indicated that improvement had already begun.

Safety performance across other parts of our global business remained strong, a testimony to the commitment of our entire workforce and the effectiveness of our management systems. We remain committed to delivering continuous improvement in our safety performance and to protecting the health and safety of our workforce, our partners and the community.

We maintained our focus on process safety across our business and in 2011 undertook an executive review of process safety to identify areas for further improvement and to consolidate what we have learned from a range of industry incidents. The Hess Board of Directors was briefed on the progress of this review in November 2011, and resulting recommendations from this review will be implemented during 2012 and beyond.

Work continued in 2011 on development of a suite of process safety indicators for use across our business, which were derived from industry guidance from both the American Petroleum Institute (API), and the Oil and Gas Producers Association (OGP). These indicators will be introduced during 2012 and are expected to provide effective and consistent monitoring of process safety within our businesses.

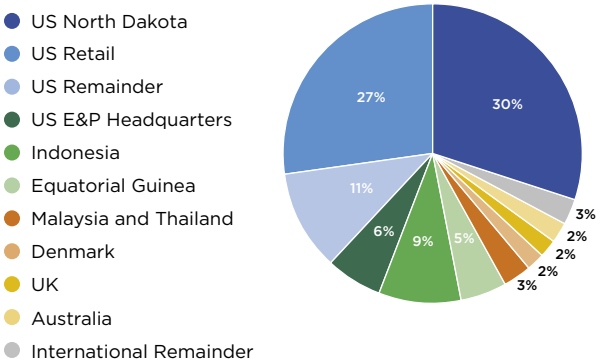
Workforce Safety Performance

The following 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).

The company's TRIR worsened by 7 percent in 2011, driven largely by rapid expansion in our U.S. unconventionals business, where year over year workforce hours tripled and additional high hazard activities were introduced. It now accounts for 30 percent of total workforce hours.

Retail Marketing accounted for 27 percent of total workforce hours and 54 percent of total employee hours. Across our industry, retail station and convenience store operations

Workforce Hours
(53.3 million employee and contractor hours)



Workforce Safety Performance

typically have higher average safety incident rates than overall oil and gas industry averages. Hess owns and operates most 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 through branded dealer operations or omit retail operations from safety data reporting.

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, 2011 retail safety results were among the best in the benchmark group.

A range of leading safety metrics, tailored to address the challenges presented by our diverse lines of business and their operating environments, are monitored at a local level to support proactive and effective safety risk management. Examples of leading metrics used in 2011 include leadership site visits, contractor management activities, and safety observations completed.

Employee Safety Performance

In 2011 we further improved our employee safety performance by 12 percent, our best companywide employee safety performance since we began reporting. This improvement was underpinned by the continued strong performance in Retail Marketing.

Contractor Safety Performance

In 2011 contractors accounted for 55 percent of total workforce hours. Contractor hours increased 66 percent due primarily to rapid growth in our U.S. unconventionals business. The contractor TRIR worsened in 2011, reflecting the challenges experienced by the whole industry in the expanding U.S. unconventionals business and as described earlier in this section.

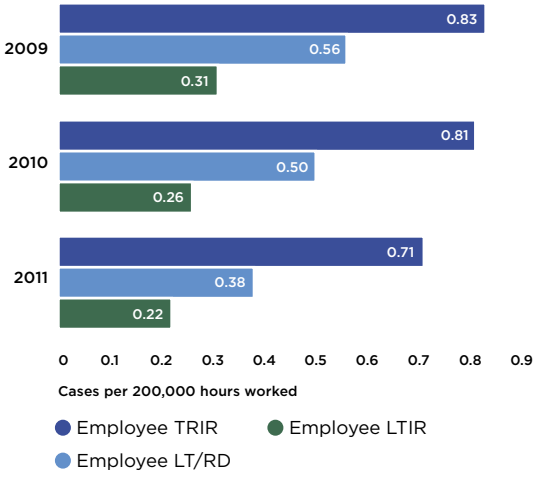
During 2011 we further embedded our standardized contractor safety management processes, which address selection, engagement, monitoring and post contract review. In those instances where a contractor does not fully meet our safety management criteria, management approval and risk mitigation plans must be in place before work can proceed.

Joint Ventures Safety Performance

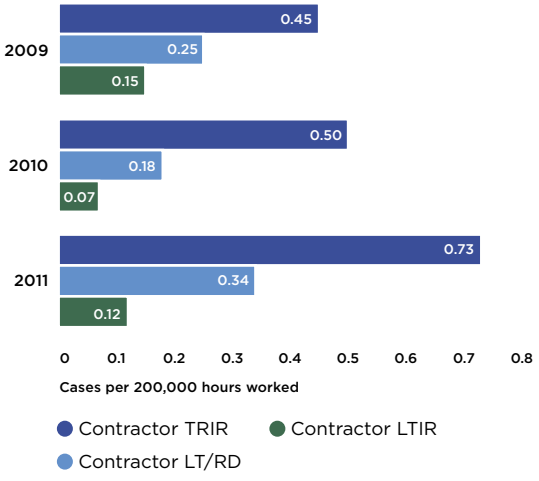
At Hess we seek to impart significant influence on those joint ventures which, though not under our direct operational control, are important contributors to our portfolio. Fundamental to our approach is assurance around the effectiveness of the joint venture's safety and health policy and the underlying management system.

Performance review takes place through our participation in joint venture management and

Employee Safety Performance



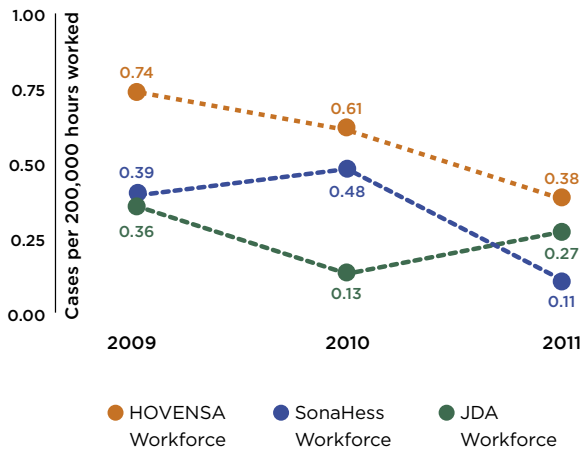
Contractor Safety Performance



Safety Exercise, Gassi El Agreb

operational committees. We seek to influence each joint venture to set and manage to meaningful continuous improvement targets to support appropriate improvement plans and to account for the particular operational, geographical and cultural setting. In our Marketing & Refining business, the key joint venture in 2011 was HOVENSA, a refinery in St. Croix, U.S. Virgin Islands, where safety performance (TRIR) improved

Joint Ventures Safety Performance (TRIR)



Chairman's Award for Safety Excellence and Global Safety Appreciation Day

Our Chairman's Award for Safety Excellence, and annual Global Safety Appreciation Day, are key global initiatives that provide senior leadership opportunities to reinforce the importance of safety in our operations to our business success.

Each year the Chairman's Award for Safety Excellence is presented to the operation that has been most effective at improving and sustaining its safety culture and performance. The E&P and M&R presidents also present awards for safety excellence within their respective businesses. In 2011 we enhanced the criteria for the awards to focus on process safety, in addition to occupational safety.

In 2011 our U.S. Terminal Operations earned the Chairman's Award for Safety Excellence. Our Pangkah Production Operations and Sun East Retail Operations, earned the E&P and M&R Presidents' Awards for Safety Excellence, respectively.

Annual nominations, which come from across the company, demonstrate the day to day leadership and operational achievements that deliver improved safety results and reduce risk and exposure in our business.

Global Safety Appreciation Day is an established annual event that gives leaders across the company an added opportunity to engage with the local workforce, reinforces the importance of safety in our business, reflects on progress and successes and identifies steps to continue our improvement.

Global Safety Appreciation Day takes place in every Hess location worldwide on the same day. The event includes a video broadcast safety message from the Hess Leadership Team and focuses on global improvement priorities. In 2011 particular focus was placed on process safety, contractor management and the introduction of Hess Rules for Safety.

markedly, surpassing targeted performance levels and delivering best results ever. In January 2012 HOVENSA announced it would shut down its refinery in St. Croix and operate the complex as an oil storage terminal.

Construction was completed at the Bayonne Energy Center joint venture, a gas fired electricity generation facility in Bayonne, N.J., providing power to New York City. Safety performance during the construction phase was better than comparable construction industry performance, though not yet at the levels we expect at Hess. We will focus on operating BEC to the high standards of all our other Hess operating facilities.

In our E&P business, we participate in a number of joint venture arrangements. Our joint venture with Sonatrach in Algeria, SonaHess, also delivered strong performance improvement in 2011 following introduction of a series of programs focused on visible management commitment, increased workforce competency, a management inspection process and major accident hazard prevention.

Safety performance at the Carigali Hess joint venture in the Malaysia/Thailand Joint Development Area, deteriorated slightly in 2011 compared with 2010. However, based on International Association of Oil and Gas Producers regional benchmark data, performance there compares favorably to the industry in that region.

Emergency Preparedness and Response

Hess strives for safe and incident free operations for the safety and wellbeing of people, the environment and the communities where we do business. As a responsible neighbor, we maintain and routinely exercise emergency response, continuity and corporate crisis management plans that are risk appropriate and are integrated with the plans maintained by our contractors. Collectively these plans describe the strategies, processes, and procedures we will employ in the event of an emergency.

Our Incident Support and Corporate Crisis Management teams provide support for local emergency response efforts. We routinely exercise and drill our plans. We then incorporate into our plans the lessons we learn from these exercises and drills, as well as lessons learned from incidents that have occurred in our industry. We share what we have learned and best practices throughout our company.

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 respond to and manage incidents related to security, spill containment and recovery, 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. These organizations include Clean Gulf Associates, Helix Well Containment Group, Marine Well Containment Company, Wild Well Control, National Response Corporation and Oil Spill Response Limited. We participate in complex drills and work closely with government agencies and response organizations to ensure an integrated and systematic approach to emergency response management. One example of this type of cooperation is described in the discussion below for the U.S. Marketing and Refining (M&R) organization.

Europe/Eurasia – E&P

Full scale exercises included a simulated oil spill at the South Arne Production Platform and a simulated fatality at a supporting fabrication yard. Participants in the exercises included the facility's emergency response team, supporting emergency management and incident support teams from the Hess Copenhagen and London offices, including third party specialists to address media and humanitarian concerns.

Southeast Asia – E&P

Full scale exercises included the simulation of a major drilling incident at the Sinphuhorm Gas Processing Plant. Participants in the exercise included Hess employees and contractors, the facility's emergency response team and supporting management and incident support team at the Hess Thailand and the Kuala Lumpur offices.

United States – E&P

Full scale exercises included a simulated oil spill at the Baldpate Platform in the Gulf of Mexico. Participants in the exercise included the facility's emergency response team, supporting emergency management and incident support teams out of the Hess Houston offices, including emergency response organizations and third party specialists for emergency management.

United States – M&R

In addition to fire familiarization drills and emergency response exercises, Hess Port Reading and Hess Terminal Operations hosted a hurricane preparedness exercise that focused on the implications of a potential loss of petroleum product distribution facilities near the New York City Harbor. Participants included representatives of federal, state and local government, the petroleum industry and local utilities.

Emergency Preparedness Drill, Charleston, South Carolina

Process Safety

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 onshore U.S. refining and gas plant process safety environments.

We 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 throughout our operations.

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 recognize our vulnerability to our occupational safety risks, our focus on process safety is critical to ensuring that we effectively manage the types of risks that could threaten the company's financial strength and reputation.

Safety Committees

Safety committees at Hess, whose members include managers, salaried and hourly 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 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

During 2011 we began developing a unified long term health and wellness strategy that recognizes and respects the variety of cultural and business environments represented across the enterprise. The strategy is based on a major Hess employee wellness initiative begun in 2008.

The Hess wellness initiative continued to have a positive impact on the lives of employees and their families. In the U.S., resources and tools were provided to help employees meet health and wellness objectives for exercise, diet and nutrition, weight control, stress management, tobacco cessation and chronic disease management. A third party provider, which maintains the anonymity of individual records, reports that overall,

Malaysia/Thailand Joint Development Area

employees and their spouses have achieved significant improvements in blood pressure and cholesterol readings over the last two years.

Workplace health efforts are stronger when they connect with community resources and focus on areas important to employees. In the U.S. for example, Hess participated in the U.S. Department of Health and Human Services-sponsored "National Women's Health Week" and promoted free health screenings to all female employees and spouses enrolled in the company sponsored medical plan.

Employees in the London office conducted a two month health campaign focused on nutrition awareness, exercise, and mental health. Employees received free membership to a fitness center, participated in onsite mental health workshops and received information on the nutritional content of food offered at the office café. At the conclusion of the program, employee teams participated in a fitness challenge and celebrated their improved knowledge and health.

In Equatorial Guinea we continued community focused disease prevention and education initiatives to help prevent the spread of waterborne pathogens at local schools. This was accomplished through the enhancement of sanitary facilities, drilling additional water wells and distributing mosquito nets in a number of communities that neighbor our operations. We also funded medical care for children who develop acute conditions such as malaria, dysentery and infected wounds.

In addition, the company continues to support a blood donor program to foster a safe blood supply at a blood bank established by Hess and the Centro Medico La Paz Medical Center, the first in the country. Through a newly established Hess blood donor registry in Equatorial Guinea, we identified donors whose blood donation saved the life of a preschool child with a rare blood type.

Regulatory Compliance

There were no significant safety related fines or penalties in 2011.

Aviation Safety

During 2011 Hess employee and contractor business travel on commercial and chartered aircraft exceeded 100 million air miles. With chartered offshore helicopters and fixed wing aircraft operating in 13 countries and extensive use of commercial airlines globally, Hess takes a proactive approach to managing aviation safety risks.

We have a dedicated corporate aviation safety staff that works closely with our procurement unit to screen and evaluate the safety performance of existing and prospective suppliers. Hess aviation safety experts routinely conduct onsite audits and reviews of all charter companies' safety practices and their conformance with industry standards and best practices, as well as the stringent Hess Aviation Standards that we follow internally.

Offshore Australia

Staff Meeting, Jakarta, Indonesia

Global Workforce

19%
INCREASE IN ASIA PACIFIC WORKFORCE

39%
WOMEN IN WORKFORCE

72%
LOCAL NATIONAL EMPLOYMENT IN EQUATORIAL GUINEA

Hess is committed to attracting, energizing, developing and retaining a 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.

As we compete across the globe to attract and retain the best skilled and motivated employees, we are most successful when we clearly define the Hess Values, describe our long range vision and determination to be the most trusted energy partner in the world, outline our social responsibility expectations and show how each employee can make a difference in the communities where we do business. In addition, we define the many opportunities for career advancement and development and tie them to our competitive compensation plan.

Workforce Demographics

Hess employed 13,021 people (excluding Russia) worldwide in 2011, a 3.4 percent increase over 2010. Ninety percent of employees were based in the U.S.; of those, 69 percent worked at retail locations, 26 percent were part time and 66 percent were hourly employees. The vast majority of hourly employees and 99 percent of part time employees worked in retail. The number of employees in the Asia Pacific region increased 19 percent, our fastest growing region.

The global voluntary turnover rate for employees other than retail hourly was 7.2 percent. Voluntary turnover rates were slightly lower among women and minorities, significantly lower for employees over 50 years old and higher for employees ages 30 to 50. Approximately one percent of employees were laid off because their positions were eliminated.

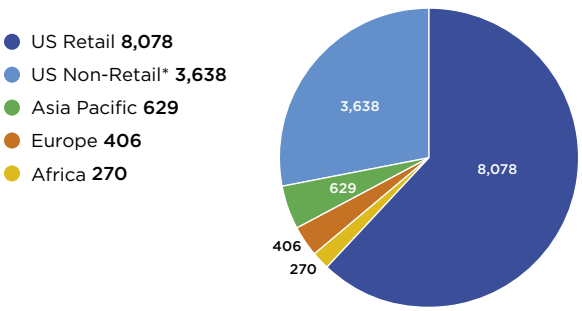
Diversity

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.

In 2011 the diversity of our workforce was similar to the prior year. The percentage of women (39 percent), U.S. minorities (37 percent) and employees under 30, between 30 and 50 and over 50 years old (31 percent, 47 percent and 22 percent respectively) remained steady.

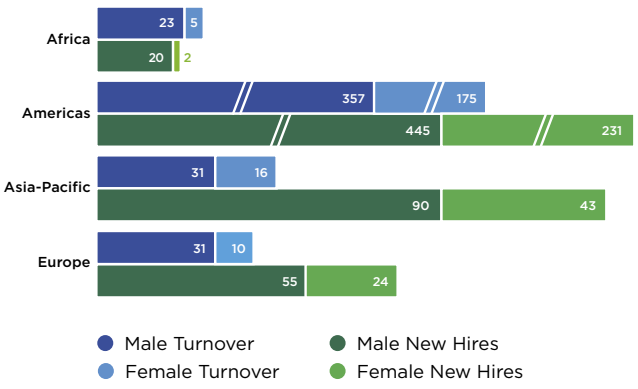
Females and minorities represented 32 percent of the professional, non-retail employees who were rotated to new jobs as part of formal development programs in several functional and technical areas. We also advanced our goal to hire and promote women and minorities into executive positions.

Global Employees



Excludes HOVENSA JV, Hetco front office and Russia operations
*Includes St. Lucia (103)

Turnover and New Hires



Excludes hourly retail employees

Forty-three percent of all new hires were women or minorities. For the second consecutive year, half of new college and university graduates hired into downstream operations were women or minorities. Women and minorities comprised almost half (47.6 percent) of college and graduate hiring for upstream operations.

Workforce Localization

Hess is committed to building a workforce that reflects the diversity of our communities. A special effort is being made where we have assets in countries that are not part of the Organization for Economic Cooperation and Development, including Equatorial Guinea, Indonesia and Malaysia. We classify Equatorial Guinea, Indonesia and Malaysia as significant operations because they have at least 100 employees.

Local nationals comprised most of the Hess Asia Pacific workforce. As a result of our effort, the representation of local nationals increased 3 percent in Malaysia and 9 percent in Indonesia among managers and professionals. Senior leaders who are local nationals include the vice president Global New Business Development Asia Pacific Australia and China and the vice president New Business Development China. In Equatorial Guinea, where 72 percent of staff were local nationals, 19 percent of them were managers and professionals.

In 2011, 373 employees accepted international assignments to develop and broaden their skills and prepare for more senior roles. Of those on assignment, 60 percent were in Africa and Asia Pacific where they helped develop stronger leaders and technical professionals among the national employees. During the year, the Hess Global Foundation Program was expanded to include nationals from Equatorial Guinea.

Team Meeting, New York

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

	WOMEN (US AND INTERNATIONAL)			MINORITIES (US)		
Job Category	Total Employees	Number	Percent	Total Employees	Number	Percent
Executives and senior officers	95	7	7%	85	6	7%
First and mid-level managers	2,137	667	31%	1,861	458	25%
Professionals	2,221	744	33%	1,528	400	26%
Total	4,453	1,418	32%	3,474	864	25%

Note: There are 209 U.S. employees who are both minority and female. This chart excludes retail hourly employees who are included in the female and minority figures on page 75.

Policies and Practices

In 2011 we initiated a comprehensive review of our global workplace policies and human resources practices to ensure that they are not only compliant with the law, but also foster a work environment that supports our long term vision for the company. In the U.S., new policies were created to better define the company's workplace practices, especially around affirmative action, anti-harassment, education assistance, and promoting a drug- and violence-free workplace. Similar policies were also revised in Asia Pacific and Europe. Employee handbooks were updated, distributed and posted online where they could be easily accessed, read and acknowledged by employees. Hess will continue to review and communicate changes to policies and practices over the coming years.

Respect in the Workplace

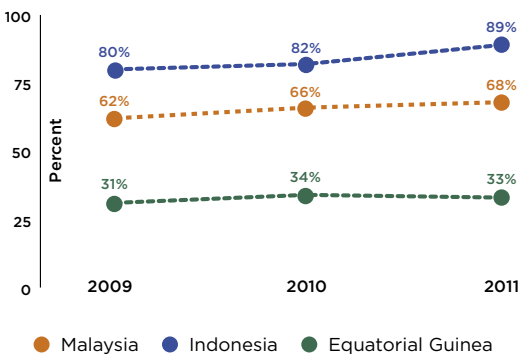
We do not tolerate harassment of employees or job applicants by anyone, including supervisors, coworkers, vendors, clients or customers. We offer preventive training and encourage that suspected abuses be immediately reported. All cases, reported and suspected, are handled confidentially and are promptly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

Allegations of discrimination or workplace harassment within Hess and Hess joint ventures that are reported through the Hess Code of Business Conduct and Ethics hotline, are handled confidentially and investigated promptly and fairly. Confidential hotline allegations determined to be violations of the Code are coordinated by the vice president, Global Audit and Compliance. In 2011 there were 14 substantiated violations of the Code in the category "Diversity, Equal Opportunity and Respect in the Workplace," almost all related to workplace harassment. Substantiated incidents of harassment or discrimination are subject to disciplinary action, including termination of employment.

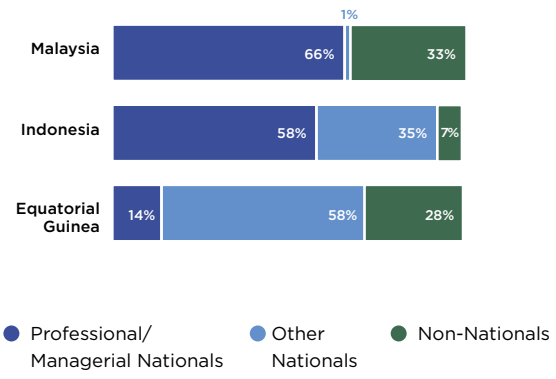
Hess had 15 official charges of workplace harassment or discrimination filed with the U.S. Equal Employment Opportunity Commission and/or related state agencies. Eight were dismissed and the remaining charges are pending, though we fully expect the remaining charges to be dismissed. There were no major legal judgments, fines or penalties related to discrimination or harassment during 2011.

A new online training course, Respect in the Workplace, was introduced in 2011 as required training for all managers and supervisors to ensure that employees maintain a work environment free of harassment toward other employees, applicants, vendors and customers. Additional employees and managers were provided

National Employees (% of Managers and Professionals)



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



instructor led training. Retail store managers attended a four hour instructor led workshop on fair employment practices and policies.

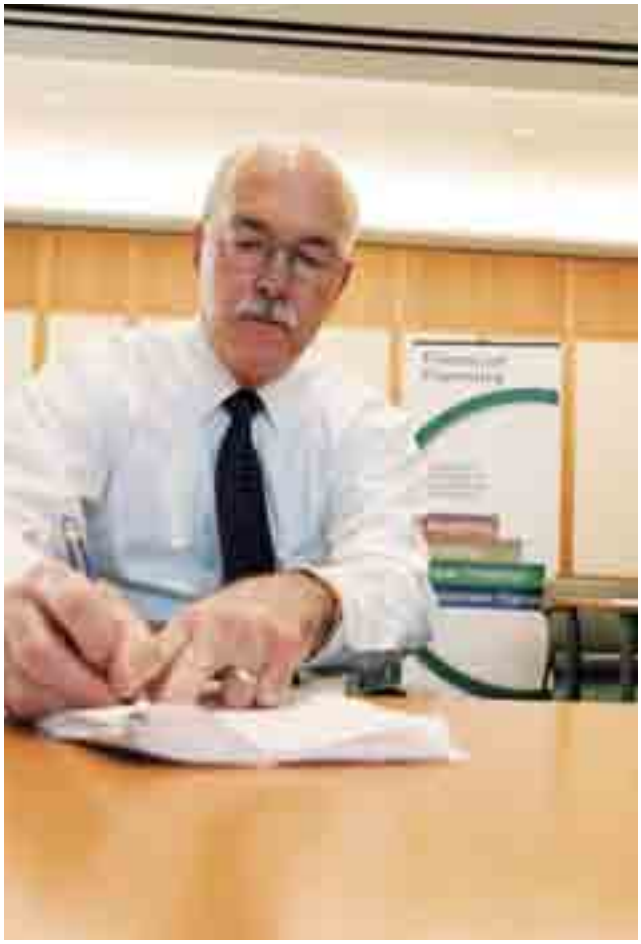
Compensation and Benefits

Hess is committed to paying employees fairly for the work they do and the contributions they make. We benchmark 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.

Compensation

We aim to pay better, on average, than 75 percent of workers in comparable positions at companies in our specified industry peer group. We also recognize differences in individual and business unit contributions with greater financial reward. Those who make a bigger contribution or perform at higher levels earn more, regardless of race, color, gender, age, sexual orientation, religion, disability or other protected class. Union employees have wages, benefits and bonuses determined by collective bargaining agreements.

Hess pays retail hourly employees 23 percent more than the minimum wage, on average. Non-retail entry level positions in our significant U.S. and international operations in Europe and Southeast Asia, where we employ 100 or more staff, were paid on average between two and four times the prevailing minimum wage. In Equatorial Guinea, where we employ more than 100 local nationals, the government sets minimum wages based on industry sector and job type. Hess pays more than the minimum wage rates for the oil and gas sector, which are significantly higher than those of other industries.



Employee Orientation, New Jersey

Benefits

Hess provides comprehensive, high quality health and retirement benefits that supplement or enhance what is offered by government programs. We evaluate our benefits annually and, based on a 2011 analysis, the value of U.S. benefits was among the best offered not only in the energy industry, but by leading employers in other industries, as well. Hess also enhances government provided programs and services and provides supplemental benefits outside the U.S.

Hess provides benefits and programs to non-hourly retail employees that exceed the industry standard. In addition to the same medical coverage as every Hess employee, non-hourly retail employees can participate in the savings plan. Hess also offers these employees a pension plan, which is unique in the retail industry. Retail employees are eligible to receive education assistance for courses related to their development. Hess has a separate benefit

Comparison of Hess Entry Level Wages to Local Minimum Wages

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

plan for full time retail hourly employees that includes medical and life insurance coverage and paid vacations. Full time retail hourly employees are also eligible to participate in the company's savings plan.

Salaried employees are eligible to participate in the company's cash bonus plan or related bonus plan, except where there is an approved local program or government or cultural constraints. Plan awards are based on business performance and an individual's performance rating. Overall, 87 percent of employees participated in the plan, though fewer employees did in our retail and terminal businesses.

Consistent with our culture of continuous learning and development, we offer employees financial assistance for participation in courses outside of the company. In 2011 the company contributed more than $1.1 million for outside educational assistance.

BENEFITS PROVIDED TO NON-RETAIL EMPLOYEES
Company Sick Pay
State Disability Pay (if applicable)
Vacation and Personal Days
Paid Holidays
Bereavement and Jury Duty Pay
Overtime Pay
Employee Assistance Programs
Short Term Disability Insurance
Long Term Disability Insurance
Education Assistance
Pension Plan
401(k)/Savings Plan
Medical Plan
Dental Plan
Vision Plan
Health Savings Accounts
LIfe Insurance
Accident Insurance

Note: Union-represented employees are subject to Collective Bargaining Agreements; many of these benefits are available to part time and retail hourly employees. Hess' SEC 10-K provides a detailed description of defined benefits, pension and other retirement plans.

Hess' long term incentive program provides opportunities for employees to share in the success they help create and align their interests with those of shareholders. Stock-based awards are made each year to a segment of employees based on leadership impact and criticality of role in achieving business success. In 2011 the number of employees participating in the program increased 25 percent compared to 2010.

Talent Management

In 2011 Hess continued to grow and develop our internal talent by fostering an environment where everyone continually learns and grows, builds capabilities, experiences new challenges and sharpens skills. Hess recognizes that not all roles can be filled internally as we grow. We hire into the company to supplement the existing workforce when new skills and capabilities are needed.

Performance Management

We improved the performance management process in 2011. In addition to external benchmarking, we surveyed more than 1,200 managers and interviewed senior leaders to assess the current state of the management process and identify potential approaches to make it more effective. The improved process helped facilitate alignment of departmental goals and individual objectives to achieve our long term strategic vision. It also provided more focus and time to have thoughtful, in-depth conversations with employees about performance expectations, as well as sufficient time to calibrate the assessment of performance and application of compensation decisions to ensure consistency.

All professional, managerial and executive employees took part in the global performance management process in 2011. As part of the process, employees were required to create an individual development plan to identify specific actions to be taken during the year to build the necessary skills and gain valuable experiences. The aim is to help people make a bigger contribution in their current role, and, if appropriate, prepare for their next assignment.

In Retail, there are guidelines that mirror and align with the corporate process, but no online performance management system. Training on conducting and documenting performance reviews for hourly associates is provided to Retail general managers. Performance feedback is given continuously throughout the year.

Learning and Development

Hess supports the developmental philosophy that most (70 percent) learning and development actions should be on the job, some (20 percent) should come from relationships with others (e.g., coaching and mentoring) and the balance (10 percent) should be formal learning that can be fulfilled using classroom training and online resources in the Hess Learning Center. Our goal is for all employees to use competency models as a starting point to access their development needs.

In 2011 we introduced tools that employees can use to build more comprehensive development plans. We increased the number of formal competency models for businesses and functions to provide an understanding of the technical requirements of their positions. In addition, we introduced nine competencies that establish the standard for being a successful leader at Hess. Those who lead others and individual contributors in leadership roles were asked to consider the competencies when incorporating on the job coaching and counseling and formal training actions into their development plans. These competencies are being used in 2012 to measure leadership performance.

In 2011, 386 employees worldwide participated in leadership development programs. The offerings included programs for new managers to build supervisory skills, programs for experienced managers to build leadership skills for more advanced roles and a program for the company's 100 most senior leaders to effectively lead the change required to achieve the strategic vision that we have set for our company and our employees.

New Employees

Among our key accomplishments in 2011 was the implementation of Passport to Hess, a global onboarding process and orientation program that provided a consistent experience to 300 new employees in its first five months of use. The program includes common forms and processes for pre-boarding and onboarding, a first day orientation program, tools to help new hires and supervisors work together during the first 90 days to facilitate a smooth integration and the assignment of a guide to help the new hire navigate Hess and coursework through the Hess Learning Center. Feedback attained from a user survey confirmed that the program exceeded participants' expectations and significantly helped accelerate employee integration, effectiveness and engagement; 94 percent of participants surveyed in the first four months of the program were satisfied to extremely satisfied with the program.

Team Meeting, Perth, Australia

Early Career Programs

A pilot for our new Global Professional Development Program (GPDP) was held in 2011 and attended by 18 newly hired college graduates. When the program is fully implemented in 2012 all new Hess college graduate hires will participate in this two year program, which

is designed to build baseline professional skills, such as goal setting, time management, presentation skills and business writing, and accelerate performance and development. The program complements functional and technical skill building with a consistent curriculum that is delivered with local customizations. It also includes voluntary participation in a mentoring circle, where participants can exchange ideas and information and build their networks of business contacts and resources.

The Hess Global Foundation Program, a multi year, comprehensive, early career technical development program for engineers and geoscientists, not only develops new hires, it also helps ensure they become an immediate asset to the company.

Training

At Hess every employee is offered the opportunity for learning and development. Hess spent $16 million on company run training, including instructor led courses and online education modules, a 33 percent increase from 2010.

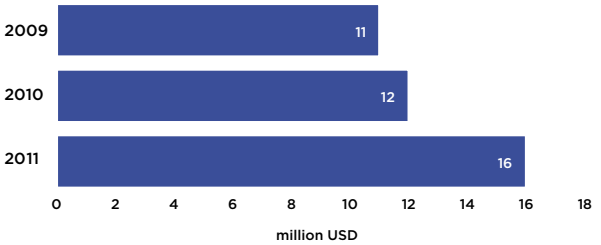
In Retail Operations the 2011 training program for new store associates included 12 eLearning modules, each 60 minutes in duration or an average of 12 hours per employee, supplemented by extensive on the job training. In addition, several rapid training eLearning clips, seven to 16 minutes long, were made available to teach store associates about such topics as anti-money laundering, how to do fast food counts and product knowledge. Training for assistant store managers consisted of six online hours, 24 hours on the job and 16 hours of classroom instruction.

We cannot provide an accurate global figure for average hours of training for non-retail employees, as our systems do not capture all internal and external training or professional development hours. However, independent third party reviews of business and facility level training hours were conducted in 2009, 2010 and 2011 as part of the sustainability report verification process.

Based on these reviews, we estimate that non-retail employees received on average 25 or more hours of training in 2011. This year, Indonesia and Thailand site visits confirmed that operators received on average between 80 and 100 hours of training and coaching.

Trend data show that non-retail employee training hours increased between 2010 and 2011. The data we collect from the Hess Learning Center indicate that more than 4,000 non-retail employees accessed an average two hours of online training, the number of users rose 31 percent and learning resources accessed and course completions doubled. In addition, completion of internal instructor led workshops increased 12 percent.

Training Spend



Training spend is for company provided training, and does not include external training courses.

HOVENSA L.L.C.

In January 2012, following three years of significant financial losses, HOVENSA L.L.C., announced it was shutting down its refinery in St. Croix, U.S. Virgin Islands, a joint venture between Hess and Petroleos de Venezuela S.A. Consistent with Hess Values and recognizing that affected HOVENSA employees face a difficult job market on the island, enhanced severance packages were provided. In addition, Hess participated in a HOVENSA job fair with more than 20 other companies to expose employees to opportunities elsewhere. When possible, HOVENSA employees were given special consideration for open positions at Hess. Hess will honor any existing commitments to make tuition payments through the end of the school year for the children of eligible employees.

Tioga Gas Plant, North Dakota

Climate Change and Energy

14%
GREENHOUSE GAS INTENSITY REDUCTION

52%
FLARE REDUCTION IN ALGERIA AND EQUATORIAL GUINEA

23%
ELECTRICITY PURCHASED FROM RENEWABLE SOURCES

Hess is committed to helping meet the world's increasing demand for energy in an environmentally responsible manner. We aim to be top quartile for our emissions performance and the quality of our climate change disclosures to stakeholders. We have been recognized by the Carbon Disclosure Project, Bloomberg, Maplecroft and others for communicating openly about climate change and sustainable business practices.

Hess assesses, monitors and takes measures to reduce our carbon footprint at existing and planned operations. We have expressed publicly the need for cooperation between U.S. and world leaders and industry to develop comprehensive energy and climate solutions that will help meet future energy demand and reduce greenhouse gas emissions. Accomplishing these objectives will require an approach that includes increased use of cleaner burning natural gas, commercial scale carbon neutral technologies and demand reduction measures such as energy efficiency initiatives.

We monitor the evolving regulatory landscape with regard to climate change. Hess believes the U.S. needs to act responsibly about climate change. We are committed to complying with all emissions mandates, and believe that the best approach to reducing emissions is through a carbon tax on transportation fuels and a market based mechanism for reducing stationary source emissions. Carbon price signals, applied when the economy recovers and people get back to work, will ensure that we use hydrocarbons more efficiently and make meaningful reductions in CO_2. Hess supports a reasonable approach to reducing carbon emissions that is transparent, flexible and equitable. Such an approach should be introduced over a five year period and only when other major industrial powers take similar measures.

In 2009 the Hess Leadership Team approved a seven point strategy for addressing the challenges and opportunities presented by climate change. The Hess Climate Change Network (CCN) was tasked with executing this strategy. Three years into our five year target cycle, we have made considerable progress toward executing our strategy and achieving our targets.

Hess set a Greenhouse Gas (GHG) intensity reduction target for 2013 that is 20 percent below the company's 2008 baseline. In 2011 we achieved a 14 percent GHG intensity reduction against the baseline and an absolute reduction of 1.3 million tonnes. We decreased combined flaring in Algeria and Equatorial Guinea by more than 52 percent during the past several years, achieving our 50 percent flare reduction target several years ahead of schedule. Our climate change strategy includes the purchase of both certified renewable energy certificates and carbon offsets. In 2011 we purchased 23 percent of net electricity used for company operations from renewable sources and achieved carbon neutral status for our commercial air travel by offsetting more than 100 percent of these emissions.

During the first quarter of 2012 Hess incorporated carbon life cycle tools into the model that we use to evaluate new upstream investment decisions. We did this to encourage best practice energy efficiency and flare reduction equipment decisions and account for the cost of carbon in future investments. We have also made considerable progress toward implementing a corporate wide energy management system. In 2012 we plan to collect monthly energy usage data, create an updated energy monitoring system for senior management and analyze energy reduction opportunities with the objective of setting a corporate wide energy efficiency target in 2013. In addition, our Hess Energy Marketing team has developed a series of products that offer our downstream customers opportunities to minimize their carbon footprints. More information on the financial implications of climate change can be found in our Carbon Disclosure Project submittals.

Governance Structure

In recognition of the importance of climate change, the CCN reports to the company's Operational Excellence Leadership Team (OELT). The OELT includes senior leaders from our 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, who chairs the OELT, sits on the Hess Leadership Team and the Board of Directors.

Four CCN work groups were established to develop, modify and execute the company's climate change strategy. The Climate Policy Work Group monitors climate change policy developments in the countries where Hess does business, assesses their impact on our operations and coordinates climate change strategy development among the four work groups. The Energy Efficiency and Flaring/Venting Work Groups focus on the technical and operational aspects of carbon footprint evaluation and reduction. 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.

During 2012-2013, the CCN will focus on updating our climate change strategy and objectives for the next five year cycle (2014-2019). We plan to continue to emphasize best practices for flare reduction and energy efficiency. As we reassess our strategy, we have no plans to alter the fundamental premise upon which our strategy is built, which is to help meet the world's growing need for energy in an environmentally responsible manner. To accomplish this objective, we must continue to improve our emissions performance and the quality of our climate change disclosure to our investors and stakeholders.

Greenhouse Gas Performance

Hess tracks GHG emissions on both an operated and net equity basis. Fuel combustion and flaring are our major direct (Scope 1) sources of greenhouse gas emissions. We also generate indirect (Scope 2) emissions associated with the electricity that we purchase and use and other indirect (Scope 3) GHG emissions generated from employee travel, third party transport and the use of the petroleum products and natural gas that we process, refine and sell.

Hess Operated Emissions (Scope 1 and 2)

During 2011 our GHG emissions from operated assets increased by 0.6 million tonnes CO_2 equivalent (CO_2e) from 2010. This increase in emissions was primarily related to a temporary increase in gas flaring in North Dakota resulting from the rapid expansion of our unconventionals business. Based on North Dakota Industrial Commission data, Hess has traditionally been among the best in the industry at

CLIMATE CHANGE	
Strategy	**Progress**
Establish and publicly communicate a five year GHG emissions intensity reduction target.	Through 2011 achieved 14% GHG intensity reduction against 2013 target of 20%.
Account for the cost of carbon in all significant future investment decisions.	Incorporated into new investment model - first quarter, 2012.
Evaluate industry best practices to minimize emissions when designing production facilities.	Incorporated into new project approval process - first quarter, 2012.
Reduce combined flaring in Algeria and Equatorial Guinea by 50 percent over the next five years.	Met five year flare reduction target early by achieving a 52 percent reduction.
Implement a corporate wide energy efficiency program.	Collecting monthly energy usage, analyzing energy reduction opportunities. Planning to establish target in 2013.
Purchase at least 10 percent of annual electricity for company operations from renewable sources.	Purchased 23 percent of electricity from renewable sources and carbon credits to offset employee business travel in 2011.
Offer Hess Energy Marketing customers products to help minimize their carbon footprints.	Ongoing program.

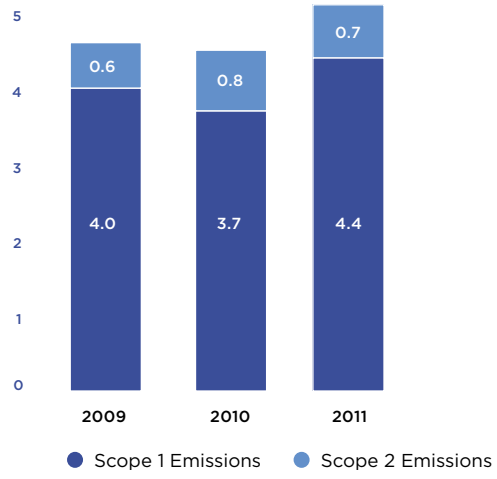
Gas Compression Reinjection Program, Algeria

minimizing gas flaring in North Dakota, operating well below industry average flaring rates. With the recent acquisition of additional acreage in 2010 and the resultant ramp up in drilling activity, Hess is investing more than $1.2 billion in infrastructure to monetize gas recovery and to minimize our gas flaring in the Bakken region of North Dakota. This infrastructure should be fully in place by 2013 and will enable us to reduce gas flaring from these operations in 2014 and beyond to below the state's goal of 10 percent flaring for the Bakken region.

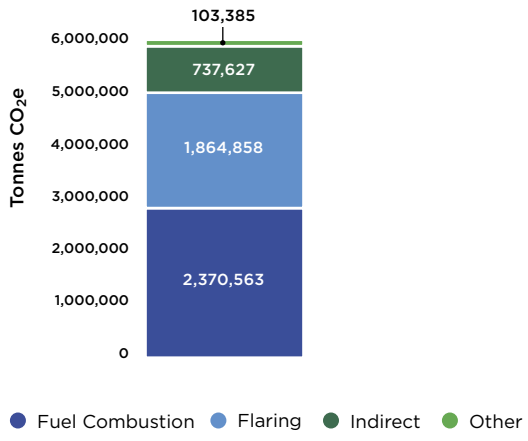
Of the 5.1 million tonnes of GHG emissions generated from operations in 2011, 4.4 million tonnes were Scope 1 emissions primarily from process operations and flaring and 0.7 million tonnes were Scope 2 emissions related to purchased electricity usage. Emissions related to direct transportation from corporate aviation and Hess domestic trucking operations were approximately 7,000 tonnes of CO_2e (equivalent).

Process operations, flaring and indirect emissions from purchased electricity accounted for 47 percent, 37

Operated Greenhouse Gas Emissions (Million tonnes CO_2e)



Operated Greenhouse Gas Emissions by Source (5.1 million tonnes CO_2e)



percent and 15 percent, respectively of GHG emissions in 2011. We continue to examine opportunities to improve the efficiency of our operations and reduce the amount of fuel consumed, thereby reducing GHG emissions. In addition to ongoing flare reduction initiatives in Algeria, Equatorial Guinea and the Bakken region of North Dakota, Hess continues to pursue other opportunities to further reduce flaring.

Hess Net Equity Emissions (Scope 1 and 2)

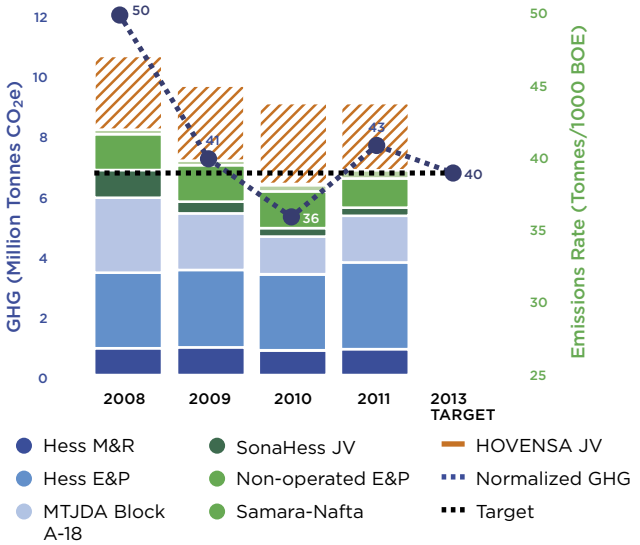
Starting in 2007 Hess began tracking GHG emissions from our net equity interests. While tracking net equity GHG emissions is much more difficult than tracking emissions associated with the facilities that we operate, we believe that net equity emissions is a more accurate measure of our total carbon footprint.

The majority of our net equity emissions are associated with operations in the U.S., Malaysia/Thailand, Equatorial Guinea and Algeria. In 2011 our year over year net equity emissions were essentially flat at 9 million tonnes CO_2e. However, HOVENSA recently announced plans to close its JV refining facility. Excluding HOVENSA, restated emissions increased slightly by 0.5 million tonnes relative to last year. The increase was anticipated as a result of ramped up activity in the Bakken and at our JDA joint venture where selective high content CO_2 wells that were temporarily shut in for maintenance and repair during 2010 went back on line.

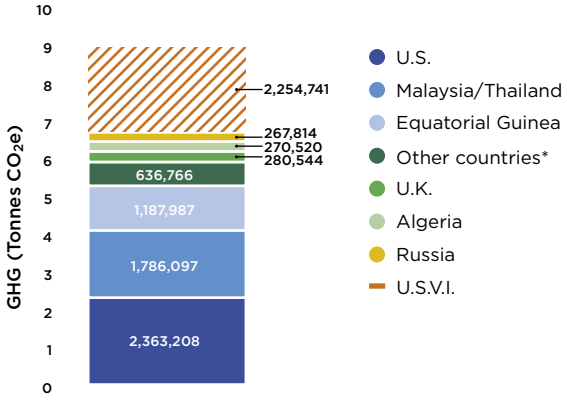
Hess established a GHG intensity reduction target for 2013 that is 20 percent below our 2008 baseline. This target has been restated to remove the impact of the recently discontinued HOVENSA refinery operation. Hess has a large pool of exploration projects that will result in significant production growth over time and which may cause our absolute GHG emissions to grow. In our judgment it is neither prudent nor desirable to constrain our production growth with an absolute emissions target. However, we believe that it is our responsibility to operate more efficiently by reducing GHG emissions per unit of production as we continue to expand our business.

In 2008 our equity emissions per unit of production resulted in a GHG intensity of 50 tonnes per thousand barrels of oil equivalent (boe) (restated to remove the impact of HOVENSA). By 2013 we intend to reduce that number by 20 percent to 40 tonnes per thousand boe. The restated emissions per unit of production number temporarily fell below the target in 2010 and then increased back to 43 tonnes per thousand boe in 2011. This aberration occurred for two reasons: first, by removing the impact from shutting down the CO_2-intensive HOVENSA refinery from our target, the numbers are artificially skewed; second, as previously discussed, we brought back on line some high CO_2 content wells at the JDA that were temporarily taken out of service for maintenance and repair. Based on our current production

Net Equity Greenhouse Gas Emissions



Net Equity Greenhouse Gas Emissions by Country (9.1 million tonnes CO_2e)



*Other countries:

Azerbaijan 1.3%	Libya 0.7%	Denmark 1.2%
Norway 1.9%	Indonesia 1.9%	Australia 0.1%

and emissions forecast, we expect emissions intensity to remain relatively flat in 2012. Emissions intensity should come in line with our target in 2013. We expect that flaring will be reduced in the Bakken when our gas gathering infrastructure is fully operational and when several new lower content CO_2 wells come on stream at the JDA.

Product Use Emissions (Scope 3)

Hess provides an estimate of GHG emissions associated with the customer and consumer use of our fuel and other products, commonly referred to as Scope 3 emissions, although no standard methodology had been adopted within our industry to report these types of emissions.

Our methodology includes the emissions related to the products that we refine and sell, as well as the natural gas that we produce and sell for consumption. We exclude emissions associated with products that are manufactured by others and purchased by Hess for resale to our customers. Based on this methodology, we estimate our 2011 Scope 3 emissions from product sales at 35.7 million tonnes of CO_2e in 2011, of which approximately 45 percent was related to product use in mobile sources and 55 percent to product use in stationary sources. In comparison with last year, our Scope 3 product emissions decreased by 4.5 million tonnes due to lower production and sales of petroleum and natural gas related products.

PRODUCT USE EMISSIONS

Product	Sales Volumes	GHG Factor*	2011 CO_2 (MM Tonnes)
Gasoline (bbls)	29,981,100	0.37	11.1
Diesel (bbls)	16,611,150	0.43	7.1
Residual Oil (bbls)	8,778,250	0.47	4.1
Natural Gas (MMBtu)	233,534,665	0.0573	13.4

*GHG factors in CO_2 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 CO_2 content in gas sales.

Other Scope 3 Emissions

In addition to our Scope 3 product use emissions, over the past few years we have collected data associated with third party supply and distribution and employee business travel. While Scope 3 emissions from these activities are not major contributors to the company's extended carbon footprint, they are of interest to our stakeholders. We have increased the scope of our reporting this year to include third party ocean transport of refined petroleum products purchased and sold by Hess as well as trucking of merchandise to Retail operations' Hess Express convenience stores.

In 2011 Scope 3 emissions associated with ocean transport of feedstock to the Port Reading Refinery and ocean transport of third party refined petroleum products for sale by Hess were about 221,000 tonnes CO_2e. Third party trucking of refined petroleum products to Hess retail stores and Energy Marketing customers are estimated to be about 11,200 tonnes. For the first time, we are also reporting on Scope 3 emissions associated with third party delivery of merchandise to Hess convenience stores which resulted in about 5,600 tonnes CO_2e based on fuel consumption data provided by our vendor.

Our emissions from employee business travel on commercial aircraft were approximately 22,700 tonnes which we offset through the purchase of carbon credits certified to the Voluntary Carbon Standard.

Energy Use

Hess strives to make energy management an integral part of the company's business strategy and to continuously improve energy efficiency.

Our operations make and purchase energy primarily for power, heating, cooling and processing. In 2011 direct and gross indirect energy consumption from Hess operated assets was 45,874 thousand gigajoules (GJ), a 3.2 percent increase over 2011.

Increases in energy use were largely in E&P and were attributable to enhanced oil recovery operations and an increase in drilling and completions. Globally, E&P

accounted for 74 percent of total company energy use and Marketing and Refining (M&R) for 26 percent. Natural gas accounted for 73 percent of the company's direct energy use, mostly consumed by E&P.

In M&R, the Port Reading refining facility accounted for 92 percent of the business segment's direct energy use, the majority from key fuels such as coke and fuel gas generated during the refining process. The refinery also produced approximately 4.2 billion standard cubic feet of refinery fuel gas for export to the local utility.

The most recent refining industry benchmarking study, conducted in 2010 by Solomon Associates, ranked the Port Reading refining facility top quartile for energy efficiency and carbon emissions intensity among U.S. and Western Hemisphere refineries.

U.S. operations used 99.7 percent of the approximate 1.1 million megawatts of our net purchased electricity. Renewables comprised about 8 percent of primary energy sources used to generate electricity, the majority of which was wind and conventional hydropower. All other renewables (solar, biomass, biogas and other) made up less than one percent of electricity usage.

For our operations, Hess targets to purchase at least 10 percent of annual net electricity from renewable sources. In 2011 we acquired 180,000 Green-e Energy certified renewable energy certificates (RECs) for wind power, equivalent to 180,000 megawatt hours or about 15 percent of our net purchased electricity. As a result, approximately 23 percent of our indirect energy use was from renewables.

Energy Initiatives

In 2011 the Energy Efficiency Work Group (EEWG) began to implement a plan to capture monthly energy data, develop an accurate and reliable baseline and identify appropriate energy use metrics to effectively evaluate and communicate performance.

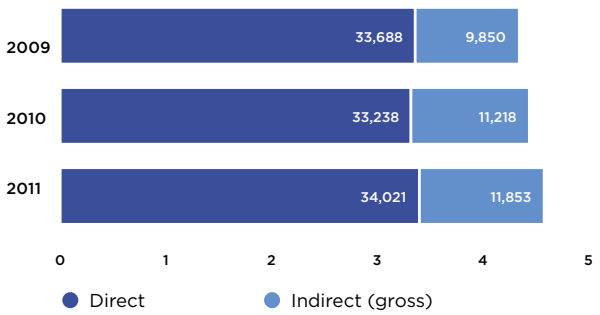
We have integrated key energy efficiency concepts into the various stages of major new projects, including design, development, implementation and handover to operations.

The EEWG also continued to implement an energy review program for existing operations that incorporated knowledge gained from best in class energy performers.

During the year the EEWG conducted an energy review of our Port Reading refining facility using tools developed in 2010. The review identified several energy improvement opportunities that represented about 10 percent of energy spend. The EEWG also identified ways to improve its energy reviews, including additional emphasis on identifying tools to help operators run equipment more efficiently.

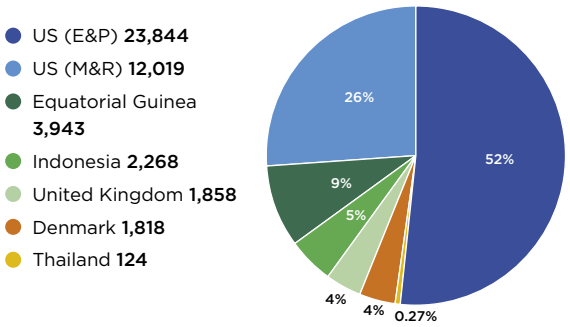
Terminal Operations began a multi year campaign to convert boilers from fuel oil to natural gas. These conversions will reduce CO_2 and criteria pollutant emissions while lowering fuel and maintenance costs. In addition, the combined enrollment of M&R headquarters and the Baltimore and Bronx terminals in local Demand

Three Year Energy Use (Thousand Gigajoules)



Joint Venture data is provided separately in the Performance Data Table

2011 Energy Use by Country (Thousand Gigajoules)



2011 Joint Ventures' energy use:
Malaysia/Thailand JDA **6,944**
Algeria **5,720**

Hess Tower, LEED Certified Building, Houston, Texas

Response programs totaled almost one thousand kilowatt hours. These programs afford Hess the opportunity to reduce our electricity costs while easing the burden on the electric grid during peak days.

Green Buildings

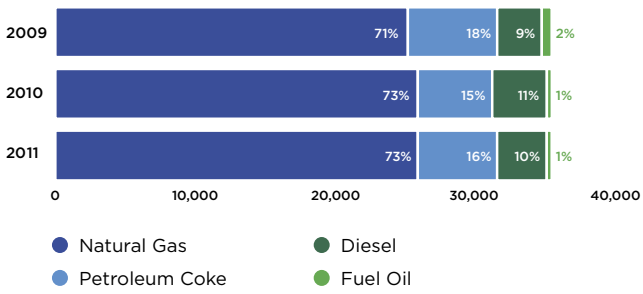
In 2011 Hess made significant steps towards incorporating environmental excellence into our leased buildings and owned facilities. For its new E&P Headquarters in Houston, Hess leased a building certified as LEED® Platinum for Core and Shell and built out the interior to meet the LEED Silver criteria for commercial interiors.

The Houston building is equipped with a green roof which absorbs rainwater and minimizes the heat island effect. The building's lighting system monitors the position of the sun and automatically adjusts window shade positions, reducing the demand for artificial light and air conditioning. The building also has occupancy sensors that turn off lights in unoccupied rooms.

Renovation of the Hess owned Marketing and Refining headquarters building in Woodbridge, New Jersey, made significant progress toward reaching its goal of LEED Gold certification. Key environmental aspects of the Woodbridge project include improved energy efficiency through new windows and lighting, reduction in water consumption with sensor operated plumbing fixtures, and recycling of construction waste to the greatest extent possible.

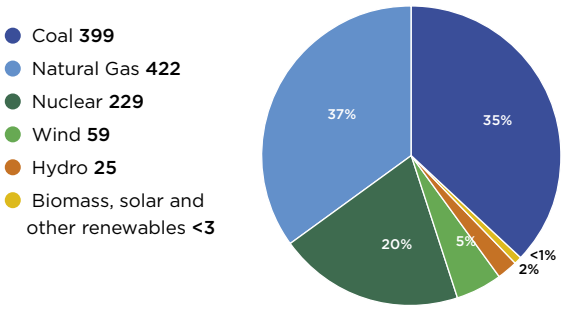
The Woodbridge project is projected to achieve a total energy cost savings of more than 70 percent with energy efficient features that include efficient window glazing, high efficiency lighting and mechanical equipment and an onsite solar field. The four acre, 1.1 megawatt photovoltaic system has sun tracking capacity to maximize generation and will supply approximately one fourth of the building's electricity annually.

Direct Energy Use by Fuel Source (Thousand Gigajoules)



Joint Venture data is provided separately in the Performance Data Table

Net Purchased Electricity by Fuel Source* (Thousand MWh)



Approximate figures based on current US EIA state-specific and ISO-New England electricity generation profiles

Drilling Operations, North Dakota

Environment

40%
WASTE REUSED OR RECYCLED

65%
FRESH WATER SOURCED FROM HESS OWNED WELLS

33%
DECREASE IN OIL DISCHARGED IN PRODUCED WATER

At Hess we take a broad view of environmental performance, from the steps we take to minimize our operational footprint to the decisions we make about the buildings where our employees work. With rigorous management systems in our existing operations and careful planning for new projects, we strive to reduce our water consumption, minimize spills, manage and reduce waste and air emissions, and minimize impacts to biodiversity.

Water Use

Fresh water availability and quality are issues of increasing importance to our exploration, production and refining activities, as well as to the communities where we operate and other key stakeholders. We actively monitor and evaluate water related issues and deploy measures to protect water quality and minimize the use of water across our operations.

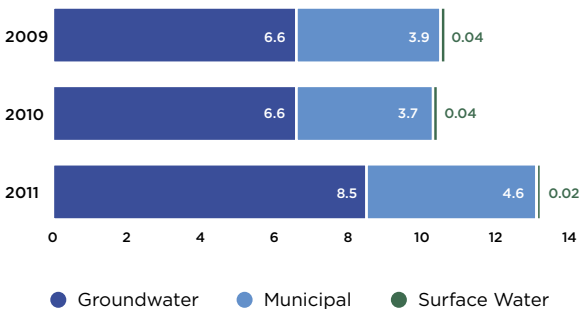
In 2011 our operations used 13 million cubic meters of fresh water, almost entirely within our U.S. operations (99 percent). Our 2011 water use reflects an increase of 27 percent from 2010, primarily due to higher use in our North Dakota operations and in our gas processing and refining operations. Approximately 35 percent of fresh water 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 used 9.2 million cubic meters of fresh water in 2011, which accounted for 70 percent of the company's total. Of E&P water use, 79 percent was used by U.S. gas processing plant operations, 15 percent in hydraulic fracturing operations, 5 percent for other U.S. drilling and production and 1 percent for other operations.

The water used at the Seminole gas processing plant in West Texas accounted for half of the company's fresh water use, most of which was for process cooling. The facility's fresh water is provided by our Permian Basin production operations, where we own and operate a groundwater well field. Cooling system evaporative loss is high because the local climate is dry throughout the year and hot during the summer. At the Seminole facility we therefore recirculate cooling water as many as three times. The Seminole facility used 6.6 million cubic meters for cooling towers and other utilities in 2011, a year over year increase of approximately 14 percent, primarily due to increased evaporative losses due to warmer weather in the region. Cooling tower blowdown accounted for 1.24 million cubic meters, or 19 percent of the gas plant's total fresh water use and was reinjected for reservoir management. In 2011 Seminole's groundwater withdrawal represented 0.1 percent of regional groundwater demand from the Ogallala Aquifer.

In the Eagle Ford basin in Texas, sensitivity to water use is particularly acute. As part of our recent entry into this unconventional development, Hess commissioned an

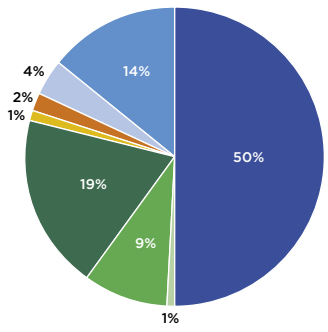
Fresh Water Use (Million Cubic Meters)



Fresh Water Use by Business and Facility (Thousand Cubic Meters)

E&P
- Seminole Gas Plant **6,605**
- North Dakota **1,829**
- Sea Robin Gas Plant **490**
- Tioga Gas Plant **208**
- International **91**

M&R
- Port Reading **2,476**
- Retail **1,233**
- Terminals/Woodbridge **162**



independent consulting company to create a lifecycle water management plan and evaluate water sourcing and disposal options. The water lifecycle evaluation informed the development of water management options, including reuse and recycling of produced water and use of industrial water sources.

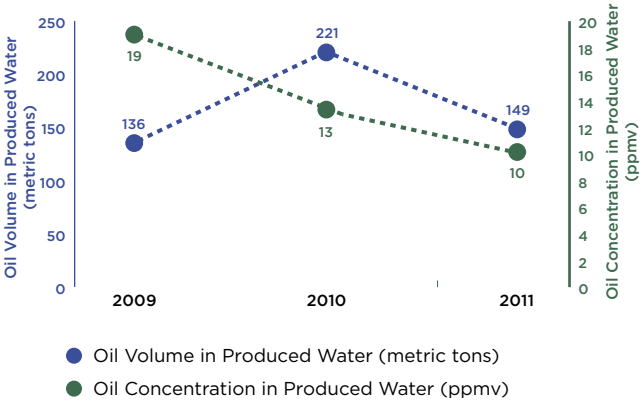
The Port Reading (N.J.) refining facility used 2.5 million cubic meters of ground water from municipal sources, which accounted for 64 percent of Marketing and Refining's total fresh water use. Approximately 75 percent of the water used at the Port Reading facility was for the refinery's water cooling system, which recirculates water between three to six cycles, and 20 percent was water for boilers, which is recycled approximately 20 times. The remainder reflects water used throughout various stages of the petroleum refining process.

Additional information on our company's water related risks, opportunities and performance is available in our Carbon Disclosure Project (CDP) Water Disclosure report, which can be found on the CDP website, www.cdproject.net.

Discharges

Discharges in our upstream and downstream operations include stormwater runoff and process wastewater. In the U.S., these discharges are permitted under the National Pollutant Discharge Elimination System (NPDES). Discharges associated with our upstream operations also include produced water, drill cuttings and drilling fluids. Offshore exploration and production discharges include drilling mud, drill cuttings and produced water.

Oil in Produced Water Discharges to Sea



Gas Plant, Seminole, Texas

In 2011 approximately 13,000 barrels of drill cuttings and 231,000 barrels of drilling mud were discharged from offshore facilities, a significant increase from the year before, due mainly to a significant ramp up in drilling activity in Indonesia. The discharged mud and cuttings contained approximately 129 metric tons of oil.

Produced water discharges from offshore operations decreased from 20.1 million cubic meters in 2010 to 17.4 million cubic meters in 2011. The average oil content in total offshore produced water discharges was 10 parts per million (ppm). The discharged produced water contained 149 metric tons of oil, 91 percent of which was from operations in Equatorial Guinea, the North Sea and Indonesia.

Onshore upstream operations generated approximately 19.5 million cubic meters of produced water, of which 59 percent was reinjected for reservoir management and 41 percent was reinjected for disposal. No produced water onshore was discharged to surface water. Overall, 91.5

percent of gas plant stormwater discharge samples were within NPDES permit limits.

The Port Reading refining facility discharged 1,315,745 cubic meters of treated wastewater; 99.8 percent of terminal and refinery discharge samples were within permit specifications.

Spill Management

As part of our recognition of the value that partnerships can bring to our projects, in Fall 2011 Hess joined seven other companies to create the Sakakawea Area Spill Response LLC (SASR). This is the first spill consortium of its kind in North Dakota. With funding pooled from Hess and our project partners, SASR will purchase spill response equipment, including boats, boom and oil skimmers. This equipment would be available in the event of a spill at Lake Sakakawea. Members will share existing equipment, fund the purchase of additional equipment and engage in training exercises. State responders also will have access to the SASR equipment.

Although engineering and management controls for oil and gas industry development have improved over the years, harsh weather conditions and remote locations in North Dakota can create operational challenges that could impact the environment. As such, SASR efforts were designed to exceed the core spill response plan requirements with which each individual company must comply. The environmental benefits of the SASR include quicker and more comprehensive spill response capabilities, as well as the ability to control larger spills until specialized equipment and teams can be deployed.

PORT READING WASTEWATER EMISSIONS (metric tons)			
	2009	2010	2011
Biochemical Oxygen Demand (BOD)	36.9	7.4	10.7
Suspended Solids	41.2	11.2	14.3
Hydrocarbons	4.8	4.6	5.7

Biodiversity

Some of our operations are located in sensitive environments where the protection of migratory and local animal and plant life are critical to our project decision making. Hess policy makes clear our commitment 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 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.

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.

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 where possible, 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 lie within the northern boundary of the Phu Kao-Phu Phan Kham National Park, which is classified as an IUCN Category V

protected area. In support of maintaining and protecting the national forest, Hess provides financial support for local fire fighting and reforestation programs.

Examples of biodiversity efforts in Hess Upstream operations include:

- Following E&P's 2010 high level screening of species and sensitive environments in the Monterey play at the San Joaquin Basin in California, biodiversity field surveys were conducted at prospective well sites in 2011.
- In the Utica Shale area of Southeast Ohio, our environmental due diligence included reviews of the Division of Wildlife Ohio Biodiversity Database.
- An ESIA was conducted for our planned Tubular Bells project in the Gulf of Mexico.
- The company performed ESIAs of the Shakrok and Dinatra blocks in the Kurdistan Region Iraq in preparation for seismic surveys.

Downstream operations

For existing refining and terminal operations in the Eastern U.S., 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 is performed for sensitive ecosystems and species that may be vulnerable to spill or uncontrolled releases and results are incorporated into spill protection and response scenarios and action plans.

Some of these operations also participate in initiatives to protect and restore local ecosystems and threatened and endangered species. The Chesapeake Terminal and company site remediation staff are active members of the multi-stakeholder Elizabeth River Project, which focuses on restoration of the river's ecosystem. In 2011 the HOVENSA joint venture refinery site maintained wildlife rescue equipment and assisted federal and territorial natural resource agencies in monitoring, protecting and rescuing wildlife. The refinery also preserved and protected Least Tern nesting grounds on the property and supported local conservation efforts for Hawksbill, Leatherback and Green sea turtles.

IUCN Category	Number of Species
Critically Endangered	6
Endangered	12
Vulnerable	15
Near Threatened	34

IUCN Red List

Corporate Environmental Affairs maintains a list of IUCN Red List species compiled from environmental due diligence, screening and impact assessment reports conducted on behalf of Hess. The majority of critically endangered and endangered species on this list are marine mammals, fish and turtles common to tropic and subtropic regions, including some offshore and coastal areas in the vicinity of Hess project areas or operations. In Thailand, Hess has contributed financial support to artificial reef building projects which have been spearheaded by Chevron, the operator of the asset.

Wildlife, Pangkah, Indonesia

Water Testing, Sinphuhorm, Thailand

Material Use

Crude oil, natural gas and refined petroleum products are the primary goods that we sell. Since these products are sold in bulk, there is very little use of packaging material. We look for opportunities to improve our operations and reduce costs through more efficient use of natural resources. For example, we use regenerated materials to reduce our dependence on raw materials and chemicals such as sulfuric acid in our daily operations.

Ozone Depleting Substances

Within our operations ozone depleting substances (ODSs) are primarily used in refrigeration and air conditioning equipment. Hess uses certified technicians to service and maintain equipment containing Class 1 and Class II refrigerants. We are not aware of any material instances of ODS releases from our operated assets in 2011.

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 2011 SEC Form 10-K filing, at the end of 2011 Hess held a reserve of $60 million for estimated environmental liabilities, which we expect will be more than sufficient to assess and remediate all known impacted sites. Environmental assessment and remediation expenditures in 2011 were $19 million. In 2011 capital expenditures related to compliance with federal, state and local environmental standards at Hess operated facilities were $95 million.

Regulatory Compliance

We paid approximately $160,000 in environmental fines and penalties in 2011. Our North Dakota operations accounted for 72 percent of these fines, all of which were related to pit overflows. Our retail operations paid approximately $39,000 in fines, primarily related to issues associated with operation and maintenance of underground storage tank systems.

As part of the U.S. EPA National Petroleum Refinery Initiative, HOVENSA agreed to pay a $5.4 million civil penalty and invest in new and upgraded air emissions controls. HOVENSA paid the fine in 2011 and terminated its refining operations in the first quarter of 2012. The facility expects to operate as an oil storage terminal.

Legal Proceedings

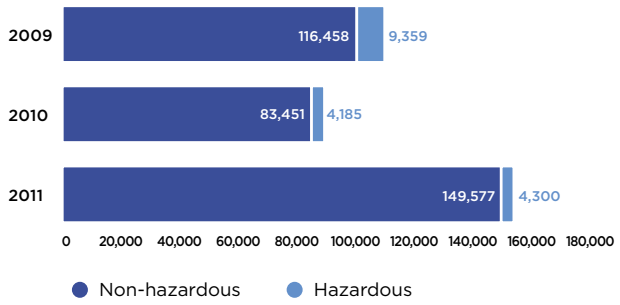
Information regarding legal proceedings and legacy liabilities that pertain to the company's wholly owned and joint venture operations is available in the company's SEC Forms 10-K and 10-Q. The status of these legal matters as of the end of 2011 is detailed in Item 3 of the SEC Form 10-K, which is available to the public on our website, www.hess.com/investors.

Operated Assets

Waste

Waste nearly doubled in 2011 due primarily to the ramp up of operations in North Dakota. Ninety-seven percent of waste was non-hazardous and 40 percent was reused or recycled. Waste streams include construction waste, oily tank bottoms and contaminated soil. Spent acids, catalysts and caustics are recycled. No waste considered hazardous under the terms of the Basel Convention was exported from our operations.

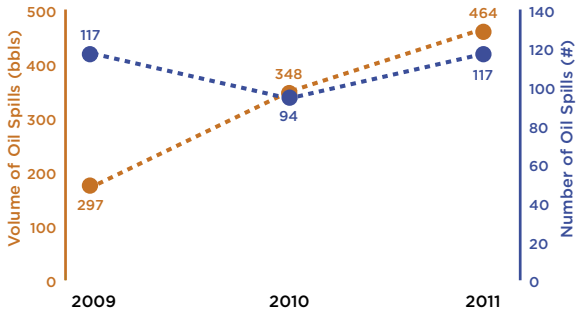
Waste Generation (metric tons)



Hydrocarbon Spills

Our 2011 spill volume of 464 barrels, while low by industry standards, was significantly higher than last year. Two oil spills in North Dakota resulting from a line leak and tank overflow incident accounted for 43 percent of 2011 spill volume. Response efforts were immediately commenced and approximately 50 percent of the oil from these spills was recovered.

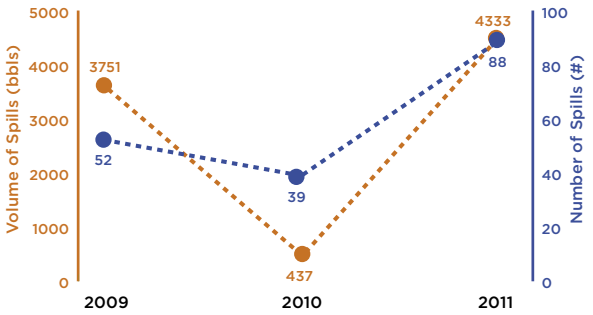
Oil Spills



Non-Hydrocarbon Spills

In 2011 there were 88 non-hydrocarbon spills to land totaling 4,333 barrels of fluid. All but two of the spills occurred in our upstream operations; 52 percent of the spills were aqueous drilling and cementing fluids, 36 percent were produced water and 6 percent were treatment chemicals.

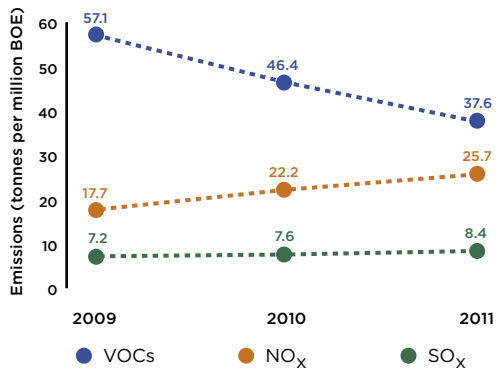
Non-Hydrocarbon Spills



Criteria Pollutants Normalized

Air emissions of nitrogen oxides (NO_X) and sulfur oxides (SO_X) result from fuel combustion, process operations and flaring activities. Volatile organic compounds (VOCs) are emitted during product loading and storage and fuel dispensing. In 2011 normalized NO_X and SO_X emissions increased 16 percent and 10 percent respectively from prior year, while normalized VOC emissions decreased 19 percent.

Criteria Pollutants



Joint Ventures

Waste

Approximately 90,000 metric tons of waste was generated across the four joint ventures in 2011; 93 percent was non-hazardous and 90 percent was recycled, reused or reclaimed. Of this total, 70,488 metric tonnes resulted from Bayonne construction site waste, of which 97 percent was recycled. The Malaysia/Thailand JDA decreased its waste generation by 48 percent due to a decrease in project work from 2010.

Waste Generation (metric tons)		
	Non-Hazardous	Hazardous
BEC	69,464	1,024
HOVENSA	13,464	4,673
JDA	337	120
SonaHess	727	40

Hydrocarbon and Non-hydrocarbon Spills

In 2011 there were four oil spills totaling 17 barrels at SonaHess, a decrease from last year. At HOVENSA, the number of oil spills was relatively flat year over year while spill volume, although still low, increased. Four of the oil spills were to water, accounting for less than 1 percent of HOVENSA's spill volume. Non-hydrocarbon spills were not material at either joint venture location.

Hydrocarbon Spills (bbls)				
		2009	2010	2011
HOVENSA	Count	8	46	54
	Volume	5	29	251
SonaHess	Count	5	12	4
	Volume	9	55	17

Wastewater

HOVENSA discharged 3.4 million cubic meters of treated wastewater in 2011. Overall, 99.9 percent of the discharge samples were within permit specifications.

HOVENSA Wastewater Discharge (metric tons)			
	2009	2010	2011
Biochemical Oxygen Demand (BOD)	25.8	35.9	26.8
Suspended Solids	221.1	128.6	154.9
Oil and Grease	18.5	21.3	13.3

Criteria Pollutants Normalized

Normalized NO_X, SO_X, and VOC emissions decreased between 5 and 20 percent in 2011 for the Malaysia/Thailand JDA. Normalized NO_X, SO_X and VOC emissions increased at HOVENSA due to the refinery reconfiguration in 2011. At SonaHess, normalized NO_X and SO_X increased approximately 10%, while VOC's decreased slightly.

Criteria Pollutants (tonnes per million BOE)			
	NO_X	SO_X	VOC
HOVENSA	87	36	32
JDA	43	2	8
SonaHess	57	0.3	249

Bayonne Energy Center, New Jersey

Products and Services

21,000
COMMERCIAL &
INDUSTRIAL CUSTOMERS

512 MEGAWATT
BAYONNE ENERGY
CENTER POWER PLANT

7.5%
INCREASE IN
NATURAL GAS SALES

Hess provides customers and consumers with energy related products and services including natural gas, refined petroleum products and electricity. Our Hess Energy Marketing business provides natural gas, electricity and fuel oil to more than 21,000 commercial and industrial customers in the Eastern U.S. and 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. The Bayonne Energy Center, a 512-megawatt, natural gas fueled power plant which provides electricity to New York City, began operations in mid-2012.

We have a dedicated staff that tracks legislative and regulatory developments in each of our business lines. Industry trade associations to which we belong also track legislation and regulation and engage with state and federal policymakers. We conduct reviews of our management systems and compliance programs when there are new regulatory requirements or when existing requirements change.

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 are well documented by industry, government agencies and the scientific community. Through our membership in industry trade associations such as the American Petroleum Institute and the National Petrochemical and Refiners Association and our involvement with International Petroleum Industry Environmental Conservation Association, we stay informed 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 and are highly regulated by the U.S. Environmental Protection Agency (EPA).

We comply with all product and service labeling and health and safety impact requirements. Tanks for refined product storage at our terminals and refinery 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 http://www.hess.com/sustainability. The vast majority of our products are handled in bulk throughout the product lifecycle and do not require packaging materials. In 2011 Hess met product responsibility regulations, labeling requirements and voluntary codes applicable to our products and services and did not incur any significant fines or penalties.

Hess markets gasoline exclusively in the U.S. and U.S. territories and complies with all applicable regulations concerning fuel content. The EPA's 1995 Reformulated Gasoline (RFG) program, 2004 Tier 2 Standards, 2009 Renewable Fuel Standard (RFS2), and 2011 Mobile Source Air Toxics program closely regulate gasoline formulations. As a result of these mandates, our gasoline complies with a 0.62 percent benzene content limit (average) and with 30 ppm/80 ppm sulphur content limits (average/cap). 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 62 percent in 2006 to 96 percent of total gasoline production in 2011. At the HOVENSA joint venture refinery, 65 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 made 100 percent ULSD prior to terminating its refining operations in the first quarter of 2012. The facility expects to operate as an oil storage terminal.

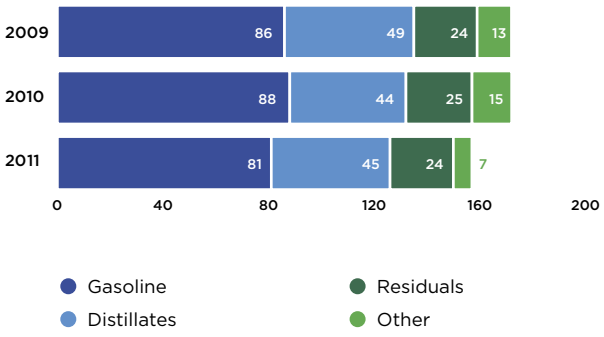
HESS EXPRESS, New Jersey

Hess branded retail stations sold 161.9 million gallons of diesel fuel in 2011, all of which was ULSD. RFG sales volumes were approximately 1.4 billion gallons and represented 41 percent of total gasoline sales. Our biodiesel blending operations at Newark, Baltimore, and Bronx terminals in 2011 generated approximately $5 million in surplus RFS2 renewable fuels credits which we sold to other companies.

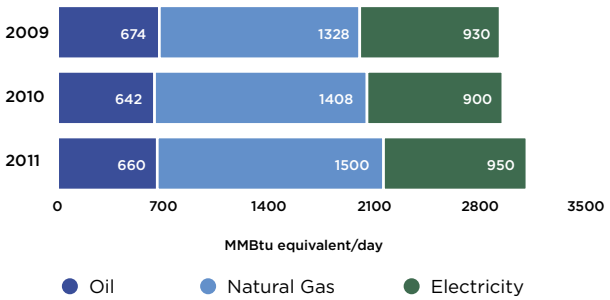
Ethanol is the primary designated renewable fuel under the RFS program. Hess Marketing and Refining has gone through a system wide conversion at its terminals and retail stores to provide wholesale and retail customers with ethanol blended fuel. Domestically produced corn-based ethanol dominates the 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, commodity scale ethanol from non-food crops, such as cellulosic and advanced biofuels.

In 2011 M&R increased biodiesel sales tenfold, from 1 million to 11 million gallons. In addition, we recently partnered at the Baltimore Terminal with a local manufacturer of biodiesel. This arrangement allows us to add a variety of biodiesel blends into our conventional distillate supply and generate salable renewable fuel credits. The biodiesel that we purchase is produced from

Refined Petroleum Product Sales (Million barrels)



Energy Marketing Sales



a variety of approved feedstocks, including soybean oil, corn oil, canola oil, camelina oil, animal waste, waste grease and other sources.

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 Securities Exchange Commission (SEC) Form 10-K filing. The company no longer makes or sells gasoline that contains MTBE.

Energy Marketing

Hess Energy Marketing is a leading energy supplier of natural gas, electricity and fuel oil to 21,000 commercial, industrial and small business customers in 18 U.S. states and the District of Columbia. Natural gas and electricity comprise approximately 80 percent of sales volumes on a thermal equivalent basis.

Since 2008 Hess has offered customers a suite of products and services, including carbon offsets, Demand Response, and Renewable Energy Certificates (RECs) to help them become more energy efficient and reduce their carbon emissions. In late 2010 Energy Marketing formed Hess Energy Solutions to capture new product and service opportunities arising from more favorable pricing of natural gas relative to fuel oil, new regulations and changing customer preferences.

Hess Energy Solutions is continuing to build lasting relationships with customers by providing energy advice and helping them reduce their energy use and costs through integrated commodity contracts. Depending on the needs of the customer, these contracts incorporate energy efficiency, renewable energy, and fuel conversion services, including funding where appropriate.

Demand Response

Hess provides turnkey opportunities for customers to reduce their energy use during peak periods through Demand Response and other load management programs. We work with our commercial clients to provide engineering studies, determine curtailment plans, facilitate enrollments and provide payments for their membership in Demand Response programs.

We have enrolled more than 500 customers in Demand Response programs throughout New York, New England, the Mid-Atlantic region and the Midwest. Hess' portfolio accounts for about 400 megawatts of Demand Response, producing income for our customers while simultaneously improving grid reliability and reducing the need for more costly generation. We also provide opportunities for our Demand Response customers in the capacity, energy (day ahead and real time) and ancillary markets (synchronous reserves).

Energy Efficiency

Services provided to customers by our Energy Marketing business include Demand Response and conducting comprehensive energy audits in accordance with ASHRAE Level 2 standards, retrofit assessments, and energy benchmarking. We can then provide customers with an energy reduction plan that can help them to achieve LEED or EnergyStar certification and comply with applicable local requirements. We can also conduct engineering studies for customer related energy efficiency capital projects such as combined heat and power.

Liberty Island Park, Energy Marketing Customer

Renewable Energy

The purchase of RECs helps reduce the environmental impact of electricity use and supports the development of new domestic renewable generation capacity. In 2011 Energy Marketing purchased and retired more than 630,000 Green-e Energy certified RECs for our customers and 180,000 for ourselves. Energy Marketing also purchased about two million RECs to meet compliance obligations related to our overall electricity sales.

Our REC sales have helped our customers join the U.S. EPA's Green Power Partnership (GPP), which highlights the annual green power purchases of leading organizations in the U.S. across different sectors. Hess customers have been included in the GPP's National Top 50, Top 20 Retail, Top 10 Federal Government, Top 20 College and University and Top 20 Printers rankings.

Hess Energy Solutions is also working with customers to integrate renewable energy installations, such as solar, and renewable fuels, such as biogas, into their operations.

Electricity Operations

Energy Operations includes wholesale electric and natural gas operations, as well as a new line of business in independent power generation. In New Jersey, Hess completed construction of the Bayonne Energy Center (BEC), a 512-megawatt, natural gas fueled electric power plant jointly owned by Hess Corporation and ArcLight Capital Partners. In 2011 Hess' proposed Newark Energy Center (NEC) was selected as one of three potential electric generation projects for New Jersey's Long Term Capacity Agreement Pilot Program based on an assessment of socio-economic benefits to New Jersey electric consumers.

Hess located the BEC on an underutilized industrial property, as opposed to a previously unused greenspace. Moreover, project execution included addressing historical impacts to the property as the site was prepared for reuse. The facility employs the most efficient and modern combustion turbines in the New York City metropolitan area and is expected to displace older and less efficient generating assets in the dispatch order. BEC began operations in mid-2012 and will generate enough electricity to power approximately 500,000 homes in the New York City area.

The NEC is a 655-megawatt gas fired power plant that will be constructed on a brownfields site next to our Newark terminal. This facility will use waste water from the Passaic Valley Sewage Commission, eliminating the need to use fresh water. The NEC's electricity output, enough to power 700,000 homes, will be delivered to the regional grid. By producing energy from natural gas and using advanced emissions control technology and efficient turbines, the NEC will operate as one of the cleanest and most efficient plants of its kind in the United States. It will ultimately reduce the region's reliance on older, less efficient power plants with higher emissions of air pollutants.

Customers and Consumers

We have customer service and satisfaction programs in place in our Retail and Energy Marketing businesses to ensure that concerns and complaints are quickly and adequately addressed. Customer comments, complaints, or compliments can be submitted via a toll free number or online, and a database tracks all issues to final resolution. Hess Retail Marketing has also implemented a monthly Customer Service Hero award to recognize a Retail employee, manager or station for excellent customer service based on feedback we receive from our customers. We wish to continue fostering customer loyalty through our commitments to customer satisfaction and privacy, truth in advertising and compliance with all applicable consumer laws and regulations.

We recognize and respect our customers' privacy concerns. The most significant customer privacy issues are payment card security for our retail business, which is addressed by a Payment Card Industry Compliance program, and internet privacy for our Energy Marketing and general websites, for which there are detailed privacy policies available (www.hessenergy.com/privacypolicy.htm; http://www.hess.com/company/PrivacyPolicy.aspx). There were no substantiated customer privacy complaints or significant fines or penalties related to customer privacy and marketing communications in 2011.

Nuvera Fuel Cells

Nuvera Fuel Cells (nuvera.com) is a wholly owned subsidiary of Hess, with locations in the U.S. and Italy. Nuvera focuses on applied research and development (R&D) and commercialization of key hydrogen energy technologies for automotive and industrial applications. Technologies include hydrogen fuel cells for electric vehicles and hydrogen generation and fueling systems.

Fuel cells and hydrogen energy systems are increasingly recognized for their potential to enable clean and efficient use of domestic energy sources for transportation, stationary and other power applications. Nuvera's product development and commercialization strategies focus on original equipment manufacturers (OEMs) and end use customers. In 2011 Nuvera was awarded seven new patents and has 121 pending patent applications under review worldwide.

Nuvera has partnered with the U.S. Department of Energy (DOE) Office of Energy Efficiency and Renewable Energy to advance hydrogen fuel cell technology. Nuvera conducts research with industry partners, academic institutions and the DOE National Energy Labs to improve fuel cell durability and the efficiency of fuel cell stack technology meeting DOE cost and durability targets. To date, Nuvera has been awarded approximately $50 million in grants and cost share allowances, including $8.4 million over the past three years.

One of Nuvera's key technologies is the PowerTap® hydrogen generator, which is based on the steam reformation of methane. This technology capitalizes on abundant natural gas as a source of clean and cost effective hydrogen and can also use biomass methane and other renewable feedstocks. An Argonne National Laboratory life cycle study of mobile applications indicates that fuel cells powered by steam reformed hydrogen reduce CO_2 emissions by one third, compared with battery powered vehicles charged off the grid.

PowerTap® units are currently deployed in industrial applications, including the material handling industry. Nuvera is working to reduce the size of PowerTap® and increase the quantity of hydrogen produced. This is crucial to Nuvera's market goal: PowerTap® units incorporated into existing gasoline filling stations by mid-decade to support the market penetration of hydrogen fuel cell electric vehicles.

New California Air Quality rules which require companies that own / franchise gasoline stations to build hydrogen refueling stations have significant potential to accelerate the commercialization of hydrogen fuel cell vehicles.

Nuvera is also working on advanced hydrogen fuel cell systems for mobility, ultimately targeting the automotive market. Nuvera has entered into joint development agreements with leading automotive and aerospace companies to further the advancement of Orion™, a third generation fuel cell stack design. Nuvera is also involved in off road applications, having provided fuel cell systems to New Holland Agriculture for two generations of a new hydrogen powered tractor.

Nuvera Powertap® Hydrogen Generator

Performance Data

This table contains a subset of our publicly reported performance data. Refer to the Operational Highlights section in this report and the company's 2011 SEC 10-K and proxy statement at hess.com/investors for additional information.

	UNITS	2011	2010	2009
GOVERNANCE				
Number of members of the Board	#	13	13	13
Independent Board members	#	10	10	10
Female members of the board of directors	%	15	15	15
Minority members of the board of directors	%	8	8	8
Board members that are both minority and female	#	1	1	1
Board members from outside the U.S.	%	0	0	0
Board members in the "50 and above" age group	%	100	100	100
BUSINESS PERFORMANCE				
Sales and other operating revenue	$ Million	38,466	33,862	29,614
Refined petroleum product sales	000 BOE/D	430	471	473
Net income	$ Million	1,703	2,125	740
Total assets	$ Million	39,136	35,396	29,465
Total debt	$ Million	6,057	5,583	4,467
Stockholders' equity	$ Million	18,592	16,809	13,528
Debt to capitalization ratio	%	24.6	24.9	24.8
ECONOMIC CONTRIBUTIONS				
Capital and exploration expenditures	$ Million	7,462	5,855	3,245
Operating costs	$/BOE	19.7	14.5	13.7
Income Tax	$ Million	785	1,173	715
Royalties and other payments to governments	$ Million	947	1,542	414
Cash dividends paid to shareholders	$ Million	136	131	131
Employee wages and benefits (U.S.)	$ Million	1,057	992	794
Interest expense before income taxes	$ Million	383	361	360
Recordable supplier spend*	$ Million	6,081	2,407	2,451
Asia Pacific	%	15	NC	NC
Africa	%	25	NC	NC
Europe	%	10	NC	NC
Other	%	<1	NC	NC
US	%	50	NC	NC
With small businesses (U.S.)	%	29	28	28
With women-owned small businesses (U.S.)	%	7	6	8
With minority-owned small businesses (U.S.)	%	10	11	10
COMMUNITY AND SOCIAL PERFORMANCE				
Total social investment	$ Million	23	18	13
Education	%	33	34	13
Health	%	5	12	23
Disaster relief	%	5	9	8
Community contributions (non in kind)	%	20	19	29
In kind	%	28	18	25
Arts and culture	%	8	7	—
Environment	%	1	1	2

	UNITS	2011	2010	2009
GLOBAL WORKFORCE				
Number of permanent employees (excludes Russia)	#	13,021	12,587	12,229
International employees	%	10	9	9
Temporary employees	#	825	NC	NC
Part time employees	%	24	NC	NC
Full time employees	%	76	NC	NC
Employees represented by independent trade unions (U.S.)	%	6.5	8.7	9.0
Employee turnover - voluntary (excluding hourly retail)	%	7.2	NC	NC
Employee lay-offs (excluding hourly retail)	%	1	NC	NC
Female employees (U.S. and International) (includes retail)	%	39	40	40
Executives and senior officials	% of job category	7	4	6
First and mid-level managers**	% of job category	31	31	NC
Professionals**	% of job category	33	34	NC
Minority employees (U.S.) (includes retail)	% of job category	37	36	36
Executives and senior officials	% of job category	7	7	7
First and mid-level managers**	% of job category	25	24	NC
Professionals**	% of job category	26	26	NC
Technical and personal training and development spend	$ Million	16	12	11
Training per year per management/professional employee	Average hrs	25	25	25
Training per year per hourly retail employee	Average hrs	14	14	14
New employees receiving anti-corruption training (excluding hourly retail)	%	100	NC	NC
SAFETY PERFORMANCE [Δ]				
Fatalities - Employees + Contractors	#	0	0	0
Hours worked - Workforce (Employee + Contractor)	Million hours	53	41	38
Recordable Incident Rate – Employees	per 200,000 hrs worked	0.71	0.81	0.83
Recordable Incident Rate – Contractors	per 200,000 hrs worked	0.73	0.50	0.45
Recordable Incident Rate – Workforce (Employee + Contractor)	per 200,000 hrs worked	0.72	0.68	0.69
Lost Work Time Incident Rate – Employees	per 200,000 hrs worked	0.22	0.26	0.31
Lost Work Time Incident Rate – Contractors	per 200,000 hrs worked	0.12	0.07	0.15
Lost Work Time Incident Rate – Workforce	per 200,000 hrs worked	0.16	0.18	0.25
Injuries	#	188	137	131
Illnesses	#	5	1	0
Products with Material Safety Data Sheets	%	100	100	100
OHSAS 18001-certified operations	% of production	1.9	1.9	2.0
Health and safety fines and penalties - operated	$ Thousand	0	0	98
Health and safety fines and penalties - HOVENSA	$ Thousand	0	160	0

Performance Data continued

	UNITS	2011	2010	2009
ENVIRONMENTAL PERFORMANCE Δ				
Gross operated hydrocarbon production/throughput (normalization factor)	000 BOE/D	1,083	1,150	1,193
Net hydrocarbon production and net refinery throughput (restated–excludes HOVENSA)	000 BOE/D	433	473	471
Port Reading Refinery throughput	000 BOE/D	124	128	145
HOVENSA Refinery throughput	000 BOE/D	284	359	402
ENERGY USE				
Operated direct energy use	000 GigaJoules	34,021	33,238	33,688
Natural gas	000 GigaJoules	24,836	24,192	24,083
Diesel	000 GigaJoules	3,283	3,587	3,175
Petroleum coke	000 GigaJoules	5,496	4,982	5,922
Fuel oil	000 GigaJoules	406	477	508
Renewables	000 GigaJoules	0	0	0
Significant joint ventures direct energy use (SonaHess and JDA)	000 GigaJoules	12,664	12,666	12,438
Operated indirect energy use (gross)	000 GigaJoules	11,853	11,218	9,850
Net indirect energy use	000 MWh	1,137	1,076	949
Coal	%	35	42	49
Natural gas	%	37	37	22
Nuclear	%	20	12	20
Renewables	%	NC	6	6
Hydro	%	2	NC	NC
Wind	%	5	NC	NC
Biomass, solar and other renewables	%	<1	NC	NC
Petroleum	%	<0.1	2	2
Production energy intensity	GigaJoules/boe	0.12	0.11	0.10
Green-e certified renewable energy certificates (wind power)	000 MWh	180	140	100
GREENHOUSE GAS EMISSIONS				
Flaring	mmscf	21,760	15,607	17,125
Operated direct emissions (Scope 1)	Million Tonnes CO_2e	4.4	3.7	4.0
CO_2	Million Tonnes CO_2e	4.2	3.5	3.6
CH_4	000 Tonnes CO_2e	139.6	123.7	294.7
N_2O	000 Tonnes CO_2e	21.8	23.6	24.6
Operated direct emissions (Scope 1) by source				
Flaring / venting	%	43	36	40
Fuel combustion	%	55	61	57
Other	%	2	3	3
Operated indirect emissions (Scope 2)	Million Tonnes CO_2e	0.7	0.8	0.6
CO_2	Million Tonnes CO_2e	0.7	0.8	0.6
CH_4	000 Tonnes CO_2e	0.15	0.15	0.12
N_2O	000 Tonnes CO_2e	7.2	6.7	5.2
Significant joint ventures emissions (Scope 1) (SonaHess and JDA) (gross)				
CO_2	Million Tonnes CO_2e	3.5	2.9	4.3
CH_4	000 Tonnes CO_2e	159.4	154.9	205.3
N_2O	000 Tonnes CO_2e	12.7	15.0	12.2
Net equity GHG emissions (includes HOVENSA)	Million Tonnes CO_2e	9.1	9.0	9.5
Net equity carbon intensity (Scope 1 and 2) - excludes HOVENSA	Tonnes/Thousand BOE	43	36	41
Scope 3 emissions				
Product end-use	Million Tonnes CO_2e	35.7	40.2	45.8
Ocean transport	000 Tonnes CO_2e	221.0	56.8	55.9
Employee business travel (commercial air carriers)	000 Tonnes CO_2e	22.7	19.7	11.6
FRESH WATER USE				
Groundwater	Million m^3	8.5	6.6	6.6
Municipal	Million m^3	4.6	3.7	3.9
Surface water	Million m^3	0.02	0.04	0.04
Reused/recycled (estimated)	%	11.1	NC	NC

	UNITS	2011	2010	2009
AIR EMISSIONS (EXCLUDES GHGS)				
Sulfur oxides (SO_x)	Tonnes	3,300	3,181	3,112
SO_x Intensity	Tonnes/Million BOE	8.4	7.6	7.2
Nitrogen oxides (NO_x)	Tonnes	10,153	9,306	7,695
NO_x Intensity	Tonnes/Million BOE	25.7	22.2	17.7
Volatile organic compounds (VOC)	Tonnes	14,861	19,486	24,851
VOC Intensity	Tonnes/Million BOE	37.6	46.4	57.1
Particulate matter (PM_{10})	Tonnes	318	345	290
PM_{10} Intensity	Tonnes/Million BOE	0.80	0.82	0.67
EXPLORATION & PRODUCTION DISCHARGES				
Oil in produced water to sea	Tonnes	149	221	136
Oil in produced water to sea	ppmv	10	13	19
Produced water to sea	Million m^3	17.4	20.1	8.3
Produced water reinjected	Million m^3	19.5	19.5	18.2
US CLEAN WATER ACT DISCHARGES – PORT READING REFINERY				
Biochemical oxygen demand (BOD)	Tonnes	10.7	7.4	36.9
Suspended solids	Tonnes	14.3	11.2	41.2
Total petroleum hydrocarbons	Tonnes	5.7	4.6	4.8
WASTE				
Nonhazardous waste	Tonnes	149,577	83,451	116,458
Recovery/reuse/recycle	%	40	50	56
Treatment	%	9	22	14
Disposal	%	45	18	26
Incineration/energy recovery	%	1	1	1
Land farm	%	5	9	3
Composting	%	<1	<1	<1
Hazardous waste	Tonnes	4,300	4,185	9,359
Recovery/reuse/recycle	%	3	4	2
Treatment	%	60	29	44
Disposal	%	23	48	51
Incineration/energy recovery	%	10	19	2
Land farm	%	4	0	1
Composting	%	<1	<1	<1
Basel Convention (recovery/reuse/recycle)	Tonnes	0	0	0
OTHER ENVIRONMENTAL INDICATORS				
ISO 14001-certified operations	% of production	12	13	16
ISO 14001-certified operations	#	3	3	3
Environmental fines and penalties - operated	$ Thousand	160	96	264
Environmental fines and penalties - HOVENSA	$ Thousand	5,400	0	0
Capital expenditures	$ Million	95	85	50
Environmental expenditures - remediation	$ Million	19	13	11
Environmental reserve	$ Million	60	55	55

One barrel is equivalent to 42 gallons
* Recordable supplier spend for 2010 and 2009 is US only
** Corporate classifications changed between 2009 and 2010, so 2009 data is not provided
Δ Where relevant, all data are restated to exclude significant joint ventures
NC: Not Collected
2009 and 2010 net indirect energy use has been restated

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 (UN Global Compact) and International Petroleum Industry Environmental Conservation Association sector-specific guidelines (IPIECA). Detailed information on GRI indicators related to Board-level governance (4.1–4.7, 4.9, 4.10) and defined benefit plan obligations (EC3) can be found at http://www.hess.com/investors and in our Securities and Exchange Commission (SEC) forms 10-K and DEF 14A.

GRI INDICATOR–CORE | GRI INDICATOR—ADDITIONAL | IPIECA ONLY | ● FULLY REPORTED | ▲ PARTIALLY REPORTED

GRI INDICATOR	GENERAL DESCRIPTION	PAGE(S)	GRI STATUS	UNGC PRINCIPLE(S)	IPIECA INDICATOR
1.0 STRATEGY AND ANALYSIS					
1.1	Chairman's Letter	2-3	●		
1.2	Key impacts, risks and opportunities (a)	4-5, 13-14	●		
2.0 ORGANIZATIONAL PROFILE					
2.1-2.9	Organizational profile (a)	9-11	●		
2.10	Awards received during reporting period	82	●		
3.0 REPORT PARAMETERS					
3.1-3.3, 3.5-3.8	Reporting period, scope and boundary; materiality determination for content	6-7	●		
3.4	Contact point for questions regarding report	IBC	●		
3.9	Data measurement techniques and basis of calculations	7, 37, 54-58, 61-63, 81	●		
3.10, 3.11	Explanation of restatements and significant changes	7	●		
3.12	GRI content index	78-80	●		
3.13	External assurance	81	●		
4.0 GOVERNANCE					
4.1-4.7, 4.9, 4.10	Information on highest governance body (a, b)	13-14	●		
4.8	Internal values, codes of conduct, and principles	13-16	●		
4.11	The precautionary approach	13-14	●	7	
4.12	Externally-subscribed or endorsed voluntary initiatives	2-3, 16, 33	●		
4.13	Key memberships and associations	17	●		
4.14-4.16	Stakeholders, types of engagement, key topics and concerns	17, 20, 25-27, 30-32	●		
ECONOMIC INDICATORS					
EC	Disclosure on management approach to economic performance	2-3, 9	●		
	Disclosure on management approach to market presence	9-11, 69	●		
	Disclosure on management approach to indirect economic impacts	25	●		
EC1	Direct economic value	18	●		SE4, SE13
EC2	Financial implications of climate change	53-54	●	7	
EC3	Defined benefit plan obligations (a, b)	48-49	●		
EC4	Significant financial assistance received from government	18, 73	●		
EC5	Comparison of standard entry level wage with local minimum wage	48-49	●	1	
EC6	Local supplier spend at significant locations of operation	18	▲		SE5, SE7
EC7	Local hiring at significant locations of operation	46	●	6	SE5, SE6
EC8	Development and impact of infrastructure investments and services	25-31	●		SE4
EC9	Understanding and describing significant indirect economic impacts	25-31	▲		SE6

a - See also Annual Report and SEC 10-K
b - See also hess.com/investors

GRI INDICATOR	GENERAL DESCRIPTION	PAGE(S)	GRI STATUS	UNGC PRINCIPLE(S)	IPIECA INDICATOR
ENVIRONMENTAL INDICATORS (UN8)					
EN	Disclosure on management approach to environmental aspects	13-14, 61, 63	●	7	
EN1, EN2	Materials used and percentage recycled input materials	65	●	9	
EN3, EN4	Direct and indirect energy use by primary source	57-59	●		E2
EN5	Energy conservation and efficiency initiatives and improvements	58-59	▲	9	E2
EN6	Initiatives to provide energy-efficient or renewable products and services	71-73	●	9	E3
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	58-59	▲	9	E2
EN8, EN9	Total water withdrawal by source, significantly affected water sources	61-62	●	9	E6
EN10	Water recycled and reused	61-62	●	9	E6
EN11, EN12	Proximity of protected areas/areas of high biodiversity	63-64	●		E5
EN13	Habitats protected or restored	63-64	●	7	E5
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	63-64	●	7	E5
EN15	Number of IUCN Red List and national conservation list species	64	●		
EN16, EN17	Total direct and indirect and other relevant greenhouse gas emissions	54-57	●		E1, E4
EN18	Greenhouse gas reduction initiatives and results	53-54	●	7, 8	E1
EN19	Emissions of ozone-depleting substances	65	●		E7
EN20	NO_x, SO_x, and other significant air emissions	66-67	●		E7
EN21	Total water discharge by quality and destination	62-63	●		E9
EN22	Total weight of waste by type and disposal method	66-67	●		E10
EN23	Total number and volume of significant spills	66-67	●		E8
EN24	Basel Convention waste management summary	66	●		
EN25	Biodiversity value of receiving waters for water discharges and runoff	62-64	▲		
EN26	Mitigation of environmental impacts of products and services	69-72	●	7,8	
EN27	Products sold and packaging reclaimed	65-66, 69-71	●	9	
EN28	Fines, penalties and non-compliances	65	●		
EN29	Transportation impacts	57	●		
EN30	Environmental expenditures	65	▲	7,9	
LABOR PRACTICES AND DECENT WORK					
LA	Disclosure on management approach to employment, labor/management relations, training and education and diversity and equal opportunity	13-14, 45	●		
	Disclosure on management approach to occupational health and safety	13-14, 37	●		
LA1	Total workforce by employment type, contract and region	45	●		
LA2	Total number and rate of employee turnover by age group, gender and region	45	●	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	35	●	1,3	
LA5	Minimum notice period of significant operational changes	35	●	3	
LA6	Percentage of total workforce represented in joint safety committees	42	▲	1	HS1, SE16
LA7	Injury, occupational illness, lost days, absenteeism, and fatalities by region	37-40	●	1	HS3
LA8	Disease prevention programs	42-43	●	1	HS2
LA9	Health and safety topics covered in collective bargaining agreements	42	●		SE16
LA10	Average hours of training per employee by employee category	50-51	●		SE17
LA11	Programs for skills management, lifelong learning and career endings	49-51	●		SE17
LA12	Employees receiving regular performance and development reviews	49-50	●		SE17
LA13	Governing bodies and employees by category according to diversity indicators	45-46	●	1, 6	SE15
LA14	Ratio of basic salary of women to men by employee category	48-49	●	1, 6	
IPIECA	Process Safety	37, 41	—	—	HS5

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GRI INDICATOR	GENERAL DESCRIPTION	PAGE(S)	GRI STATUS	UNGC PRINCIPLE(S)	IPIECA INDICATOR
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HR	Disclosure on management approach to human rights aspects	13-14, 33-34	●		
HR1	Human rights and significant investment agreements	34	▲	1—6	SE8
HR2	Significant suppliers/contractors screened for human rights	5, 33-34	▲	1—6	SE9
HR3	Employee training on policies and procedures concerning human rights	34	▲	1—6	SE8
HR4	Total number of incidents of discrimination and actions taken	47	●	1, 2, 6	SE18
HR5	Operations at risk re: freedom of association and collective bargaining	34-35	●	1, 2, 3	
HR6	Operations at risk re: child labor	34-35	●	1, 2, 5	
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HR8	Security personnel trained on human rights	34	▲	1, 2	SE10
HR9	Violations of indigenous peoples' rights	34	●	1, 2	
SOCIETY					
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	Disclosure on management approach to community	13-14, 25, 32			
SO1	Programs and practices that assess and manage impacts of operations on communities	17-18, 25-27, 30-32	●		SE1, SE2, SE3, SE4, SE5
SO2	Business units analyzed for risks related to corruption	15-16	●	10	SE11, SE 12
SO3	Employees trained in anti-corruption policies and procedures	15-16	▲	10	SE11
SO4	Actions taken in response to incidents of corruption	15-16	●	10	SE11
SO5	Public policy positions/participation in public policy development and lobbying	16, 53, 69	●	1, 10	SE14
SO6	Political contributions	16	●	10	SE14
SO7	Legal actions for anti-competitive behavior and outcomes	15	●		
SO8	Fines and penalties for noncompliance with laws and regulations	15	●		
PRODUCT RESPONSIBILITY					
PR	Management disclosures	13-14, 69	●		
PR1	Life-cycle assessment for health and safety impacts of products/services	69	●	1	HS4
PR2	Noncompliances with health and safety impact requirements for products/services	69	●	1	HS4
PR3	Product and service labeling requirements for significant products	69	●	8	HS4
PR4	Noncompliances with product and service labeling requirements	69	●	8	HS4
PR5	Customer satisfaction practices	72	●		
PR6	Marketing communications compliance programs	72	●		HS4
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PR8	Substantiated customer privacy complaints and data loss	72	●	1	
PR9	Fines for noncompliance with laws and regulations re: products and services	69	●		

Verification Statement

Scope and Objectives

ERM Certification & Verification Services (ERM CVS) was commissioned by Hess Corporation to undertake verification of its 2011 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 tenth year that ERM CVS has been engaged by Hess Corporation in this role. ERM CVS has also been commissioned to verify Hess Corporation's GHG data as reported to the Carbon Disclosure Project (CDP).

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 2012 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 Baldpate 260 Platform, Gulf of Mexico, Cameron Shore-base, Louisiana, U.S.A, Ujung Pangkah, Indonesia; Sinphuhorm, Thailand, and Marketing and Refining (M&R) oil products storage terminal operations in St. Lucia as well as Roseton, New York, U.S.A. Additional visits took place to E&P operations in Algeria, Equatorial Guinea, and the Seminole Gas Plant in Texas, U.S.A. to review greenhouse gas related data.
- Discussions with Hess Corporation's leaders who exercise overall business responsibility and those with accountability 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 2011.

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 are set out below:

- Seek to map data flow from inception through to Corporate consolidation in order to improve data consistency and transparency of the data chain of custody;
- Continue to implement set methodologies and provide user guidance for calculating and capturing GRI/IPIECA performance data where those do not currently exist;
- Review the sources that require measurement at each reporting unit to ensure each is captured appropriately;
- Apply consistent independent data review processes at the reporting entity.

We have provided Hess Corporation with a separate, confidential report detailing our assessment of Hess's 2011 Sustainability Report.

Leigh Lloyd, Managing Director
June 2012
ERM Certification and Verification Services, London

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Awards and Recognition

Sustainability

- CDP 2011 Global 500 and S&P 500 Carbon Disclosure Leadership Indexes
- Dow Jones North America Sustainability Index
- Bloomberg Businessweek Sustainability – Environmental Transparency / Global Energy Sector – Ranked #1
- Maplecroft Climate Innovation Index
- oekom Research AG Prime Status
- Corporate Responsibility magazine top corporate citizens / Energy Sector – Ranked #3
- Ranked first in the Energy Sector in the US and fourth globally in Newsweek's 2011 Green Rankings
- Corporate Knights S&P 500 Clean Capitalism Ranking – Ranked #1
- Environment Investment Organization (UK) Global 800 Carbon Ranking / Energy Sector – Ranked #1

Workforce

- National Safety Council's 2011 List of CEOs Who 'Get It'
- Woman Engineer Magazine's Top 50 Employers List
- Workforce Diversity Magazine's Top 50 Employers List

Community

- U.S. Chamber of Commerce Business Civic Leadership Center Best International Ambassador award finalist

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 website 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:

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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.

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