1185 Avenue of the Americas
New York, New York 10036

www.hess.com

HESS CORPORATION

2009 Annual Report

OUR COMPANY

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.

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Cover: Drilling operations in North Dakota, United States

FINANCIAL AND OPERATING HIGHLIGHTS

Amounts in millions, except per share data	**2009**	2008
FINANCIAL – FOR THE YEAR		
Sales and other operating revenues	**$ 29,614**	$ 41,134
Net income attributable to Hess Corporation	**$ 740**	$ 2,360
Net income per share diluted	**$ 2.27**	$ 7.24
Common stock dividends per share	**$ .40**	$ .40
Net cash provided by operating activities	**$ 3,046**	$ 4,688
Capital and exploratory expenditures	**$ 3,245**	$ 4,828
Weighted average diluted shares outstanding	**326.0**	325.8
FINANCIAL – AT YEAR END		
Total assets	**$ 29,465**	$ 28,589
Total debt	**$ 4,467**	$ 3,955
Total equity	**$ 13,528**	$ 12,391
Debt to capitalization ratio[(a)]	**24.8%**	24.2%
Common stock price	**$ 60.50**	$ 53.64
OPERATING – FOR THE YEAR		
Production – net		
Crude oil and natural gas liquids (thousands of barrels per day)		
United States	**71**	42
International	**222**	224
Total	**293**	266
Natural gas (thousands of Mcf per day)		
United States	**93**	78
International	**597**	611
Total	**690**	689
Barrels of oil equivalent (thousands of barrels per day)	**408**	381
Marketing and Refining (thousands of barrels per day)		
Refining crude runs—HOVENSA L.L.C.[(b)]	**201**	221
Refined products sold	**473**	472

(a) Total debt as a percentage of the sum of total debt and total equity.

(b) Reflects the Corporation's 50% share of HOVENSA's crude runs.

See Management's Discussion and Analysis of Results.

LETTER TO STOCKHOLDERS

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

In 2009, our company delivered strong financial and operational performance in a challenging economic environment and generated earnings of $740 million, or $2.27 per share. While our earnings were lower than the previous year, our results reflected a significant increase in production, successful cost reduction efforts and crude oil prices that rose throughout the year.

As in the past, we continued to execute our strategy to generate sustainable growth over the long term in Exploration and Production and operate Marketing and Refining for current returns and free cash flow.

Exploration and Production, which earned $1.04 billion, had outstanding growth in production, which rose 7 percent to 408,000 barrels of oil equivalent per day. We replaced 103 percent of production at a finding, development and acquisition cost of about $20 per barrel of oil equivalent. At year end, our proved reserves were 1.44 billion barrels of oil equivalent and our reserve life was 9.5 years.

Marketing and Refining earned $127 million by reducing costs and increasing efficiency in a difficult economy. Refining was negatively impacted by lower margins. Energy Marketing had a strong performance with higher sales than the previous year. Retail Marketing had reduced margins and gasoline volumes, but these were partially offset by an 11 percent increase in convenience store sales.

We are fortunate to have an attractive portfolio of investment opportunities to deliver sustainable growth in our reserves and production. For 2010, our capital and exploratory budget is $4.1 billion, with substantially all of it targeted to Exploration and Production: $2.4 billion budgeted for production operations, $800 million for developments and $850 million for exploration.

We plan to invest about $1 billion per year over the next five years in the Bakken shale play in North Dakota to boost net production from 11,000 barrels of oil equivalent per day currently to 80,000 barrels of oil equivalent per day in 2015. We also announced a strategic trade with Shell to increase our interests in the Valhall and Hod fields in Norway in exchange for Hess' share in the Clair Field in the United Kingdom and all of our interests in Gabon.

EXPLORATION AND PRODUCTION

Higher production in 2009 was underpinned by strong volumes from the Shenzi Field in the deepwater Gulf of Mexico, a full year of Phase 2 natural gas sales at the Malaysia/Thailand JDA and overall solid operating performance.

We advanced several key developments in our global portfolio throughout the year, including the Valhall redevelopment and gas lift projects, offshore development at Ujung Pangkah in Indonesia, front-end engineering and design for the Tioga Gas Plant expansion in North Dakota and development options for the Pony Field in the deepwater Gulf of Mexico.

In exploration, we strengthened our future growth options with continued success at our 100 percent owned WA-390-P Block offshore Australia, where in 2009 we drilled seven wells, six of which were natural gas discoveries. In offshore Libya, we successfully tested the A1 discovery well on our 100 percent owned Area 54 license and subsequently drilled and successfully tested an appraisal well.

MARKETING AND REFINING

Our financial results in Marketing and Refining were lower in 2009 than the previous year as the weak economy had a negative impact on our business, particularly in refining, where our HOVENSA joint venture experienced losses from significantly lower distillate crack spreads and narrower light/heavy crude oil differentials.

Energy Marketing, which provides energy to more than 18,000 commercial and industrial customers in the eastern United States, generated continued growth with increased sales of natural gas, fuel oil and electricity.

Retail Marketing, which has 1,357 gasoline and convenience stores along the East Coast of the U.S., experienced a decline in fuel volumes and margins but an increase in convenience store sales, which were bolstered by the continued roll-out of Dunkin' Donuts offerings.

SAFETY AND SOCIAL RESPONSIBILITY

In 2009, our safety performance improved for the fifth consecutive year as we reduced our combined employee and contractor incident rate by nearly 25 percent. This progress is a result of the engagement of our entire work force and the success of our management systems.

Our company is committed to making a long-lasting positive impact on the communities where we operate. Our educational partnership in Equatorial Guinea is helping transform primary education across the nation through model schools and teacher training, with 900 teachers enrolled in a two-year certification course graduating in early 2010. In Libya, we started work with the National Oil Corporation and Partners Harvard Medical International on a program to address the high rate of diabetes in the country, concentrating on disease prevention and treatment and the training of medical personnel. In St. Lucia, we partnered with the International Medical Corps to assess the needs of St. Jude Hospital following a devastating fire. We contributed initial emergency supplies and developed a long term plan to provide equipment and medical training.

Hess received significant recognition last year for our efforts to build a sustainable enterprise. We were honored to receive the Responsible CEO of the Year Award from CRO Magazine, achieve a grade of A+ by the Global Reporting Initiative for our annual Sustainability Report and rank in the Carbon Disclosure Project Global 500 Leadership Index.

We deeply appreciate the hard work and dedication of our employees to build a company that has the speed, agility and entrepreneurial spirit of an independent and the global reach of companies many times our size. We are grateful, as always, for the outstanding advice and guidance of our Board of Directors. We especially want to thank you, our stockholders, for your continued interest and support.

John B. Hess
Chairman of the Board and Chief Executive Officer
March 3, 2010

EXPLORATION AND PRODUCTION

Malaysia/Thailand Joint Development Area

Okume Complex, Equatorial Guinea

PRODUCTION

In 2009, net production averaged 408,000 barrels of oil equivalent per day, up from 381,000 barrels of oil equivalent per day in 2008. This increase resulted from the start-up of the Shenzi Field in the deepwater Gulf of Mexico, higher production at the Malaysia/Thailand Joint Development Area (JDA) and strong operating performance across the portfolio.

In the United States, the Shenzi Field (Hess 28%) achieved first production in March and ended the year strongly with net production of nearly 40,000 barrels of oil equivalent per day. The Conger Field, which is also in the deepwater Gulf of Mexico, recovered from 2008 hurricane damage and with the addition of two wells ended 2009 producing 16,000 net barrels of oil equivalent per day. During the year, we continued to build our position in the North Dakota Bakken shale play. We increased our land holdings, drilled 33 wells and raised our net production to more than 11,000 barrels of oil equivalent per day at year end.

In the Malaysia/Thailand JDA, a full year of Phase 2 natural gas sales was achieved at Block A-18 (Hess 50%). Net natural gas sales from the block reached 319 million cubic feet per day in December. In Russia, continued development drilling in conjunction with strong reservoir performance enabled production to achieve peak rates of 40,000 barrels of oil equivalent per day at year end.

In December, the company announced a strategic asset trade with Shell through which Hess will assume Shell's 28 percent interest in the Valhall Field and 25 percent interest in the satellite Hod Field in Norway. In return, Shell will assume Hess' 9 percent interest in the Clair Field in the United Kingdom and all of Hess' interests in Gabon.

DEVELOPMENT

In North America, the company continued the development of the Residual Oil Zone at the Seminole San Andres Unit (Hess 34%) in the Permian Basin in West Texas with the expansion of the Seminole gas plant and the development of the West Bravo Dome CO_2 Field. The company also completed front end engineering and design (FEED) for the Tioga gas plant expansion associated with the Bakken oil shale development in the Williston Basin in North Dakota.

At the Hess operated Pony Field (Hess 100%), in the deepwater Gulf of Mexico, we completed FEED for the topsides, hull and subsea equipment and continued discussions on a joint operating agreement with the Knotty Head partnership in the adjacent block to the south. In 2010, the company plans to drill an additional appraisal well on Green Canyon Block 469 to test the eastern extent of the Pony structure.


Learning Center, Houston, Texas

In Indonesia, the company commissioned the Ujung Pangkah liquefied petroleum gas processing facility (Hess 75%) during the first quarter while progressing the offshore development via a second wellhead platform and production and utility platforms.

In the Norwegian North Sea, the company approved the Valhall Flank Gas Lift project (Hess 28%) that is advancing in parallel with the ongoing Valhall Redevelopment. The redevelopment project achieved major milestones in 2009 with installation of the new jacket and ongoing fabrication of the main deck and personnel accommodations.

EXPLORATION

In 2009, Hess acquired new acreage in the United States, Indonesia, Australia and Norway which builds upon existing positions and adds significant exploration opportunities to the portfolio. Of particular note were the acquisition of more than 80,000 net acres in the Marcellus unconventional shale gas play in northeastern Pennsylvania and the awarding of the South Sesulu Block in Indonesia.

2009 was another active year for exploration and appraisal drilling and resulted in successful wells in Australia, Malaysia, Libya, the United Kingdom and Peru. In Australia, the second phase of drilling on the 100 percent owned WA-390-P Block commenced with seven wells being drilled, six of which resulted in natural gas discoveries. In total, 11 exploration wells have now been drilled on the license, nine of which have discovered gas accumulations. Exploration drilling also commenced on the nearby WA-404-P Block (Hess 50%) with a gas discovery on the Martell prospect. Exploration drilling will continue in 2010 on both Australia licenses in parallel with analysis of commercialization options.

In Libya the A1-54/01 discovery on the Arous Al-Bahar prospect in 2,800 feet of water was re-entered and successfully tested utilizing the newly built Stena Forth drillship, which is under long term contract to Hess. The rig then drilled and successfully tested the down-dip appraisal well A2-54/01.

In Brazil two wells were drilled on the BM-S-22 License (Hess 40%) in 7,000 feet of water; the Azulao well resulted in the filing of a notice of discovery and the Guarani well was expensed. A third well on the license is planned in 2010.

In addition, exploitation drilling continued in 2010 with successful activity in the United Kingdom, Russia and onshore Libya.

Exploration drilling in Australia

MARKETING AND REFINING

HESS EXPRESS, Clearwater, Florida


HESS
4
3
2
1
TOUCH-FREE
CAR WASH
HESS
HESS

Hess fuel oil truck, New York City

REFINING

Our HOVENSA joint venture refinery in the United States Virgin Islands is one of the largest in the world. Jointly owned by Hess and Petroleos de Venezuela S.A., the facility is strategically positioned and enjoys strong economies of scale.

The refinery has 500,000 barrels per day of crude distillation capacity and a 150,000 barrel per day fluid catalytic cracking unit (FCC), which allows it to make significant volumes of high-quality gasoline and distillates. In addition, the refinery has a 58,000 barrel per day delayed coking unit, which enables the refinery to process lower-cost heavy crude oils. Gross crude runs at the refinery averaged 402,000 barrels per day in 2009 versus 441,000 barrels per day in 2008. Lower crude runs in 2009 reflected the weak margin environment and unplanned maintenance during the year.

Our Port Reading, New Jersey FCC facility located near New York Harbor produces gasoline and fuel oil primarily for markets in the Northeast United States. The facility averaged feedstock runs of about 63,000 barrels per day in 2009 versus 64,000 barrels per day in 2008.

SUPPLY & TERMINALS

Hess operates a network of 20 refined product terminals on the East Coast of the United States, as well as an oil storage facility in St. Lucia.

Our East Coast terminals provide the company a competitive advantage in the supply of refined products to our Retail and Energy Marketing businesses. Third-party utilization of our storage tanks was high throughout the year, generating incremental revenue for the Hess terminal network.

In 2009, Hess terminals in Baltimore, Maryland and in Syracuse, New York added renewable fuels blending capability, and our marine bunker fuels business added a port location in Charleston, South Carolina.

ENERGY MARKETING

Hess Energy Marketing is a major supplier of natural gas, fuel oil and electricity to commercial, industrial and utility customers in the Eastern United States.

In 2009, natural gas volumes increased by nearly 3 percent and electricity volumes increased by more than 36 percent compared with 2008. Strong customer relationships and multi-commodity product offerings position Hess Energy Marketing for continued growth.

RETAIL MARKETING

Hess is the leading independent gasoline convenience store retailer on the East Coast with 1,357 Hess branded locations.

Annual convenience store revenues in 2009, excluding petroleum products, were approximately $1.2 billion, an increase of more than 10 percent from 2008. During the year, the company acquired 11 gasoline-convenience stores in Cape Cod, increasing our market presence in Massachusetts. We expanded our Dunkin' Donuts offering to 367 Hess and WilcoHess locations by the end of 2009.

CORPORATE AND SOCIAL RESPONSIBILITY

Hess model school, Equatorial Guinea

Hess supported school, Thailand


Clean water project, Indonesia

SOCIAL RESPONSIBILITY

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

In 2009, we improved our safety performance for the fifth consecutive year, reducing our combined employee and contractor safety incident rate by nearly 25 percent. Our safety and health management systems support our commitment to continuous improvement.

We made progress on climate change by setting a greenhouse gas intensity reduction target for 2013 that is 20 percent below the 2008 baseline for our oil and gas operations. Emission reductions are being achieved through projects in Algeria and Equatorial Guinea that enhance production while reducing the amount of gas flared. We have also instituted a company-wide energy efficiency program, obtaining 10 percent of all electricity used in our operations from renewable sources.

Our management systems establish expectations for resource conservation, pollution prevention and facility design optimization to minimize the potential environmental impacts from our activities. In 2009, the volume of oil spilled from our operations was 75 percent less than 2008.

We partner with a variety of stakeholders to advance education and health in communities where we operate. In Equatorial Guinea, we are helping transform primary education on a national scale with model schools, teacher training and materials and building renovations. Our commitment to improving education is also evident in Thailand, where we are helping schools enhance library services for their students. In Libya, the company together with the National Oil Corporation and Partners Harvard Medical International conducted a study to develop a plan for a diabetes prevention, treatment and training program. In Indonesia, community programs are providing new water wells and distribution networks for clean drinking water.

The company engages in voluntary initiatives in support of human rights, environmental protection and financial transparency. Hess has endorsed four major voluntary frameworks: The Voluntary Principles, the Universal Declaration on Human Rights, the United Nations Global Compact, and the Extractive Industries Transparency Initiative. In 2009, we performed a Human Rights Risk Assessment in Southeast Asia and conducted training to conform with the voluntary multi-stakeholder initiatives we have endorsed.

We are proud of the progress we made in 2009 and we will continue to pursue our strategy to improve our performance and develop partnerships in social responsibility.

HESS CORPORATION

BOARD OF DIRECTORS

John B. Hess (1)
Chairman of the Board and Chief Executive Officer

Samuel W. Bodman (3) (4)
Former Secretary of the United States Department of Energy;
Former Deputy Secretary of the United States Department of the Treasury

Nicholas F. Brady (1) (3) (4)
Chairman, Choptank Partners, Inc.;
Former Secretary of the United States Department of the Treasury;
Former Chairman, Dillon, Read & Co., Inc.

Gregory Hill
Executive Vice President;
President, Worldwide Exploration & Production

Edith E. Holiday (2) (4)
Corporate Director and Trustee;
Former Assistant to the President and Secretary of the Cabinet;
Former General Counsel of the United States Department of the Treasury

Thomas H. Kean (1) (3) (4)
President, THK Consulting, LLC;
Former President, Drew University;
Former Governor, State of New Jersey

Risa Lavizzo-Mourey (2)
President and Chief Executive Officer, The Robert Wood Johnson Foundation

Craig G. Matthews (2)
Former Vice Chairman and Chief Operating Officer, KeySpan Corporation;
Former Chief Executive Officer and President, NUI, Inc.

John H. Mullin (2)
Chairman, Ridgeway Farm LLC;
Former Managing Director, Dillon, Read & Co., Inc.

Frank A. Olson (2) (3)
Former Chairman of the Board and Chief Executive Officer, The Hertz Corporation

Ernst H. von Metzsch (3)
Managing Member, Cambrian Capital, L.P.;
Former Senior Vice President and Partner, Wellington Management Company

F. Borden Walker
Executive Vice President;
President, Marketing and Refining

Robert N. Wilson (1) (2) (3)
Chairman, Still River Systems;
Former Senior Vice Chairman of the Board of Directors, Johnson & Johnson

(1) Member of Executive Committee
(2) Member of Audit Committee
(3) Member of Compensation and Management Development Committee
(4) Member of Corporate Governance and Nominating Committee

CORPORATE OFFICERS

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

Gregory Hill
Executive Vice President;
President, Worldwide Exploration & Production

F. Borden Walker
Executive Vice President;
President, Marketing and Refining

SENIOR VICE PRESIDENTS

Gary A. Boubel
William T. Drennen
John A. Gartman
Timothy B. Goodell
General Counsel
Scott M. Heck
Lawrence H. Ornstein
Howard Paver
John P. Rielly
Chief Financial Officer
Lori J. Ryerkerk
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John J. Scelfo
R. Gordon Shearer
John V. Simon
Michael R. Turner
Mykel J. Ziolo

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Gerald I. Bresnick
C. Martin Dunagin
David K. Kirshner
Richard J. Lawlor
Sachin J. Mehra
Treasurer
Jon Pepper
Harold I. Small
Jonathan C. Stein
Jeffery L. Steinhorn
Darius Sweet
Kevin B. Wilcox
Controller
Jay R. Wilson

ANNUAL REPORT
FORM 10-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2009

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-1204

Hess Corporation

(Exact name of Registrant as specified in its charter)

DELAWARE	**13-4921002**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
1185 AVENUE OF THE AMERICAS, NEW YORK, N.Y.	**10036**
(Address of principal executive offices)	*(Zip Code)*

(Registrant's telephone number, including area code, is (212) 997-8500)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock (par value $1.00)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant submitted electronically and posted on its Corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of voting stock held by non-affiliates of the Registrant amounted to $17,579,000,000 computed using the outstanding common shares and closing market price on June 30, 2009.

At December 31, 2009, there were 327,229,488 shares of Common Stock outstanding.

Part III is incorporated by reference from the Proxy Statement for the annual meeting of stockholders to be held on May 5, 2010.

HESS CORPORATION

Form 10-K

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PART I

Items 1 and 2. *Business and Properties*

Hess Corporation (the Registrant) is a Delaware corporation, incorporated in 1920. The Registrant and its subsidiaries (collectively referred to as the Corporation or Hess) is a global integrated energy company that operates in two segments, Exploration and Production (E&P) and Marketing and Refining (M&R). The E&P segment explores for, develops, produces, purchases, transports and sells crude oil and natural gas. These exploration and production activities take place principally in Algeria, Australia, Azerbaijan, Brazil, Colombia, Denmark, Egypt, Equatorial Guinea, Gabon, Ghana, Indonesia, Libya, Malaysia, Norway, Peru, Russia, Thailand, the United Kingdom and the United States. The M&R segment manufactures refined petroleum products and purchases, markets and trades, refined petroleum products, natural gas and electricity. The Corporation owns 50% of a refinery joint venture in the United States Virgin Islands. An additional refining facility, terminals and retail gasoline stations, most of which include convenience stores, are located on the East Coast of the United States.

Exploration and Production

The Corporation's total proved developed and undeveloped reserves at December 31 were as follows:

	Crude Oil and Natural Gas Liquids		Natural Gas		Total Barrels of Oil Equivalent (BOE)*	
	2009	2008	2009	2008	2009	2008
	(Millions of barrels)		(Millions of mcf)		(Millions of barrels)	
Developed						
United States	**154**	119	**205**	202	**188**	153
Europe	**171**	192	**417**	502	**241**	276
Africa	**241**	237	**59**	60	**251**	247
Asia and other	**27**	23	**864**	667	**170**	134
	593	571	**1,545**	1,431	**850**	810
Undeveloped						
United States	**95**	108	**101**	74	**112**	120
Europe	**159**	140	**225**	137	**197**	162
Africa	**73**	87	**12**	9	**75**	89
Asia and other	**47**	64	**938**	1,122	**203**	251
	374	399	**1,276**	1,342	**587**	622
Total						
United States	**249**	227	**306**	276	**300**	273
Europe	**330**	332	**642**	639	**438**	438
Africa	**314**	324	**71**	69	**326**	336
Asia and other	**74**	87	**1,802**	1,789	**373**	385
	967	970	**2,821**	2,773	**1,437**	1,432

* *Reflects natural gas reserves converted on the basis of relative energy content (six mcf equals one barrel).*

On a barrel of oil equivalent (boe) basis, 41% of the Corporation's worldwide proved reserves are undeveloped at December 31, 2009 (43% at December 31, 2008). Proved reserves held under production sharing contracts at December 31, 2009 totaled 24% of crude oil and natural gas liquids and 57% of natural gas reserves (28% and 58% respectively, at December 31, 2008).

The Securities and Exchange Commission (SEC) revised its oil and gas reserve estimation and disclosure standards effective December 31, 2009. See the Supplementary Oil and Gas Data on pages 77 through 84 in the accompanying financial statements for additional information on the Corporation's oil and gas reserves.

Worldwide crude oil, natural gas liquids and natural gas production was as follows:

	2009	2008	2007
Crude oil (thousands of barrels per day)			
United States			
Onshore	**21**	17	15
Offshore	**39**	15	16
	60	32	31
Europe			
United Kingdom	**21**	29	38
Norway	**13**	16	19
Denmark	**12**	11	12
Russia	**37**	27	24
	83	83	93
Africa			
Equatorial Guinea	**70**	72	56
Algeria	**14**	15	22
Gabon	**14**	14	14
Libya	**22**	23	23
	120	124	115
Asia and other			
Azerbaijan	**8**	7	16
Other	**8**	6	5
	16	13	21
Total	**279**	252	260
Natural gas liquids (thousands of barrels per day)			
United States			
Onshore	**7**	7	7
Offshore	**4**	3	3
	11	10	10
Europe			
United Kingdom	**2**	3	4
Norway	**1**	1	1
	3	4	5
Total	**14**	14	15
Natural gas (thousands of mcf per day)			
United States			
Onshore	**38**	41	42
Offshore	**55**	37	46
	93	78	88
Europe			
United Kingdom	**118**	223	231
Norway	**21**	22	18
Denmark	**12**	10	10
	151	255	259

	2009	2008	2007
Asia and other			
Joint Development Area of Malaysia/Thailand (JDA)	**294**	185	115
Thailand	**85**	87	90
Indonesia	**65**	82	59
Other	**2**	2	2
	446	356	266
Total	**690**	689	613
Barrels of oil equivalent*	**408**	381	377

* *Reflects natural gas production converted on the basis of relative energy content (six mcf equals one barrel).*

A description of our significant E&P operations follows:

United States

At December 31, 2009, 21% of the Corporation's total proved reserves were located in the United States. During 2009, 24% of the Corporation's crude oil and natural gas liquids production and 13% of its natural gas production were from United States operations. The Corporation's production in the United States was principally from properties offshore in the Gulf of Mexico, which include the Shenzi (Hess 28%), Llano (Hess 50%), Conger (Hess 38%), Baldpate (Hess 50%), Hack Wilson (Hess 25%) and Penn State (Hess 50%) fields, as well as onshore properties in the Williston Basin of North Dakota and in the Permian Basin of Texas.

In the deepwater Gulf of Mexico, production commenced at the Shenzi Field in March 2009. Net production from Shenzi averaged approximately 25,000 barrels of oil equivalent per day (boepd) in 2009. The operator plans on drilling additional production wells at Shenzi in 2010.

In North Dakota, the Corporation holds a net acreage position in the Bakken shale play of approximately 510,000 acres. In 2009, the Corporation sanctioned a development program for the Bakken. The Corporation plans to expand production facilities and increase the rig count to 10 from 3 over the next 18 months, and invest about $1 billion per year over the next five years. As a result, the Corporation projects an increase in net production from approximately 10,000 boepd in 2009 to approximately 80,000 boepd in 2015.

The Corporation is developing a residual oil zone at the Seminole-San Andres Unit (Hess 34%) in Texas where carbon dioxide gas supplied from its interests in the West Bravo Dome and Bravo Dome fields in New Mexico is being injected to enhance recovery of crude oil.

At the Pony prospect on Green Canyon Block 468 (Hess 100%) in the deepwater Gulf of Mexico, engineering and design work for field development progressed during 2009. The Corporation plans to drill an appraisal well on Green Canyon Block 469 in 2010.

In 2009 the Corporation acquired rights to explore a total of more than 80,000 net acres in the Marcellus gas shale formation in Pennsylvania. The Corporation is operator and holds a 100% interest on approximately 50,000 acres and holds a 50% non-operated interest in the remaining acreage. Exploration drilling activity is expected to commence in 2010.

At December 31, 2009, the Corporation had interests in 331 total blocks in the Gulf of Mexico, of which 292 were exploration blocks comprising 1.1 million net undeveloped acres and the remainder were held for production and development operations.

Europe

At December 31, 2009, 30% of the Corporation's total proved reserves were located in Europe (United Kingdom 8%, Norway 13%, Denmark 3% and Russia 6%). During 2009, 29% of the Corporation's crude oil and natural gas liquids production and 22% of its natural gas production were from European operations.

United Kingdom: Production of crude oil and natural gas liquids from the United Kingdom North Sea was principally from the Corporation's non-operated interests in the Nevis (Hess 39%), Schiehallion (Hess 16%), Clair (Hess 9%), Bittern (Hess 28%) and Beryl (Hess 22%) fields. Natural gas production from the United Kingdom was primarily from the Easington Catchment Area (Hess 32%), Bacton area (Hess 22%), Beryl (Hess 22%), Everest (Hess 19%), Lomond (Hess 17%), Nevis (Hess 39%), Atlantic (Hess 25%) and Cromarty (Hess 90%) fields. The operator plans to drill additional production wells at Beryl in 2010.

Norway: Substantially all of the 2009 and 2008 Norwegian production was from the Corporation's interest in the Valhall Field (Hess 28%). A field redevelopment for Valhall commenced in 2007 and is expected to be completed in 2011. In 2010, the operator plans on drilling additional production and injection wells at Valhall. Additionally in 2010, the operator will continue to work on the Valhall Flank Gas Lift project, which was sanctioned in 2009 and is expected to be completed in 2011. The Corporation also holds an interest in the Snohvit (Hess 3%), Snorre (Hess 1%) and Hod (Hess 25%) fields. All four of the Corporation's Norwegian field interests are located offshore.

In December 2009, the Corporation agreed to a strategic exchange of all of its interests in Gabon and the Clair Field in the United Kingdom for an additional 28% interest in Valhall and 25% interest in Hod. The transaction, which has an effective date of January 1, 2010, is subject to various regulatory and other approvals. In addition, the partners are in discussions regarding the applicability of pre-emption to this transaction.

Denmark: Crude oil and natural gas production comes from the Corporation's interest in the South Arne Field (Hess 58%). In 2010, the Corporation plans a two well production drilling program.

Russia: The Corporation's activities in the Russian Federation are conducted through its 80% interest in a subsidiary operating in the Volga-Urals region of Russia. As of December 31, 2009, this subsidiary had exploration and production rights in 13 license areas in the Samara Oblast. In December 2009 this subsidiary also secured rights in the Novomaliklinsky license area, which lies in the Ulyanovsk Oblast. Production currently comes from ten license areas, but exploration and development investment is planned in all 14 license areas.

Africa

At December 31, 2009, 23% of the Corporation's total proved reserves were located in Africa (Equatorial Guinea 8%, Algeria 2%, Libya 11% and Gabon 2%). During 2009, 41% of the Corporation's crude oil and natural gas liquids production was from African operations.

Equatorial Guinea: The Corporation is the operator and owns an interest in Block G (Hess 85%) which contains the Ceiba Field and Okume Complex. The Corporation plans to drill additional production wells at Okume in 2010.

Algeria: The Corporation has a 49% interest in a venture with the Algerian national oil company, that redeveloped three oil fields.

Libya: The Corporation, in conjunction with its Oasis Group partners, has oil and gas production operations in the Waha concessions in Libya (Hess 8%). The Corporation also owns a 100% interest in offshore exploration Area 54 in the Mediterranean Sea, where a successful exploration well was drilled in 2008. In 2009, the Corporation successfully flow tested the first exploration well and subsequently drilled and successfully flow tested a down-dip appraisal well. In 2010, the Corporation plans to reprocess 3D seismic, integrating acquired well information, and will continue technical and commercial evaluation of the block.

Gabon: The Corporation's activities in Gabon are conducted through its wholly-owned Gabonese subsidiary, where the Corporation has interests in the Rabi Kounga, Toucan and Atora fields. In the fourth quarter of 2009, the Corporation agreed to a strategic exchange of all of its interests in Gabon for additional interests in the Valhall and Hod fields offshore Norway.

Egypt: The Corporation has an interest in the West Mediterranean Block 1 concession (West Med Block) (Hess 55%), which contains natural gas discoveries and additional exploration opportunities. The Corporation is currently evaluating technical and commercial options for this block and further exploratory drilling is planned. The Corporation also owns a 100% interest in Block 1 offshore Egypt in the Red Sea. During 2009 the Corporation acquired and completed the reprocessing of seismic data for this block.

Ghana: The Corporation holds a 100% interest in the Deepwater Tano Cape Three Points License. The Corporation is evaluating 3D seismic in anticipation of drilling the second exploration well on this prospect in late 2010 or early 2011.

Asia and Other

At December 31, 2009, 26% of the Corporation's total proved reserves were located in the Asia and other region (JDA 11%, Indonesia 9%, Thailand 3%, Azerbaijan 2% and Malaysia 1%). During 2009, 6% of the Corporation's crude oil and natural gas liquids production and 65% of its natural gas production were from Asia and other operations.

Joint Development Area of Malaysia/Thailand (JDA): The Corporation owns an interest in Block A-18 of the JDA (Hess 50%) in the Gulf of Thailand. Phase 2 gas sales commenced in November of 2008. In 2009, the Corporation acquired a 50% interest in Blocks PM301 and PM302 in Malaysia, which are adjacent to Block A-18 of the JDA.

Indonesia: The Corporation's natural gas production in Indonesia primarily comes from its interests offshore in the Ujung Pangkah project (Hess 75%), which commenced production in 2007, and the Natuna A Field (Hess 23%). Additional production from a Phase 2 oil project at Ujung Pangkah commenced in 2009. The Corporation also owned an interest in the onshore Jambi Merang natural gas development project (Hess 25%), which was sold in January 2010. In May 2009, the Corporation obtained a 100% working interest in the offshore South Sesulu Block, where the Corporation is planning to acquire and process seismic in 2010. The Corporation also holds a 100% working interest in the offshore Semai V Block, where the Corporation is evaluating seismic and plans to drill an exploration well in late 2010 or early 2011.

Thailand: The Corporation's natural gas production in Thailand primarily comes from the offshore Pailin Field (Hess 15%) and the onshore Sinphuhorm Block (Hess 35%).

Azerbaijan: The Corporation has an interest in the Azeri-Chriag-Gunashli (ACG) fields (Hess 3%) in the Caspian Sea. In 2010, production drilling will continue and the operator will seek sanction to install an additional production and drilling platform, which will include processing facilities and related infrastructure.

Australia: The Corporation holds a 100% interest in an exploration license covering 780,000 acres in the Carnarvon basin offshore Western Australia (WA-390-P Block). Through December 31, 2009, the Corporation has drilled 11 of the 16 commitment wells on the block, nine of which were natural gas discoveries. The Corporation plans to drill the remaining five commitment wells on the block in 2010. The Corporation also holds a 50% interest in WA-404-P Block located offshore Western Australia, which covers a total area of 680,000 acres. The operator completed a successful exploration well on this block in 2009 and plans to drill the remaining eight commitment wells on this block in 2010. In January 2010, the operator announced that the first well of the 2010 program discovered natural gas.

Brazil: The Corporation has interests in two blocks located offshore Brazil, BM-S-22 (Hess 40%) and BM-ES-30 (Hess 30%). In 2009, two exploration wells were completed on BM-S-22. A notice of discovery was filed for the first well and the second well was expensed. In 2010, the operator of BM-S-22 plans to commence drilling of a third exploration well in the second half of the year. In 2009, the Corporation also drilled an exploration well on BM-ES-30, which was expensed.

Peru: The Corporation has an interest in Block 64 in Peru (Hess 50%). At the end of 2009, the Corporation was drilling a sidetrack to an exploration well on this block. Further evaluation work is planned for 2010.

Colombia: The Corporation has interests in offshore Blocks RC 6 and RC 7 (Hess 30%). During 2009 the Corporation acquired 3D seismic for those blocks. Additional 3D seismic will be acquired and processed in 2010.

Oil and Gas Reserves

The Corporation's net proved oil and gas reserves at the end of 2009, 2008 and 2007 are presented under the Supplementary Oil and Gas Data on pages 77 through 84 in the accompanying financial statements.

During 2009, the Corporation provided oil and gas reserve estimates for 2008 to the United States Department of Energy. Such estimates are consistent with the information furnished to the SEC on Form 10-K for the year ended

December 31, 2008, although not necessarily directly comparable due to the requirements of the individual requests. There were no differences in excess of 5%.

Sales commitments: The Corporation has no contracts or agreements to sell fixed quantities of its crude oil production. In the United States, natural gas is marketed by the M&R segment on a spot basis and under contracts for varying periods of time to local distribution companies, and commercial, industrial and other purchasers. The Corporation's United States natural gas production is expected to approximate 30% of its 2010 sales commitments under long-term contracts. The Corporation attempts to minimize supply risks associated with its United States natural gas supply commitments by entering into purchase contracts with third parties having reliable sources of supply and by leasing storage facilities.

Outside of the United States and the United Kingdom, the Corporation generally sells its natural gas production under long-term sales contracts at prices that are periodically adjusted due to changes in commodity prices or other indices.

Average selling prices and average production costs

	2009	2008	2007
Average selling prices*			
Crude oil (per barrel)			
United States	**$60.67**	$96.82	$69.23
Europe	**47.02**	78.75	60.99
Africa	**48.91**	78.72	62.04
Asia and other	**63.01**	97.07	72.17
Worldwide	**51.62**	82.04	63.44
Natural gas liquids (per barrel)			
United States	**$36.57**	$64.98	$51.89
Europe	**43.23**	74.63	57.20
Worldwide	**38.47**	67.61	53.72
Natural gas (per mcf)			
United States	**$ 3.36**	$ 8.61	$ 6.67
Europe	**5.15**	9.44	6.13
Asia and other	**5.06**	5.24	4.71
Worldwide	**4.85**	7.17	5.60
Average production (lifting) costs per barrel of oil equivalent produced**			
United States	**$13.72**	$18.46	$13.56
Europe	**15.77**	17.12	14.06
Africa	**10.93**	10.22	9.09
Asia and other	**7.65**	8.48	8.41
Worldwide	**12.12**	13.43	11.50

* *Includes inter-company transfers valued at approximate market prices and the effect of the Corporation's hedging activities.*

** *Production (lifting) costs consist of amounts incurred to operate and maintain the Corporation's producing oil and gas wells, related equipment and facilities, transportation costs and production and severance taxes. The average production costs per barrel of oil equivalent reflect the crude oil equivalent of natural gas production converted on the basis of relative energy content (six mcf equals one barrel).*

The table above does not include costs of finding and developing proved oil and gas reserves, or the costs of related general and administrative expenses, interest expense and income taxes.

Gross and net undeveloped acreage at December 31, 2009

	Undeveloped Acreage*	
	Gross	Net
	(In thousands)	
United States	2,993	1,969
Europe	2,274	760
Africa	9,937	6,440
Asia and other	9,546	5,099
Total**	24,750	14,268

* *Includes acreage held under production sharing contracts.*

** *Licenses covering approximately 30% of the Corporation's net undeveloped acreage held at December 31, 2009 are scheduled to expire during the next three years pending the results of exploration activities. These scheduled expirations are largely in Africa and the United States.*

Gross and net developed acreage and productive wells at December 31, 2009

	Developed Acreage Applicable to Productive Wells		Productive Wells*			
			Oil		Gas	
	Gross	Net	Gross	Net	Gross	Net
	(In thousands)					
United States	542	466	901	487	60	45
Europe	1,379	771	287	122	150	31
Africa	9,938	970	1,021	164	—	—
Asia and other	2,190	625	69	7	349	78
Total	14,049	2,832	2,278	780	559	154

* *Includes multiple completion wells (wells producing from different formations in the same bore hole) totaling 20 gross wells and 15 net wells.*

Number of net exploratory and development wells drilled

	Net Exploratory Wells			Net Development Wells		
	2009	2008	2007	**2009**	2008	2007
Productive wells						
United States	**—**	2	1	**44**	50	54
Europe	**7**	11	3	**12**	11	14
Africa	**1**	1	1	**23**	23	23
Asia and other	**8**	5	3	**12**	25	15
	16	19	8	**91**	109	106
Dry holes						
United States	**4**	—	1	**—**	1	—
Europe	**—**	3	1	**—**	—	—
Africa	**—**	2	1	**—**	—	—
Asia and other	**2**	1	—	**—**	—	—
	6	6	3	**—**	1	—
Total	**22**	25	11	**91**	110	106

Number of wells in process of drilling at December 31, 2009:

	Gross Wells	Net Wells
United States	11	4
Europe	2	1
Africa	9	1
Asia and other	8	2
Total	30	8

Number of net waterfloods and pressure maintenance projects in process of installation at December 31, 2009 — 1

Marketing and Refining

Refining

The Corporation owns a 50% interest in HOVENSA L.L.C. (HOVENSA), a refining joint venture in the United States Virgin Islands with a subsidiary of Petroleos de Venezuela S.A. (PDVSA). In addition, it owns and operates a refining facility in Port Reading, New Jersey.

HOVENSA: Refining operations at HOVENSA consist of crude units, a fluid catalytic cracking unit (FCC) and a delayed coker unit.

The following table summarizes capacity and utilization rates for HOVENSA:

	Refinery Capacity	Refinery Utilization		
		2009	2008	2007
	(Thousands of barrels per day)			
Crude	500	**80.3%**	88.2%	90.8%
Fluid catalytic cracker	150	**70.2%**	72.7%	87.1%
Coker	58	**81.6%**	92.4%	83.4%

The delayed coker unit permits HOVENSA to run lower-cost heavy crude oil. HOVENSA has a long-term supply contract with PDVSA to purchase 115,000 barrels per day of Venezuelan Merey heavy crude oil. PDVSA also supplies 155,000 barrels per day of Venezuelan Mesa medium gravity crude oil to HOVENSA under a long-term crude oil supply contract. The remaining crude oil requirements are purchased mainly under contracts of one year or less from third parties and through spot purchases on the open market. After sales of refined products by HOVENSA to third parties, the Corporation purchases 50% of HOVENSA's remaining production at market prices.

Gross crude runs at HOVENSA averaged 402,000 barrels per day in 2009 compared with 441,000 barrels per day in 2008 and 454,000 barrels per day in 2007. The 2009 and 2008 utilization rates for HOVENSA reflect weaker refining margins and planned and unplanned maintenance. The 2008 utilization rates also reflect a refinery wide shut down for Hurricane Omar. In January 2010, HOVENSA commenced a turnaround of its FCC unit which is expected to take approximately 40 days.

Port Reading Facility: The Corporation owns and operates a fluid catalytic cracking facility in Port Reading, New Jersey, with a capacity of 70,000 barrels per day. This facility, which processes residual fuel oil and vacuum gas oil, operated at a rate of approximately 63,000 barrels per day in 2009 compared with 64,000 barrels per day in 2008 and 61,000 barrels per day in 2007. Substantially all of Port Reading's production is gasoline and heating oil. The Corporation is planning a turnaround for the Port Reading refining facility in the second quarter of 2010, which is expected to take approximately 35 days.

Marketing

The Corporation markets refined petroleum products, natural gas and electricity on the East Coast of the United States to the motoring public, wholesale distributors, industrial and commercial users, other petroleum companies, governmental agencies and public utilities.

The Corporation had 1,357 HESS® gasoline stations at December 31, 2009, including stations owned by its WilcoHess joint venture (Hess 44%). Approximately 92% of the gasoline stations are operated by the Corporation or WilcoHess. Of the operated stations, 94% have convenience stores on the sites. Most of the Corporation's gasoline stations are in New York, New Jersey, Pennsylvania, Florida, Massachusetts, North Carolina and South Carolina.

The table below summarizes marketing sales volumes:

	2009*	2008*	2007*
Refined Product sales (thousands of barrels per day)			
Gasoline	**236**	234	210
Distillates	**134**	143	147
Residuals	**67**	56	62
Other	**36**	39	32
Total refined product sales	**473**	472	451
Natural gas (thousands of mcf per day)	**2,010**	1,955	1,890
Electricity (megawatts round the clock)	**4,306**	3,152	2,821

* *Of total refined products sold in 2009 approximately 45% was obtained from HOVENSA and Port Reading and in 2008 and 2007 approximately 50% was obtained from HOVENSA and Port Reading. The Corporation purchased the balance from third parties under short-term supply contracts and spot purchases.*

The Corporation owns 20 terminals with an aggregate storage capacity of 22 million barrels in its East Coast marketing areas. The Corporation also owns a terminal in St. Lucia with a storage capacity of 9 million barrels, which is operated for third party storage.

The Corporation has a 50% interest in Bayonne Energy Center, LLC, a joint venture that plans to build a natural gas fired electric generating station on property owned by Hess in Bayonne, New Jersey. The joint venture will sell electricity into the New York City market by a direct connection with the Con Edison Gowanus substation. Construction of the facility is scheduled to begin in mid-2010 and operations are to commence in late 2011.

The Corporation has a 50% voting interest in a consolidated partnership that trades energy commodities and derivatives. The Corporation also takes energy commodity and derivative trading positions for its own account.

Majority-owned subsidiaries of the Corporation are pursuing investments in liquified natural gas regasification terminals and related supply, trading and marketing opportunities. Necessary regulatory approvals are being pursued for terminal projects on owned properties located in Fall River, Massachusetts, and Shannon, Ireland. In 2009 the Corporation leased property, with an option to purchase, in Logan Township, New Jersey for potential regasification facilities. In addition, a subsidiary of the Corporation is exploring the development of fuel cell technology.

For additional financial information by segment see Note 16, Segment Information in the notes to the financial statements.

Competition and Market Conditions

See Item 1A, *Risk Factors Related to Our Business and Operations,* for a discussion of competition and market conditions.

Other Items

Compliance with various existing environmental and pollution control regulations imposed by federal, state, local and foreign governments is not expected to have a material adverse effect on the Corporation's financial condition or results of operations. The Corporation anticipates capital expenditures for facilities, primarily to comply with federal, state and local environmental standards, of approximately $50 million in 2010. For further discussion of environmental matters see the Environment, Health and Safety section of Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

The number of persons employed by the Corporation at year end was approximately 13,300 in 2009 and 13,500 in 2008.

The Corporation's Internet address is www.hess.com. On its website, the Corporation makes available free of charge its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after the Corporation electronically files with or furnishes such material to the Securities and Exchange Commission. Copies of the Corporation's Code of Business Conduct and Ethics, its Corporate Governance Guidelines and the charters of the Audit Committee, the Compensation and Management Development Committee and the Corporate Governance and Nominating Committee of the Board of Directors are available on the Corporation's website and are also available free of charge upon request to the Secretary of the Corporation at its principal executive offices. The Corporation has also filed with the New York Stock Exchange (NYSE) its annual certification that the Corporation's chief executive officer is unaware of any violation of the NYSE's corporate governance standards.

Item 1A. *Risk Factors Related to Our Business and Operations*

Our business activities and the value of our securities are subject to significant risk factors, including those described below. The risk factors described below could negatively affect our operations, financial condition, liquidity and results of operations, and as a result, holders and purchasers of our securities could lose part or all of their investments. It is possible additional risks relating to our securities may be described in a prospectus supplement if we issue securities in the future.

Commodity Price Risk: Our estimated proved reserves, revenue, operating cash flows, operating margins, future earnings and trading operations are highly dependent on the prices of crude oil, natural gas and refined petroleum products, which are influenced by numerous factors beyond our control. Historically these prices have been very volatile and most recently have been affected by changes in demand associated with the global economic downturn. The major foreign oil producing countries, including members of the Organization of Petroleum Exporting Countries (OPEC), exert considerable influence over the supply and price of crude oil and refined petroleum products. Their ability or inability to agree on a common policy on rates of production and other matters has a significant impact on the oil markets. The commodities trading markets may also influence the selling prices of crude oil, natural gas and refined petroleum products. To the extent that we engage in hedging activities to mitigate commodity price volatility, we may not realize the benefit of price increases above the hedged price. Changes in commodity prices can also have a material impact on collateral and margin requirements under our derivative contracts. In addition, we utilize significant bank credit facilities to support these collateral and margin requirements. An inability to renew or replace such credit facilities as they mature would negatively impact our liquidity.

Technical Risk: We own or have access to a finite amount of oil and gas reserves which will be depleted over time. Replacement of oil and gas reserves is subject to successful exploration drilling, development activities, and enhanced recovery programs. Therefore, future oil and gas production is dependent on technical success in finding and developing additional hydrocarbon reserves. Exploration activity involves the interpretation of seismic and other geological and geophysical data, which does not always successfully predict the presence of commercial quantities of hydrocarbons. Drilling risks include unexpected adverse conditions, irregularities in pressure or formations, equipment failure, blowouts and weather interruptions. Future developments may be affected by unforeseen reservoir conditions which negatively affect recovery factors or flow rates. The costs of drilling and development activities have increased in recent years which could negatively affect expected economic returns. Reserve replacement can also be achieved through acquisition. Although due diligence is used in evaluating acquired oil and gas properties, similar risks may be encountered in the production of oil and gas on properties acquired from others.

Oil and Gas Reserves and Discounted Future Net Cash Flow Risks: Numerous uncertainties exist in estimating quantities of proved reserves and future net revenues from those reserves. Actual future production, oil and gas prices, revenues, taxes, capital expenditures, operating expenses, and quantities of recoverable oil and gas reserves may vary substantially from those assumed in the estimates and could materially affect the estimated quantities and future net revenues of our proved reserves. In addition, reserve estimates may be subject to downward or upward revisions based on production performance, purchases or sales of properties, results of future development, prevailing oil and gas prices, production sharing contracts, which may decrease reserves as crude oil and natural gas prices increase, and other factors.

Political Risk: Federal, state, local, territorial and foreign laws and regulations relating to tax increases and retroactive tax claims, expropriation or nationalization of property, mandatory government participation, cancellation or amendment of contract rights, and changes in import regulations, limitations on access to exploration and development opportunities, as well as other political developments may affect our operations. Some of the international areas in which we operate and the partners with whom we operate, are politically less stable than other areas and partners. The threat of terrorism around the world also poses additional risks to the operations of the oil and gas industry. We market motor fuels through lessee-dealers and wholesalers in certain states where legislation prohibits producers or refiners of crude oil from directly engaging in retail marketing of motor fuels. Similar legislation has been periodically proposed in various other states.

Environmental Risk: Our oil and gas operations, like those of the industry, are subject to environmental risk such as oil spills, produced water spills, gas leaks and ruptures and discharges of substances or gases that could expose us to substantial liability for pollution or other environmental damage. Our operations are also subject to numerous United States federal, state, local and foreign environmental laws and regulations. Non-compliance with these laws and regulations may subject us to administrative, civil or criminal penalties, remedial clean-ups and natural resource damages or other liabilities. In addition, increasingly stringent environmental regulations, particularly relating to the production of motor and other fuels have resulted and will likely continue to result in higher capital expenditures and operating expenses for us and the oil and gas industry in general.

Climate Change Risk: We recognize that climate change is a global environmental concern. Continuing political and social attention to the issue of climate change has resulted in both existing and pending international agreements and national, regional or local legislation and regulatory measures to limit greenhouse gas emissions. These agreements and measures may require significant equipment modifications, operational changes, taxes, or purchase of emission credits to reduce emission of greenhouse gases from our operations, as a result of which we may incur substantial capital expenditures and compliance, operating, maintenance and remediation costs. In addition, we manufacture petroleum fuels, which through normal customer use result in the emission of greenhouse gases. Regulatory initiatives to reduce the use of these fuels may reduce our sales of, and revenues from, these products. Finally, to the extent that climate change may result in more extreme weather related events, we could experience increased costs related to prevention, maintenance and remediation of affected operations in addition to costs and lost revenues related to delays and shutdowns.

Competitive Risk: The petroleum industry is highly competitive and very capital intensive. We encounter competition from numerous companies in each of our activities, including acquiring rights to explore for crude oil and natural gas, and in purchasing and marketing of refined products, natural gas and electricity. Many competitors, including national oil companies, are larger and have substantially greater resources. We are also in competition with producers and marketers of other forms of energy. Increased competition for worldwide oil and gas assets has significantly increased the cost of acquisitions. In addition, competition for drilling services, technical expertise and equipment has, in the recent past, affected the availability of technical personnel and drilling rigs and has therefore increased capital and operating costs.

Catastrophic Risk: Although we maintain a level of insurance coverage consistent with industry practices against property and casualty losses, our oil and gas operations are subject to unforeseen occurrences which may damage or destroy assets or interrupt operations. Examples of catastrophic risks include hurricanes, fires, explosions and blowouts. These occurrences have affected us from time to time.

Item 3. *Legal Proceedings*

The Corporation, along with many other companies engaged in refining and marketing of gasoline, has been a party to lawsuits and claims related to the use of methyl tertiary butyl ether (MTBE) in gasoline. A series of similar lawsuits, many involving water utilities or governmental entities, were filed in jurisdictions across the United States against producers of MTBE and petroleum refiners who produced gasoline containing MTBE, including the Corporation. The principal allegation in all cases is that gasoline containing MTBE is a defective product and that these parties are strictly liable in proportion to their share of the gasoline market for damage to groundwater resources and are required to take remedial action to ameliorate the alleged effects on the environment of releases of MTBE. In 2008, the majority of the cases against the Corporation were settled. In February 2010, the Corporation reached an agreement in principle to settle all but three of the remaining cases. The three unresolved cases consist of two cases that have been consolidated for pre-trial purposes in the Southern District of New York as part of a multi-district litigation proceeding and an action brought in state court by the State of New Hampshire. In 2007, a pre-tax charge of $40 million was recorded to cover all of the known MTBE cases against the Corporation.

Over the last several years, many refiners have entered into consent agreements to resolve the United States Environmental Protection Agency's (EPA) assertions that refining facilities were modified or expanded without complying with New Source Review regulations that require permits and new emission controls in certain circumstances and other regulations that impose emissions control requirements. These consent agreements, which arise out of an EPA enforcement initiative focusing on petroleum refiners and utilities, have typically imposed substantial civil fines and penalties and required (i) significant capital expenditures to install emissions control equipment over a three to eight year time period and (ii) changes to operations which resulted in increased operating costs. The capital expenditures, penalties and supplemental environmental projects for individual refineries covered by the settlements can vary significantly, depending on the size and configuration of the refinery, the circumstances of the alleged modifications and whether the refinery has previously installed more advanced pollution controls. The EPA initially contacted the Corporation and HOVENSA regarding the Petroleum Refinery Initiative in August 2003. Negotiations with the EPA and the relevant states and the Virgin Islands are continuing and substantial progress has been made toward resolving this matter for both the Corporation and HOVENSA. While the effect on the Corporation of the Petroleum Refining Initiative cannot be estimated until a final settlement is reached and entered by a court, additional significant future capital expenditures and operating expenses will likely be incurred by HOVENSA over a number of years. The amount of penalties, if any, is not expected to be material.

On September 13, 2007, HOVENSA received a Notice Of Violation (NOV) pursuant to section 113(a)(i) of the Clean Air Act (Act) from the EPA finding that HOVENSA failed to obtain proper permitting for the construction and operation of its delayed coking unit in accordance with applicable law and regulations. HOVENSA believes it properly obtained all necessary permits for this project. The NOV states that the EPA has authority to issue an administrative order assessing penalties for violation of the Act. HOVENSA has entered into discussions with the EPA to reach resolution of this matter. The Corporation does not believe that this matter will result in material liability to HOVENSA or the Corporation.

In December 2006, HOVENSA received a NOV from the EPA alleging non-compliance with emissions limits in a permit issued by the Virgin Islands Department of Planning and Natural Resources (DPNR) for the two process heaters in the delayed coking unit. The NOV was issued in response to a voluntary investigation and submission by HOVENSA regarding potential non-compliance with the permit emissions limits for two pollutants. Any exceedances were minor from the perspective of the amount of pollutants emitted in excess of the limits. HOVENSA has entered into discussions with the appropriate governmental agencies to reach resolution of this matter and does not believe that it will result in material liability to HOVENSA or the Corporation.

The Corporation received a directive from the New Jersey Department of Environmental Protection (NJDEP) to remediate contamination in the sediments of the lower Passaic River and NJDEP is also seeking natural resource damages. The directive, insofar as it affects the Corporation, relates to alleged releases from a petroleum bulk storage terminal in Newark, New Jersey now owned by the Corporation. The Corporation and over 70 companies entered into an Administrative Order on Consent with the EPA to study the same contamination. NJDEP has also sued several other companies linked to a facility considered by the State to be the largest contributor to river contamination. In January 2009, these companies added third party defendants, including the Corporation, to that case. In June 2007, the EPA issued a draft study which evaluated six alternatives for early action, with costs ranging from $900 million to $2.3 billion. Based on adverse comments from the Corporation and others, the EPA is reevaluating its alternatives. In addition, the federal trustees for natural resources have begun a separate assessment of damages to natural resources in the Passaic River. Given the ongoing studies, remedial costs cannot be reliably estimated at this time. Based on currently known facts and circumstances, the Corporation does not believe that this matter will result in material liability because its terminal could not have contributed contamination along most of the river's length and did not store or use contaminants which are of the greatest concern in the river sediments, and because there are numerous other parties who will likely share in the cost of remediation and damages.

In July 2004, Hess Oil Virgin Islands Corp. (HOVIC), a wholly owned subsidiary of the Corporation, and HOVENSA, each received a letter from the Commissioner of the Virgin Islands Department of Planning and Natural Resources and Natural Resources Trustees, advising of the Trustee's intention to bring suit against HOVIC and HOVENSA under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The letter alleges that HOVIC and HOVENSA are potentially responsible for damages to natural resources arising from releases of hazardous substances from the "HOVENSA Oil Refinery." HOVENSA currently owns and operates a petroleum refinery on the south shore of St. Croix, United States Virgin Islands, which had been operated by HOVIC until October 1998. An action was filed on May 5, 2005 in the District Court of the Virgin Islands against HOVENSA, HOVIC and other companies that operated industrial facilities on the south shore of St. Croix asserting that the defendants are liable under CERCLA and territorial statutory and common law for damages to natural resources. HOVIC and HOVENSA do not believe that this matter will result in a material liability as they believe that they have strong defenses to this complaint, and they intend to vigorously defend this matter.

The Securities and Exchange Commission (SEC) notified the Corporation that on July 21, 2005 it commenced a private investigation into payments made to the government of Equatorial Guinea or to officials and persons affiliated with officials of the government of Equatorial Guinea. In 2009, the SEC advised that it had completed its investigation and did not intend to recommend enforcement action against the Corporation.

The Corporation periodically receives notices from EPA that it is a "potential responsible party" under the Superfund legislation with respect to various waste disposal sites. Under this legislation, all potentially responsible parties are jointly and severally liable. For certain sites, EPA's claims or assertions of liability against the Corporation relating to these sites have not been fully developed. With respect to the remaining sites, EPA's claims have been settled, or a proposed settlement is under consideration, in all cases for amounts that are not material. The ultimate impact of these proceedings, and of any related proceedings by private parties, on the business or accounts of the Corporation cannot be predicted at this time due to the large number of other potentially responsible parties and the speculative nature of clean-up cost estimates, but is not expected to be material.

The Corporation is from time to time involved in other judicial and administrative proceedings, including proceedings relating to other environmental matters. Although the ultimate outcome of these proceedings cannot be ascertained at this time and some of them may be resolved adversely to the Corporation, no such proceeding is required to be disclosed under applicable rules of the SEC. In management's opinion, based upon currently known facts and circumstances, such proceedings in the aggregate will not have a material adverse effect on the financial condition of the Corporation.

Item 4. ***Submission of Matters to a Vote of Security Holders***

During the fourth quarter of 2009, no matter was submitted to a vote of security holders through the solicitation of proxies or otherwise.

Executive Officers of the Registrant

The following table presents information as of February 1, 2010 regarding executive officers of the Registrant:

Name	Age	Office Held*	Year Individual Became an Executive Officer
John B. Hess	55	Chairman of the Board, Chief Executive Officer and Director	1983
Gregory P. Hill	48	Executive Vice President and President of Worldwide Exploration and Production and Director	2009
F. Borden Walker	56	Executive Vice President and President of Marketing and Refining and Director	1996
Timothy B. Goodell	52	Senior Vice President and General Counsel	2009
Lawrence H. Ornstein	58	Senior Vice President	1995
John P. Rielly	47	Senior Vice President and Chief Financial Officer	2002
John J. Scelfo	52	Senior Vice President	2004
Mykel J. Ziolo	57	Senior Vice President	2009
Sachin J. Mehra	39	Vice President and Treasurer	2008

* *All officers referred to herein hold office in accordance with the By-Laws until the first meeting of the Directors following the annual meeting of stockholders of the Registrant and until their successors shall have been duly chosen and qualified. Each of said officers was elected to the office opposite his name on May 6, 2009, except for Mr. Ziolo, who was elected effective November 4, 2009. The first meeting of Directors following the next annual meeting of stockholders of the Registrant is scheduled to be held May 5, 2010.*

Except for Messrs. Hill, Goodell, and Mehra, each of the above officers has been employed by the Registrant or its subsidiaries in various managerial and executive capacities for more than five years. Prior to joining the Corporation, Mr. Hill served in senior executive positions in exploration and production operations at Royal Dutch Shell and its subsidiaries, where he was employed for 25 years. Before joining the Corporation in 2009, Mr. Goodell was a partner in the law firm of White & Case LLP. Mr. Mehra was employed in treasury and financial functions at General Motors before joining the Corporation in 2007.

PART II

Item 5. ***Market for the Registrant's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Stock Market Information

The common stock of Hess Corporation is traded principally on the New York Stock Exchange (ticker symbol: HES). High and low sales prices were as follows:

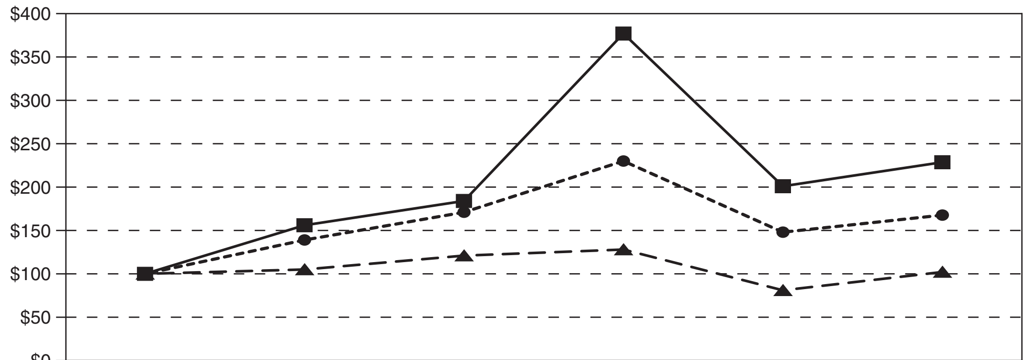
	2009		2008	
Quarter Ended	High	Low	High	Low
March 31	**$66.84**	**$49.28**	$101.65	$76.67
June 30	**69.74**	**49.72**	137.00	88.20
September 30	**57.83**	**46.33**	129.00	71.16
December 31	**62.18**	**51.41**	82.03	35.50

Performance Graph

Set forth below is a line graph comparing the Corporation's cumulative total shareholder return for five years, assuming reinvestment of dividends on common stock, with the cumulative total return of:

- Standard & Poor's 500 Stock Index, which includes the Corporation, and
- AMEX Oil Index, which is comprised of companies involved in various phases of the oil industry including the Corporation.

Comparison of Five-Year Shareholder Returns
Years Ended December 31,



	2004	2005	2006	2007	2008	2009
Hess Corporation	100.00	156.00	184.00	377.00	201.00	228.65
S & P 500	100.00	105.00	121.00	128.00	81.00	102.10
Amex Oil Index	100.00	139.00	171.00	230.00	148.00	167.68

Holders

At December 31, 2009, there were 5,926 stockholders (based on number of holders of record) who owned a total of 327,229,488 shares of common stock.

Dividends

Cash dividends on common stock totaled $0.40 per share ($0.10 per quarter) during 2009, 2008 and 2007.

Equity Compensation Plans

Following is information on the Registrant's equity compensation plans at December 31, 2009:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	12,102,000	$53.83	7,733,000*
Equity compensation plans not approved by security holders**	—	—	—

* *These securities may be awarded as stock options, restricted stock or other awards permitted under the Registrant's equity compensation plan.*

** *The Corporation has a Stock Award Program pursuant to which each non-employee director receives approximately $150,000 in value of the Corporation's common stock each year. These awards are made from shares purchased by the Corporation in the open market.*

See Note 8, Share-Based Compensation, in the notes to the financial statements for further discussion of the Corporation's equity compensation plans.

Item 6. ***Selected Financial Data***

A five-year summary of selected financial data follows*:

	2009	2008	2007	2006	2005
	(Millions of dollars, except per share amounts)				
Sales and other operating revenues					
Crude oil and natural gas liquids	**$ 5,665**	$ 7,764	$ 6,303	$ 5,307	$ 3,219
Natural gas (including sales of purchased gas)	**5,894**	8,800	6,877	6,826	6,423
Refined petroleum products	**12,931**	19,765	14,741	13,339	11,317
Electricity	**3,408**	3,451	2,322	1,072	373
Convenience store sales and other operating revenues	**1,716**	1,354	1,484	1,632	1,499
Total	**$29,614**	$41,134	$31,727	$28,176	$22,831
Net income attributable to Hess Corporation	**$ 740(a)**	$ 2,360(b)	$ 1,832(c)	$ 1,920(d)	$ 1,226(e)
Less: preferred stock dividends	**—**	—	—	44	48
Net income applicable to Hess Corporation common shareholders	**$ 740**	$ 2,360	$ 1,832	$ 1,876	$ 1,178
Earnings per share**					
Basic	**$ 2.28**	$ 7.35	$ 5.86	$ 6.75	$ 4.32
Diluted	**$ 2.27**	$ 7.24	$ 5.74	$ 6.08	$ 3.93
Total assets	**$29,465**	$28,589	$26,131	$22,442	$19,158
Total debt	**4,467**	3,955	3,980	3,772	3,785
Total equity	**13,528**	12,391	10,000	8,376	6,469
Dividends per share of common stock**	**$ .40**	$ .40	$ .40	$ .40	$ .40

* *Reflects the retrospective adoption of a new accounting standard for noncontrolling interests in consolidated subsidiaries.*

** *Per share amounts in all periods reflect the 3-for-1 stock split on May 31, 2006.*

(a) *Includes after-tax expenses totaling $104 million relating to bond repurchases, retirement benefits, employee severance costs and asset impairments, partially offset by after-tax income totaling $101 million principally relating to resolution of a United States royalty dispute.*

(b) *Includes net after-tax expenses of $26 million primarily relating to asset impairments and hurricanes in the Gulf of Mexico.*

(c) *Includes after-tax expenses of $75 million primarily relating to asset impairments, estimated production imbalance settlements and a charge for MTBE litigation, partially offset by income from LIFO inventory liquidations and gains from asset sales.*

(d) *Includes net after-tax income of $173 million primarily from sales of assets, partially offset by income tax adjustments and accrued leased office closing costs.*

(e) *Includes net after-tax expenses of $37 million primarily relating to income taxes on repatriated earnings, premiums on bond repurchases and hurricane related expenses, partially offset by gains from asset sales and a LIFO inventory liquidation.*

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Overview

The Corporation is a global integrated energy company that operates in two segments, Exploration and Production (E&P) and Marketing and Refining (M&R). The E&P segment explores for, develops, produces, purchases, transports and sells crude oil and natural gas. The M&R segment manufactures refined petroleum products and purchases, markets and trades, refined petroleum products, natural gas and electricity.

Net income in 2009 was $740 million compared with $2,360 million in 2008 and $1,832 million in 2007. Diluted earnings per share were $2.27 in 2009 compared with $7.24 in 2008 and $5.74 in 2007. A table of items affecting comparability between periods is shown on page 20.

Exploration and Production

The Corporation's strategy for the E&P segment is to profitably grow reserves and production in a sustainable and financially disciplined manner. The Corporation's total proved reserves were 1,437 million barrels of oil equivalent (boe) at December 31, 2009 compared with 1,432 million boe at December 31, 2008 and 1,330 million boe at December 31, 2007. Total proved reserves additions for 2009 were 157 million boe. These additions replaced approximately 103% of the Corporation's 2009 production.

E&P net income was $1,042 million in 2009, $2,423 million in 2008 and $1,842 million in 2007. Average realized crude oil selling prices were $51.62 per barrel in 2009, $82.04 in 2008, and $63.44 in 2007, including the impact of hedging. The variance in E&P earnings between years was primarily driven by the fluctuations in average realized crude oil selling prices.

Production averaged 408,000 barrels of oil equivalent per day (boepd) in 2009 compared with 381,000 boepd in 2008 and 377,000 boepd in 2007. Production in 2009 increased 27,000 boepd or 7% from 2008. In 2010, the Corporation currently estimates total worldwide production will average between 400,000 and 410,000 boepd.

The following is an update of significant E&P activities during 2009:

- In March, production commenced at the Shenzi Field (Hess 28%) in the deepwater Gulf of Mexico. Net production from Shenzi averaged approximately 25,000 boepd for 2009.
- The Corporation sanctioned the Bakken shale play development in the Williston Basin of North Dakota. The Corporation plans to expand production facilities and increase the rig count to 10 from 3 over the next 18 months, and invest about $1 billion per year over the next five years. As a result, the Corporation projects an increase in net production from approximately 10,000 boepd in 2009 to approximately 80,000 boepd in 2015.
- In December 2009, the Corporation agreed to a strategic exchange of all of its interests in Gabon and the Clair Field (Hess 9%) in the United Kingdom for an additional 28% interest in the Valhall Field (currently Hess 28%) and an additional 25% interest in the Hod Field (currently Hess 25%), which are both offshore Norway. The transaction which has an effective date of January 1, 2010, is subject to various regulatory and other approvals. In addition, the partners are in discussions regarding the applicability of pre-emption to this transaction.
- In the Carnarvon basin offshore Western Australia, the Corporation drilled seven exploration wells in 2009 on WA-390-P Block (Hess 100%), six of which were natural gas discoveries. Through December 31, 2009, the Corporation has drilled 11 of the 16 commitment wells on the block, nine of which were natural gas discoveries. The Corporation plans to drill the remaining five commitment wells on the block in 2010. On WA-404-P Block (Hess 50%), the operator completed a successful exploration well in 2009 and plans to drill the remaining eight commitment wells in 2010. In January 2010, the operator announced that the first well of the 2010 program discovered natural gas.
- At the Pony prospect on Green Canyon Block 468 (Hess 100%) in the deepwater Gulf of Mexico, engineering and design work for field development progressed during 2009. The Corporation plans to drill an appraisal well on Green Canyon Block 469 in 2010.
- Two exploration wells were completed on Block BM-S-22 (Hess 40%) offshore Brazil. A notice of discovery was filed for the first well and the second well was expensed. In 2010, the operator of BM-S-22

plans to commence drilling of a third exploration well in the second half of the year. In 2009, the Corporation also drilled an exploration well on BM-ES-30, which was expensed.

- The Corporation successfully flow tested the discovery well in exploration Area 54 (Hess 100%) offshore Libya and subsequently drilled and successfully flow tested a down-dip appraisal well on the block. In 2010, the Corporation plans to reprocess 3D seismic, integrating acquired well information and will continue technical and commercial evaluation of the block.

- The Corporation acquired rights to explore a total of more than 80,000 net acres in the Marcellus gas shale formation in Pennsylvania. The Corporation is operator and holds a 100% interest on approximately 50,000 acres and holds a 50% non-operated interest in the remaining acreage. Exploration drilling activity is expected to commence in 2010.

Marketing and Refining

The Corporation's strategy for the M&R segment is to deliver consistent operating performance and generate free cash flow. M&R net income was $127 million in 2009, $277 million in 2008 and $300 million in 2007. The declining earnings were due to lower average margins, which include the effect of the global economic downturn that began in 2008 and continued into 2009. Refining operations contributed net income (loss) of $(87) million in 2009, $73 million in 2008 and $193 million in 2007. Marketing earnings were $168 million in 2009, $240 million in 2008 and $83 million in 2007.

Liquidity and Capital and Exploratory Expenditures

Net cash provided by operating activities was $3,046 million in 2009, $4,688 million in 2008 and $3,627 million in 2007, principally reflecting fluctuations in earnings. At December 31, 2009, cash and cash equivalents totaled $1,362 million compared with $908 million at December 31, 2008. Total debt was $4,467 million at December 31, 2009 compared with $3,955 million at December 31, 2008. In February 2009, the Corporation issued $250 million of 5 year senior unsecured notes with a coupon of 7% and $1 billion of 10 year senior unsecured notes with a coupon of 8.125%. The majority of the proceeds were used to repay debt under the revolving credit facility and outstanding borrowings on other credit facilities. In December 2009, the Corporation issued $750 million of 30 year bonds at a coupon of 6% and tendered for $662 million of bonds due in August 2011. The Corporation completed the repurchase of $546 million of the 2011 bonds in December 2009 and repurchased the remaining $116 million of these bonds in January 2010. The Corporation's debt to capitalization ratio at December 31, 2009 was 24.8% compared with 24.2% at the end of 2008.

Capital and exploratory expenditures were as follows for the years ended December 31:

	2009	2008
	(Millions of dollars)	
Exploration and Production		
United States	**$1,200**	$2,164
International	**1,927**	2,477
Total Exploration and Production	**3,127**	4,641
Marketing, Refining and Corporate	**118**	187
Total Capital and Exploratory Expenditures	**$3,245**	$4,828
Exploration expenses charged to income included above:		
United States	**$ 144**	$ 211
International	**183**	179
Total exploration expenses charged to income included above	**$ 327**	$ 390

The Corporation anticipates investing $4.1 billion in capital and exploratory expenditures in 2010, substantially all of which relates to E&P operations.

Consolidated Results of Operations

The after-tax results by major operating activity are summarized below:

	2009	2008	2007
	(Millions of dollars, except per share data)		
Exploration and Production	**$1,042**	$2,423	$1,842
Marketing and Refining	**127**	277	300
Corporate	**(205)**	(173)	(150)
Interest expense	**(224)**	(167)	(160)
Net income attributable to Hess Corporation	**$ 740**	$2,360	$1,832
Net income per share — diluted	**$ 2.27**	$ 7.24	$ 5.74

The following table summarizes, on an after-tax basis, items of income (expense) that are included in net income and affect comparability between periods. The items in the table below are explained on pages 23 through 25.

	2009	2008	2007
	(Millions of dollars)		
Exploration and Production	**$ 45**	$ (26)	$ (74)
Marketing and Refining	**12**	—	24
Corporate	**(60)**	—	(25)
	$ (3)	$ (26)	$ (75)

In the discussion that follows, the financial effects of certain transactions are disclosed on an after-tax basis. Management reviews segment earnings on an after-tax basis and uses after-tax amounts in its review of variances in segment earnings. Management believes that after-tax amounts are a preferable method of explaining variances in earnings, since they show the entire effect of a transaction rather than only the pre-tax amount. After-tax amounts are determined by applying the income tax rate in each tax jurisdiction to pre-tax amounts.

Comparison of Results

Exploration and Production

Following is a summarized income statement of the Corporation's E&P operations:

	2009	2008	2007
	(Millions of dollars)		
Sales and other operating revenues*	**$6,835**	$9,806	$7,498
Other, net	**207**	(167)	65
Total revenues and non operating income	**7,042**	9,639	7,563
Costs and expenses			
Production expenses, including related taxes	**1,805**	1,872	1,581
Exploration expenses, including dry holes and lease impairment	**829**	725	515
General, administrative and other expenses	**255**	302	257
Depreciation, depletion and amortization	**2,167**	1,952	1,503
Total costs and expenses	**5,056**	4,851	3,856
Results of operations before income taxes	**1,986**	4,788	3,707
Provision for income taxes	**944**	2,365	1,865
Results of operations attributable to Hess Corporation	**$1,042**	$2,423	$1,842

* *Amounts differ from E&P operating revenues in Note 16, Segment Information, primarily due to the exclusion of sales of hydrocarbons purchased from third parties.*

After considering the E&P items in the table on page 23, the remaining changes in E&P earnings are primarily attributable to changes in selling prices, production volumes, operating costs, exploration expenses, foreign exchange, and income taxes, as discussed below.

Selling prices: Lower average selling prices reduced E&P revenues by approximately $4,000 million in 2009 compared with 2008. Higher average selling prices increased E&P revenues by approximately $2,100 million in 2008 compared with 2007.

The Corporation's average selling prices were as follows:

	2009	2008	2007
Crude oil-per barrel (including hedging)			
United States	**$60.67**	$96.82	$69.23
Europe	**47.02**	78.75	60.99
Africa	**48.91**	78.72	62.04
Asia and other	**63.01**	97.07	72.17
Worldwide	**51.62**	82.04	63.44
Crude oil-per barrel (excluding hedging)			
United States	**$60.67**	$96.82	$69.23
Europe	**47.02**	78.75	60.99
Africa	**60.79**	93.57	71.71
Asia and other	**63.01**	97.07	72.17
Worldwide	**56.74**	89.23	67.79
Natural gas liquids-per barrel			
United States	**$36.57**	$64.98	$51.89
Europe	**43.23**	74.63	57.20
Worldwide	**38.47**	67.61	53.72
Natural gas-per mcf (including hedging)			
United States	**$ 3.36**	$ 8.61	$ 6.67
Europe	**5.15**	9.44	6.13
Asia and other	**5.06**	5.24	4.71
Worldwide	**4.85**	7.17	5.60
Natural gas-per mcf (excluding hedging)			
United States	**$ 3.36**	$ 8.61	$ 6.67
Europe	**5.15**	9.79	6.13
Asia and other	**5.06**	5.24	4.71
Worldwide	**4.85**	7.30	5.60

In October 2008, the Corporation closed its Brent crude oil hedges, covering 24,000 barrels per day from 2009 though 2012, by entering into offsetting contracts with the same counterparty. The deferred after-tax loss as of the date the hedge positions were closed will be recorded in earnings as the contracts mature. The estimated annual after-tax loss from the closed positions will be approximately $335 million from 2010 through 2012. Crude oil hedges reduced E&P earnings by $337 million ($533 million before income taxes) in 2009. Crude oil and natural gas hedges reduced E&P earnings by $423 million ($685 million before income taxes) in 2008 and $244 million ($399 million before income taxes) in 2007.

Production and sales volumes: The Corporation's crude oil and natural gas production was 408,000 boepd in 2009 compared with 381,000 boepd in 2008 and 377,000 boepd in 2007. The Corporation currently estimates that its 2010 production will average between 400,000 and 410,000 boepd.

The Corporation's net daily worldwide production was as follows (in thousands):

	2009	2008	2007
Crude oil (barrels per day)			
United States	**60**	32	31
Europe	**83**	83	93
Africa	**120**	124	115
Asia and other	**16**	13	21
Total	**279**	252	260
Natural gas liquids (barrels per day)			
United States	**11**	10	10
Europe	**3**	4	5
Total	**14**	14	15
Natural gas (mcf per day)			
United States	**93**	78	88
Europe	**151**	255	259
Asia and other	**446**	356	266
Total	**690**	689	613
Barrels of oil equivalent* (barrels per day)	**408**	381	377

* *Reflects natural gas production converted on the basis of relative energy content (six mcf equals one barrel).*

United States: Crude oil and natural gas production in the United States was higher in 2009 compared with 2008, primarily due to new production from the Shenzi Field and production resuming after the 2008 hurricanes. Crude oil production was slightly higher in 2008 compared with 2007, principally due to production from new wells in North Dakota and the deepwater Gulf of Mexico, largely offset by the impact of hurricanes in the Gulf of Mexico. Natural gas production was lower in 2008 compared to 2007, primarily reflecting hurricane downtime and natural decline. Hurricane impacts reduced full year 2008 production by an estimated 7,000 boepd.

Europe: Crude oil production was comparable in 2009 and 2008, as higher production in Russia offset lower production in the United Kingdom North Sea. Crude oil production in 2008 was lower than in 2007, due to temporary shut-ins at three North Sea fields, the cessation of production at the Fife, Fergus, Flora and Angus fields, and natural decline. These decreases were partially offset by increased production in Russia. Natural gas production was lower in 2009 compared with 2008, primarily due to decline at the Atlantic and Cromarty fields.

Africa: Crude oil production decreased in 2009 compared with 2008 primarily due to lower production from the Ceiba Field. Crude oil production increased in 2008 compared with 2007, primarily due to higher production at the Okume Complex, partially offset by a lower entitlement to Algerian production.

Asia and other: Natural gas production in 2009 was higher than in 2008, primarily due to a full year of Phase 2 gas sales from the Joint Development Area of Malaysia/Thailand (JDA). Natural gas production increased in 2008 compared with 2007 due to increased production from Block A-18 in the JDA and a full year of production from the Ujung Pangkah Field in Indonesia. The decrease in crude oil production in 2008 from 2007 principally reflects changes to the Corporation's entitlement to production in Azerbaijan.

Sales volumes: Higher sales volumes and other operating revenues increased revenue by approximately $1,030 million in 2009 compared with 2008 and $200 million in 2008 compared with 2007.

Operating costs and depreciation, depletion and amortization: Excluding the impact of items affecting comparability explained on page 23, cash operating costs, consisting of production expenses and general and administrative expenses, decreased by $119 million in 2009 and increased by $321 million in 2008 compared with the corresponding amounts in the prior years. The decrease in 2009 compared with 2008 was primarily due to lower production taxes (due to lower realized selling prices), the cessation of production at several North Sea fields, the favorable impact of foreign exchange rates and cost savings initiatives, partially offset by the impact of higher production volumes. The increase in costs in 2008 compared to 2007 was primarily due to increased production taxes (due to higher realized selling prices), increased cost of services and materials and higher employee costs.

Excluding the impact of items affecting comparability, depreciation, depletion and amortization charges increased by $192 million in 2009 and $531 million in 2008, compared with the corresponding amounts in the prior years. The increases in 2009 and 2008 were primarily due to higher production volumes and per barrel costs, reflecting higher finding and development costs.

Excluding items affecting comparability between periods, unit costs were as follows. Cash operating costs per barrel of oil equivalent were $13.70 in 2009, $15.49 in 2008 and $13.36 in 2007. Cash operating costs in 2010 are estimated to be in the range of $15 to $16 per barrel of oil equivalent. Depreciation, depletion and amortization costs per barrel of oil equivalent were $14.19 in 2009, $13.79 in 2008 and $10.11 in 2007. Depreciation, depletion and amortization costs for 2010 are estimated to be in the range of $14.50 to $15.50 per barrel of oil equivalent.

Exploration expenses: Exploration expenses increased in 2009 from 2008, primarily due to higher dry hole costs and lease amortization, partially offset by lower geological and seismic expense. Exploration expenses increased in 2008 compared to 2007, mainly due to higher dry hole costs.

Income taxes: Excluding the impact of items affecting comparability, the effective income tax rates for E&P operations were 48% in 2009, 49% in 2008 and 50% in 2007. The effective income tax rate for E&P operations in 2010 is estimated to be in the range of 47% to 51%.

Foreign Exchange: The after-tax foreign currency losses were $10 million in 2009, $80 million in 2008 and $7 million in 2007. The foreign currency loss in 2008 reflects the net effect of significant exchange rate movements in the fourth quarter of 2008 on the remeasurement of assets, liabilities and foreign currency forward contracts by certain foreign businesses.

Reported E&P earnings include the following items affecting comparability of income (expense) before and after income taxes:

	Before Income Taxes			After Income Taxes		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**
			(Millions of dollars)			
Royalty dispute resolution	**$ 143**	$ —	$ —	**$ 89**	$ —	$ —
Gains from asset sales	**—**	—	21	**—**	—	15
Reductions in carrying values of assets	**(77)**	(30)	(112)	**(44)**	(17)	(56)
Hurricane related costs	**—**	(15)	—	**—**	(9)	—
Estimated production imbalance settlements	**—**	—	(64)	**—**	—	(33)
	$ 66	$ (45)	$(155)	**$ 45**	$ (26)	$ (74)

2009: In October 2009, the U.S. Supreme Court decided it would not review the decision of the 5th Circuit Court of Appeals against the U.S. Minerals Management Service relating to royalty relief under the Deep Water Royalty Relief Act of 1995. As a result, the Corporation recognized an after-tax gain of $89 million to reverse all previously recorded royalties covering the periods from 2003 to 2009. The pre-tax gain of $143 million is reported in Other, net within the Statement of Consolidated Income.

After-tax charges of $44 million ($77 million before income taxes) were recorded to impair the carrying values of production equipment and two short-lived fields in the United Kingdom North Sea, and to write down materials inventories in Equatorial Guinea and the United States. The pre-tax amount of the impairment charges totaling $52 million were reported in Depreciation, depletion and amortization and the majority of the $25 million in inventory write downs was reported in Production expenses in the Statement of Consolidated Income.

2008: The charge for asset impairments relates to mature fields in the United States and the United Kingdom North Sea. The hurricane costs relate to expenses associated with Hurricanes Gustav and Ike in the Gulf of Mexico and are recorded in Production expenses.

2007: The gain from asset sales relates to the sale of the Corporation's interests in the Scott and Telford fields in the United Kingdom North Sea. The charge for asset impairments relates to two mature fields also in the United Kingdom North Sea. The estimated production imbalance settlements represent a charge for adjustments to prior meter readings at two offshore fields, which are recorded as a reduction of Sales and other operating revenues.

The Corporation's future E&P earnings may be impacted by external factors, such as volatility in the selling prices of crude oil and natural gas, reserve and production changes, political risk, industry costs, exploration expenses, the effects of weather and changes in foreign exchange and income tax rates.

Marketing and Refining

Earnings from M&R activities amounted to $127 million in 2009, $277 million in 2008 and $300 million in 2007. Excluding the items affecting comparability reflected in the table on page 20 and discussed below, the earnings were $115 million, $277 million and $276 million, respectively.

Refining: Refining earnings (losses), which consist of the Corporation's share of HOVENSA's results, Port Reading earnings, interest income on a note receivable from PDVSA and results of other miscellaneous operating activities, were $(87) million in 2009 (including a benefit of $12 million due to an income tax adjustment), $73 million in 2008, and $193 million in 2007.

The Corporation's share of HOVENSA's results was a loss of $141 million ($229 million before income taxes) in 2009, and income of $27 million ($44 million before income taxes) in 2008 and $108 million ($176 million before income taxes) in 2007. The declining earnings were principally due to lower refining margins. The 2009 and 2008 utilization rates for HOVENSA reflect weaker refining margins and planned and unplanned maintenance. The 2008 utilization rates also reflect a refinery wide shut down for Hurricane Omar. In 2007, the coker unit at HOVENSA was shutdown for approximately 30 days for a scheduled turnaround. Certain related processing units were also included in this turnaround. In January 2010, HOVENSA commenced a turnaround of its FCC unit which is expected to take approximately 40 days. The Corporation's estimated share of HOVENSA's turnaround expenses after income taxes is expected to be approximately $20 million.

Cash distributions received by the Corporation from HOVENSA were $50 million in 2008 and $300 million in 2007. In 2009, the remaining balance on the note issued by PDVSA at inception of the joint venture was fully repaid.

Other after-tax refining earnings, principally from Port Reading operations, were $43 million in both 2009 and 2008 and $79 million in 2007, reflecting lower margins. The Corporation is planning a turnaround for the Port Reading refining facility in the second quarter of 2010, which is expected to take approximately 35 days. The estimated after-tax expenses for the Port Reading turnaround are approximately $25 million.

The following table summarizes refinery utilization rates:

	Refinery Capacity	Refinery Utilization		
	(Thousands of barrels per day)	2009	2008	2007
HOVENSA				
Crude	500	**80.3%**	88.2%	90.8%
Fluid catalytic cracker	150	**70.2%**	72.7%	87.1%
Coker	58	**81.6%**	92.4%	83.4%
Port Reading	70	**90.2%**	90.7%	93.2%

Marketing: Marketing operations, which consist principally of retail gasoline and energy marketing activities, generated income of $168 million in 2009, $240 million in 2008 and $83 million in 2007, including income from the liquidation of LIFO inventories in 2007 totaling $24 million ($38 million before income taxes).

The decrease in earnings in 2009 compared with 2008 reflects lower margins in a weak economic environment. The increase in 2008 compared with 2007 primarily reflects higher margins on refined product sales, including sales of retail gasoline operations.

The table below summarizes marketing sales volumes:

	2009	2008	2007
Refined product sales (thousands of barrels per day)	**473**	472	451
Natural gas (thousands of mcf per day)	**2,010**	1,955	1,890
Electricity (megawatts round the clock)	**4,306**	3,152	2,821

The Corporation has a 50% voting interest in a consolidated partnership that trades energy commodities and energy derivatives. The Corporation also takes trading positions for its own account. The Corporation's after-tax results from trading activities, including its share of the results of the trading partnership, amounted to earnings of $46 million in 2009, a loss of $36 million in 2008 and earnings of $24 million in 2007.

Marketing expenses decreased in 2009 as compared with 2008, principally reflecting lower retail credit card fees. Marketing expenses increased in 2008 compared with 2007, due to growth in energy marketing activities, higher retail credit card fees, and increased transportation costs.

The Corporation's future M&R earnings may be impacted by external factors, such as volatility in margins, competitive industry conditions, government regulations, credit risk, and supply and demand factors, including the effects of weather.

Corporate

The following table summarizes corporate expenses:

	2009	2008	2007
	(Millions of dollars)		
Corporate expenses	**$ 227**	$ 260	$ 187
Income taxes (benefits)	**(82)**	(87)	(62)
After-tax corporate expenses	**145**	173	125
Items affecting comparability between periods, after tax	**60**	—	25
Net corporate expenses	**$ 205**	$ 173	$ 150

Excluding items affecting comparability between periods, the decrease in corporate expenses in 2009 compared with 2008 primarily reflects gains on supplemental pension related investments, together with lower employee and professional costs, partly offset by higher bank facility fees. The increase in corporate expenses in 2008 compared with 2007 primarily reflects losses on supplemental pension related investments and higher employee and professional costs. After-tax corporate expenses in 2010 are estimated to be in the range of $160 to $170 million.

In 2009, the Corporation recorded after-tax charges of $34 million ($54 million before income taxes) related to the repurchase of $546 million in notes that were scheduled to mature in 2011 and $26 million ($42 million before income taxes) relating to retirement benefits and employee severance costs. The pre-tax charge in connection with the debt repurchase was recorded in Other, net, and the pre-tax amount of the retirement benefits and severance costs was recorded in General and administrative expenses within the Statement of Consolidated Income. In 2007, Corporate expenses included a charge of $25 million ($40 million before income taxes) related to MTBE litigation. The pre-tax amount of this charge was recorded in General and administrative expenses.

Interest

Interest expense was as follows:

	2009	2008	2007
	(Millions of dollars)		
Total interest incurred	**$ 366**	$ 274	$ 306
Less capitalized interest	**6**	7	50
Interest expense before income taxes	**360**	267	256
Less income taxes	**136**	100	96
After-tax interest expense	**$ 224**	$ 167	$ 160

The increase in interest expense primarily reflects higher debt and fees for letters of credit. The decrease in capitalized interest in 2009 and 2008 compared to 2007 reflects the completion of several development projects in 2007. After-tax interest expense in 2010 is expected to be in the range of $220 to $230 million.

Sales and Other Operating Revenues

Sales and other operating revenues totaled $29,614 million in 2009, a decrease of 28% compared with 2008. In 2008, sales and other operating revenues totaled $41,134 million, an increase of 30% compared with 2007. The fluctuations in each year primarily reflect changes in crude oil and refined product selling prices.

The change in cost of goods sold in each year principally reflects the change in sales volumes and prices of refined products and purchased natural gas and electricity.

Liquidity and Capital Resources

The following table sets forth certain relevant measures of the Corporation's liquidity and capital resources as of December 31:

	2009	2008
	(Millions of dollars)	
Cash and cash equivalents	**$ 1,362**	$ 908
Current portion of long-term debt	**$ 148**	$ 143
Total debt	**$ 4,467**	$ 3,955
Total equity	**$13,528**	$12,391
Debt to capitalization ratio*	**24.8%**	24.2%

* *Total debt as a percentage of the sum of total debt plus equity.*

Cash Flows

The following table sets forth a summary of the Corporation's cash flows:

	2009	2008	2007
	(Millions of dollars)		
Net cash provided by (used in):			
Operating activities	**$ 3,046**	$ 4,688	$ 3,627
Investing activities	**(2,924)**	(4,444)	(3,474)
Financing activities	**332**	57	71
Net increase in cash and cash equivalents	**$ 454**	$ 301	$ 224

Operating Activities: Net cash provided by operating activities, including changes in operating assets and liabilities, was $3,046 million in 2009 compared with $4,688 million in 2008, reflecting lower earnings. Operating cash flow increased to $4,688 million in 2008 from $3,627 million in 2007, primarily reflecting increased earnings. The Corporation received cash distributions from HOVENSA of $50 million in 2008 and $300 million in 2007.

Investing Activities: The following table summarizes the Corporation's capital expenditures:

	2009	2008	2007
	(Millions of dollars)		
Exploration and Production			
Exploration	**$ 611**	$ 744	$ 371
Production and development	**1,927**	2,523	2,605
Acquisitions (including leaseholds)	**262**	984	462
	2,800	4,251	3,438
Marketing, Refining and Corporate	**118**	187	140
Total	**$2,918**	$4,438	$3,578

Capital expenditures in 2009 include acquisitions of $188 million for unproved leaseholds and $74 million for a 50% interest in blocks PM301 and PM302 in Malaysia, which are adjacent to Block A-18 of the JDA. Capital expenditures in 2008 include $600 million for leasehold acquisitions in the United States and $210 million for the acquisition of the remaining 22.5% interest in the Corporation's Gabonese subsidiary. In 2008, the Corporation also selectively expanded its energy marketing business by acquiring fuel oil, natural gas, and electricity customer accounts, and a terminal and related assets, for an aggregate of approximately $100 million. In 2007, capital expenditures include the acquisition of a 28% interest in the Genghis Khan Field in the deepwater Gulf of Mexico for $371 million.

In 2007, the Corporation received proceeds of $93 million for the sale of its interests in the Scott and Telford fields located in the United Kingdom.

Financing Activities: During 2009, net proceeds from borrowings were $447 million. In February 2009, the Corporation issued $250 million of 5 year senior unsecured notes with a coupon of 7% and $1 billion of 10 year senior unsecured notes with a coupon of 8.125%. The majority of the proceeds were used to repay debt under the revolving credit facility and outstanding borrowings on other credit facilities. In December 2009, the Corporation issued $750 million of 30 year bonds with a coupon of 6% and tendered for the $662 million of bonds due in August 2011. The Corporation completed the repurchase of $546 million of the 2011 bonds in December 2009. The remaining $116 million of 2011 bonds, classified as Current maturities of long term debt at December 31, 2009, was redeemed in January 2010, resulting in a charge of approximately $11 million ($7 million after income taxes). During 2008, net repayments of debt were $32 million, compared with net borrowings of $208 million in 2007.

Total common stock dividends paid were $131 million, $130 million and $127 million in 2009, 2008 and 2007, respectively. The Corporation received net proceeds from the exercise of stock options, including related income tax benefits, of $18 million, $340 million and $111 million in 2009, 2008 and 2007, respectively.

Future Capital Requirements and Resources

The Corporation anticipates investing a total of approximately $4.1 billion in capital and exploratory expenditures during 2010, substantially all of which is targeted for E&P operations. In the Corporation's M&R operations, refining margins are currently weak, which have adversely affected HOVENSA's liquidity position. The Corporation intends to provide its share of any necessary financial support for HOVENSA. The Corporation expects to fund its 2010 operations, including capital expenditures, dividends, pension contributions and required debt repayments and any necessary financial support for HOVENSA, with existing cash on-hand, cash flow from operations and its available credit facilities. Crude oil prices, natural gas prices and refining margins are volatile and difficult to predict. In addition, unplanned increases in the Corporation's capital expenditure program could occur. If conditions were to change, such as a significant decrease in commodity prices or an unexpected increase in capital expenditures, the Corporation would take steps to protect its financial flexibility and may pursue other sources of liquidity, including the issuance of debt securities, the issuance of equity securities, and/or asset sales.

The table below summarizes the capacity, usage, and available capacity of the Corporation's borrowing and letter of credit facilities at December 31, 2009 (in millions):

	Expiration Date	Capacity	Borrowings	Letters of Credit Issued	Total Used	Available Capacity
Revolving credit facility	May 2012(a)	$ 3,000	$ —	$ —	$ —	$ 3,000
Asset backed credit facility	July 2010(b)	741	—	500	500	241
Committed lines	Various(c)	2,115	—	1,155	1,155	960
Uncommitted lines	Various(c)	1,192	—	1,192	1,192	—
Total		$ 7,048	$ —	$ 2,847	$ 2,847	$ 4,201

(a) $75 million expires in May 2011.

(b) Total capacity of $1.0 billion subject to the amount of eligible receivables posted as collateral.

(c) Committed and uncommitted lines have expiration dates primarily through 2010.

The Corporation maintains a $3.0 billion syndicated, revolving credit facility (the facility), of which $2,925 million is committed through May 2012. The facility can be used for borrowings and letters of credit. At December 31, 2009, available capacity under the facility was $3.0 billion. The Corporation has a 364 day asset-backed credit facility securitized by certain accounts receivable from its M&R operations. At December 31, 2009, under the terms of this financing arrangement, the Corporation has the ability to borrow or issue letters of credit of up to $1.0 billion, subject to the availability of sufficient levels of eligible receivables. At December 31, 2009, outstanding letters of credit under this facility were collateralized by a total of $1,326 million of accounts receivable, which are held by a wholly owned subsidiary. These receivables are only available to pay the general obligations of the Corporation after satisfaction of the outstanding obligations under the asset backed facility.

The Corporation also has a shelf registration under which it may issue additional debt securities, warrants, common stock or preferred stock.

A loan agreement covenant based on the Corporation's debt to capitalization ratio allows the Corporation to borrow up to an additional $18.1 billion for the construction or acquisition of assets at December 31, 2009. The Corporation has the ability to borrow up to an additional $3.7 billion of secured debt at December 31, 2009 under the loan agreement covenants.

The Corporation's $2,847 million in letters of credit outstanding at December 31, 2009 were primarily issued to satisfy margin requirements. See also Note 14, Risk Management and Trading Activities.

Credit Ratings

There are three major credit rating agencies that rate the Corporation's debt. All three agencies have currently assigned an investment grade rating to the Corporation's debt. The interest rates and facility fees charged on some of the Corporation's credit facilities, as well as margin requirements from risk management and trading counterparties, are subject to adjustment if the Corporation's credit rating changes.

Contractual Obligations and Contingencies

Following is a table showing aggregated information about certain contractual obligations at December 31, 2009:

		Payments Due by Period			
	Total	2010	2011 and 2012	2013 and 2014	Thereafter
		(Millions of dollars)			
Long-term debt*	$ 4,467	$ 148	$ 66	$ 370	$ 3,883
Operating leases	3,282	482	695	677	1,428
Purchase obligations					
Supply commitments**	37,870	13,158	12,546	12,118	48
Capital expenditures	939	745	191	2	1
Operating expenses	937	457	276	70	134
Other long-term liabilities	2,095	145	366	199	1,385

* *At December 31, 2009, the Corporation's debt bears interest at a weighted average rate of 7.3%.*

** *The Corporation intends to continue purchasing refined product supply from HOVENSA. Estimated future purchases amount to approximately $6.0 billion annually using year-end 2009 prices, which have been included in the table through 2014.*

In the preceding table, the Corporation's supply commitments include its estimated purchases of 50% of HOVENSA's production of refined products, after anticipated sales by HOVENSA to unaffiliated parties. The value of future supply commitments will fluctuate based on prevailing market prices at the time of purchase, the actual output from HOVENSA, and the level of sales to unaffiliated parties. Also included are term purchase agreements at market prices for additional gasoline necessary to supply the Corporation's retail marketing system and feedstocks for the Port Reading refining facility. In addition, the Corporation has commitments to purchase refined products, natural gas and electricity to supply contracted customers in its energy marketing business. These commitments were computed based predominately on year-end market prices.

The table also reflects future capital expenditures, including the portion of the Corporation's planned $4.1 billion capital investment program for 2010 that is contractually committed at December 31, 2009. Obligations for operating expenses include commitments for transportation, seismic purchases, oil and gas production expenses and other normal business expenses. Other long-term liabilities reflect contractually committed obligations on the balance sheet at December 31, 2009, including asset retirement obligations, pension plan liabilities and anticipated obligations for uncertain income tax positions.

The Corporation and certain of its subsidiaries lease gasoline stations, drilling rigs, tankers, office space and other assets for varying periods under leases accounted for as operating leases. The Corporation entered into a lease agreement for a new drillship and related support services for use in its global deepwater exploration and development activities. The total payments under this five year contract are expected to be approximately $950 million. The Corporation took delivery of the drillship in the fourth quarter of 2009.

The Corporation has a contingent purchase obligation, expiring in April 2012, to acquire the remaining interest in WilcoHess, a retail gasoline station joint venture, for approximately $184 million as of December 31, 2009.

The Corporation guarantees the payment of up to 50% of HOVENSA's crude oil purchases from certain suppliers other than PDVSA. The amount of the Corporation's guarantee fluctuates based on the volume of crude oil purchased and related prices and at December 31, 2009 it amounted to $121 million. In addition, the Corporation has agreed to provide funding up to a maximum of $15 million to the extent HOVENSA does not have funds to meet its senior debt obligations.

The Corporation is contingently liable under letters of credit and under guarantees of the debt of other entities directly related to its business at December 31, 2009 as shown below:

	Total (Millions of dollars)
Letters of credit	$ 100
Guarantees	136
	$ 236

Off-Balance Sheet Arrangements

The Corporation has leveraged leases not included in its balance sheet, primarily related to retail gasoline stations that the Corporation operates. The net present value of these leases is $412 million at December 31, 2009 compared with $491 million at December 31, 2008. The Corporation's December 31, 2009 debt to capitalization ratio would increase from 24.8% to 26.5% if these leases were included as debt.

See also Note 4, Refining Joint Venture, and Note 15, Guarantees and Contingencies, in the notes to the financial statements.

Foreign Operations

The Corporation conducts exploration and production activities outside the United States, principally in Algeria, Australia, Azerbaijan, Brazil, Colombia, Denmark, Egypt, Equatorial Guinea, Gabon, Ghana, Indonesia, Libya, Malaysia, Norway, Peru, Russia, Thailand, and the United Kingdom. Therefore, the Corporation is subject to the risks associated with foreign operations, including political risk, tax law changes, and currency risk.

See also Item 1A. *Risk Factors Related to Our Business and Operations.*

Accounting Policies

Critical Accounting Policies and Estimates

Accounting policies and estimates affect the recognition of assets and liabilities on the Corporation's balance sheet and revenues and expenses on the income statement. The accounting methods used can affect net income, equity and various financial statement ratios. However, the Corporation's accounting policies generally do not change cash flows or liquidity.

Accounting for Exploration and Development Costs: Exploration and production activities are accounted for using the successful efforts method. Costs of acquiring unproved and proved oil and gas leasehold acreage, including lease bonuses, brokers' fees and other related costs, are capitalized. Annual lease rentals, exploration expenses and exploratory dry hole costs are expensed as incurred. Costs of drilling and equipping productive wells, including development dry holes, and related production facilities are capitalized.

The costs of exploratory wells that find oil and gas reserves are capitalized pending determination of whether proved reserves have been found. Exploratory drilling costs remain capitalized after drilling is completed if (1) the well has found a sufficient quantity of reserves to justify completion as a producing well and (2) sufficient progress is being made in assessing the reserves and the economic and operating viability of the project. If either of those criteria is not met, or if there is substantial doubt about the economic or operational viability of the project, the capitalized well costs are charged to expense. Indicators of sufficient progress in assessing reserves and the economic and operating viability of a project include: commitment of project personnel, active negotiations for sales contracts with customers, negotiations with governments, operators and contractors and firm plans for additional drilling and other factors.

Crude Oil and Natural Gas Reserves: The SEC revised its oil and gas reserve estimation and disclosure requirements effective for year-end 2009 reporting. In addition, the Financial Accounting Standards Board (FASB) revised its accounting standard on oil and gas reserve estimation and disclosures. The determination of estimated proved reserves is a significant element in arriving at the results of operations of exploration and production activities. The estimates of proved reserves affect well capitalizations, the unit of production depreciation rates of proved properties and wells and equipment, as well as impairment testing of oil and gas assets and goodwill.

For reserves to be booked as proved they must be determined with reasonable certainty to be economically producible from known reservoirs under existing economic conditions, operating methods and government regulations. In addition, government and project operator approvals must be obtained and, depending on the amount of the project cost, senior management or the board of directors must commit to fund the project. The Corporation maintains its own internal reserve estimates that are calculated by technical staff that work directly with the oil and gas properties. The Corporation's technical staff updates reserve estimates throughout the year based on evaluations of new wells, performance reviews, new technical data and other studies. To provide consistency throughout the Corporation, standard reserve estimation guidelines, definitions, reporting reviews and approval practices are used. The internal reserve estimates are subject to internal technical audits and senior management review. The Corporation also engaged an independent third party consulting firm to audit approximately 80% of the Corporation's total proved reserves.

Impairment of Long-Lived Assets and Goodwill: As explained below there are significant differences in the way long-lived assets and goodwill are evaluated and measured for impairment testing. The Corporation reviews long-lived assets, including oil and gas fields, for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recovered. Long-lived assets are tested based on identifiable cash flows that are largely independent of the cash flows of other assets and liabilities. If the carrying amounts of the long-lived assets are not expected to be recovered by undiscounted future net cash flow estimates, the assets are impaired and an impairment loss is recorded. The amount of impairment is based on the estimated fair value of the assets generally determined by discounting anticipated future net cash flows.

In the case of oil and gas fields, the present value of future net cash flows is based on management's best estimate of future prices, which is determined with reference to recent historical prices and published forward prices, applied to projected production volumes and discounted at a risk-adjusted rate. The projected production volumes represent reserves, including probable reserves, expected to be produced based on a stipulated amount of capital expenditures. The production volumes, prices and timing of production are consistent with internal projections and other externally reported information. Oil and gas prices used for determining asset impairments will generally differ from those used in the standardized measure of discounted future net cash flows, since the standardized measure requires the use of historical twelve month average prices.

The Corporation's impairment tests of long-lived E&P producing assets are based on its best estimates of future production volumes (including recovery factors), selling prices, operating and capital costs, the timing of future production and other factors, which are updated each time an impairment test is performed. The Corporation could have impairments if the projected production volumes from oil and gas fields decrease, crude oil and natural gas selling prices decline significantly for an extended period or future estimated capital and operating costs increase significantly.

The Corporation's goodwill is tested for impairment at a reporting unit level, which is an operating segment or one level below an operating segment. The impairment test is conducted annually in the fourth quarter or when events or changes in circumstances indicate that the carrying amount of the goodwill may not be recoverable. The reporting unit or units used to evaluate and measure goodwill for impairment are determined primarily from the manner in which the business is managed. The Corporation's goodwill is assigned to the E&P operating segment and it expects that the benefits of goodwill will be recovered through the operation of that segment.

The Corporation's fair value estimate of the E&P segment is the sum of: (1) the discounted anticipated cash flows of producing assets and known developments, (2) the estimated risk adjusted present value of exploration assets, and (3) an estimated market premium to reflect the market price an acquirer would pay for potential synergies including cost savings, access to new business opportunities, enterprise control, improved processes and increased market share. The Corporation also considers the relative market valuation of similar Exploration and Production companies.

The determination of the fair value of the E&P segment depends on estimates about oil and gas reserves, future prices, timing of future net cash flows and market premiums. Significant extended declines in crude oil and natural gas prices or reduced reserve estimates could lead to a decrease in the fair value of the E&P segment that could result in an impairment of goodwill.

As there are significant differences in the way long-lived assets and goodwill are evaluated and measured for impairment testing, there may be impairments of individual assets that would not cause an impairment of the goodwill assigned to the E&P segment.

Income Taxes: Judgments are required in the determination and recognition of income tax assets and liabilities in the financial statements. These judgments include the requirement to only recognize the financial statement effect of a tax position when management believes that it is more likely than not, that based on the technical merits, the position will be sustained upon examination.

The Corporation has net operating loss carryforwards or credit carryforwards in several jurisdictions, including the United States, and has recorded deferred tax assets for those losses and credits. Additionally, the Corporation has deferred tax assets due to temporary differences between the book basis and tax basis of certain assets and liabilities. Regular assessments are made as to the likelihood of those deferred tax assets being realized. If it is more likely than not that some or all of the deferred tax assets will not be realized, a valuation allowance is recorded to reduce the deferred tax assets to the amount that is expected to be realized. In evaluating realizability of deferred tax assets, the Corporation refers to the reversal periods for temporary differences, available carryforward periods for net operating losses and credit carryforwards, estimates of future taxable income, the availability of tax planning strategies, the existence of appreciated assets and other factors. Estimates of future taxable income are based on assumptions of oil and gas reserves and selling prices that are consistent with the Corporation's internal business forecasts. Additionally, the Corporation has income taxes which have been deferred on intercompany transactions eliminated in consolidation related to transfers of property, plant and equipment remaining within the consolidated group. The amortization of these income taxes deferred on intercompany transactions will occur ratably with the recovery through depletion and depreciation of the carrying value of these assets. The Corporation does not provide for deferred U.S. income taxes for that portion of undistributed earnings of foreign subsidiaries that are indefinitely reinvested in foreign operations.

Fair Value Measurements: The Corporation's derivative instruments and supplemental pension plan investments are recorded at fair value, with changes in fair value recognized in earnings or other comprehensive income each period. The Corporation uses various valuation approaches in determining fair value, including the market and income approaches. The Corporation's fair value measurements also include non-performance risk and time value of money considerations. Counterparty credit is considered for receivable balances, and the Corporation's credit is considered for accrued liabilities.

The Corporation determines fair value in accordance with the FASB fair value measurements accounting standard which established a hierarchy that categorizes the sources of inputs, which generally range from quoted prices for identical instruments in a principal trading market (Level 1) to estimates determined using related market data (Level 3). Multiple inputs may be used to measure fair value, however, the level of fair value is based on the lowest significant input level within this fair value hierarchy. Inputs include discounted cash flow calculations and other unobservable data.

The Corporation also records certain nonfinancial assets and liabilities at fair value. These fair value measurements include assets and liabilities recorded in connection with business combinations, the initial recognition of asset retirement obligations and long-lived assets and goodwill measured at fair value in an impairment assessment.

Details on the methods and assumptions used to determine the fair values are as follows**:**

Fair value measurements based on Level 1 inputs: Measurements that are most observable are based on quoted prices of identical instruments obtained from the principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to assure liquidity. The fair value of certain of the Corporation's exchange traded futures and options are considered Level 1.

Fair value measurements based on Level 2 inputs: Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid are considered Level 2. Measurements based on Level 2 inputs include over-the-counter derivative instruments that are priced on an exchange traded curve but have contractual terms that are not identical to exchange traded contracts. The Corporation utilizes fair value measurements based on Level 2 inputs for certain forwards, swaps and options. The liability related to the Corporation's crude oil hedges is classified as Level 2.

Fair value measurements based on Level 3 inputs: Measurements that are least observable are estimated from related market data determined from sources with little or no market activity for comparable contracts or are positions with longer durations. For example, in its energy marketing business, the Corporation sells natural gas and electricity to customers and offsets the price exposure by purchasing forward contracts. The fair value of these sales and purchases may be based on specific prices at less liquid delivered locations, which are classified as Level 3. Fair values determined using discounted cash flows are also classified as Level 3.

Derivatives: The Corporation utilizes derivative instruments for both risk management and trading activities. In risk management activities, the Corporation uses futures, forwards, options and swaps, individually or in combination to mitigate its exposure to fluctuations in the prices of crude oil, natural gas, refined products and electricity, as well as changes in interest and foreign currency exchange rates. In trading activities, the Corporation, principally through a consolidated partnership, trades energy commodities and derivatives, including futures, forwards, options and swaps, based on expectations of future market conditions.

All derivative instruments are recorded at fair value in the Corporation's balance sheet. The Corporation's policy for recognizing the changes in fair value of derivatives varies based on the designation of the derivative. The changes in fair value of derivatives that are not designated as hedges are recognized currently in earnings. Derivatives may be designated as hedges of expected future cash flows or forecasted transactions (cash flow hedges) or hedges of firm commitments (fair value hedges). The effective portion of changes in fair value of derivatives that are designated as cash flow hedges is recorded as a component of other comprehensive income (loss). Amounts included in accumulated other comprehensive income (loss) for cash flow hedges are reclassified into earnings in the same period that the hedged item is recognized in earnings. The ineffective portion of changes in fair value of derivatives designated as cash flow hedges is recorded currently in earnings. Changes in fair value of derivatives designated as fair value hedges are recognized currently in earnings. The change in fair value of the related hedged commitment is recorded as an adjustment to its carrying amount and recognized currently in earnings.

Derivatives that are designated as either cash flow or fair value hedges are tested for effectiveness prospectively before they are executed and both prospectively and retrospectively on an on-going basis to determine whether they continue to qualify for hedge accounting. The prospective and retrospective effectiveness calculations are performed using either historical simulation or other statistical models, which utilize historical observable market data consisting of futures curves and spot prices.

Retirement Plans: The Corporation has funded non-contributory defined benefit pension plans and an unfunded supplemental pension plan. The Corporation recognizes on the balance sheet the net change in the funded status of the projected benefit obligation for these plans.

The determination of the obligations and expenses related to these plans are based on several actuarial assumptions, the most significant of which relate to the discount rate for measuring the present value of future plan obligations; expected long-term rates of return on plan assets; and rate of future increases in compensation levels. These assumptions represent estimates made by the Corporation, some of which can be affected by external factors. For example, the discount rate used to estimate the Corporation's projected benefit obligation is based on a portfolio of high-quality, fixed-income debt instruments with maturities that approximate the expected payment of plan obligations, while the expected return on plan assets is developed from the expected future returns for each asset category, weighted by the target allocation of pension assets to that asset category. Changes in these assumptions can have a material impact on the amounts reported in the Corporation's financial statements.

Asset Retirement Obligations: The Corporation has material legal obligations to remove and dismantle long lived assets and to restore land or seabed at certain exploration and production locations. In accordance with generally accepted accounting principles, the Corporation recognizes a liability for the fair value of required asset retirement obligations. In addition, the fair value of any legally required conditional asset retirement obligations is recorded if the liability can be reasonably estimated. The Corporation capitalizes such costs as a component of the carrying amount of the underlying assets in the period in which the liability is incurred. In order to measure these obligations, the Corporation estimates the fair value of the obligations by discounting the future payments that will be required to satisfy the obligations. In determining these estimates, the Corporation is required to make several assumptions and judgments related to the scope of dismantlement, timing of settlement, interpretation of legal requirements, inflationary factors and discount rate. In addition, there are other external factors which could significantly affect the ultimate settlement costs for these obligations including: changes in environmental regulations and other statutory requirements, fluctuations in industry costs and foreign currency exchange rates, and advances in technology. As a result, the Corporation's estimates of asset retirement obligations are subject to revision due to the factors described above. Changes in estimates prior to settlement result in adjustments to both the liability and related asset values.

Changes in Accounting Policies

The FASB Accounting Standards Codification (ASC) became effective on July 1, 2009. The ASC combined multiple sources of authoritative accounting literature into a single source of authoritative GAAP organized by accounting topic. Since the ASC was not intended to change existing GAAP, the only impact on the Corporation's financial statements was that specific references to accounting principles have been changed to refer to the ASC.

Effective January 1, 2009, the Corporation adopted the FASB accounting standard for the accounting for and reporting of noncontrolling interests in a consolidated subsidiary (ASC 810 — Consolidation, originally issued as FAS 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51*). As required, the Corporation retrospectively applied the presentation and disclosure requirements of this standard. At December 31, 2009 and December 31, 2008 noncontrolling interests of $144 million and $84 million, respectively, have been classified as a component of equity. Prior to adoption, noncontrolling interests were classified in Other liabilities. Net income (loss) attributable to the noncontrolling interests must also be separately reported in the Statement of Consolidated Income. Certain other amounts in the consolidated financial statements and footnotes have been reclassified to conform with the presentation requirements of this standard.

Effective January 1, 2009, the Corporation adopted the FASB accounting standard that expanded the qualitative, quantitative and credit risk disclosure requirements related to an entity's use of derivative instruments (ASC 815 — Derivatives and Hedging, originally issued as FAS 161, *Disclosures about Derivative Instruments and Hedging Activities*). See Note 14, Risk Management and Trading Activities, for these disclosures.

Effective January 1, 2009, the Corporation also adopted the FASB staff position that requires the application of the fair value measurement and disclosure provisions to nonfinancial assets and liabilities that are measured at fair value on a nonrecurring basis (ASC 820 — Fair Value Measurements and Disclosures, originally issued as FASB Staff Position No. 157-2, *Effective Date of FASB Statement No. 157*). Such fair value measurements are determined based on the same fair value hierarchy of inputs required to measure the fair value of financial assets and liabilities. The impact of this accounting standard was not material to the Corporation's consolidated financial statements.

Effective June 30, 2009, the Corporation adopted the FASB accounting standard which provides guidance on the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued (ASC 855 — Subsequent Events, originally issued as FAS 165, *Subsequent Events*). The adoption of this standard did not impact the Corporation's existing practice of evaluating subsequent events through the date the financial statements are issued.

In January 2010, the FASB adopted an accounting standards update (ASU) Extractive Activities — Oil and Gas (ASC 932 — Oil and Gas Reserve Estimation and Disclosures) which is effective for financial statements for the year ended December 31, 2009 and amends the requirements for oil and gas reserve estimation and disclosures. The objective of the ASU was to align accounting standards with the previously issued SEC requirements on oil and gas reserve estimation and disclosure. The main provisions of the ASU are to expand the definition of oil and gas producing activities to include the extraction of resources which are saleable as synthetic oil or gas, to change the price assumption used for reserve estimation and future cash flows to a twelve month average from the year-end price and to amend the geographic disclosure requirements for reporting reserves and other supplementary oil and gas data. See the Supplementary Oil and Gas Data for these disclosures.

Recently Issued Accounting Standards

In June 2009, the FASB amended existing accounting standards to eliminate the concept of a qualifying special-purpose entity (ASC 860 — Transfers and Servicing, originally issued as FAS 166, *Accounting for Transfers of Financial Assets — an amendment of FASB Statement No. 140*), which did not require consolidation under existing GAAP. The FASB also amended existing accounting standards to limit the circumstances in which transferred financial assets should be derecognized (ASC 810 — Consolidation, originally issued as FAS 167, *Amendments to FASB Interpretation No. FIN 46(R)*). The amended standards require additional analysis of variable interest entities to determine if consolidation is necessary. The adoption of these standards will not have a material impact on the Corporation's financial statements. As required, the Corporation will adopt the provisions of these standards effective January 1, 2010.

Environment, Health and Safety

The Corporation has a values-based, socially-responsible strategy focused on improving environment, health and safety performance and making a positive impact on communities where it does business. The strategy is reflected in the Corporation's environment, health, safety and social responsibility (EHS & SR) policies and by environment and safety management systems that help protect the Corporation's workforce, customers and local communities. The Corporation's management systems are designed to uphold or exceed international standards and are intended to promote internal consistency, adherence to policy objectives and continual improvement in EHS & SR performance. Improved performance may, in the short-term, increase the Corporation's operating costs and could also require increased capital expenditures to reduce potential risks to assets, reputation and license to operate. In addition to enhanced EHS & SR performance, improved productivity and operational efficiencies may be realized as collateral benefits from investments in EHS & SR. The Corporation has programs in place to evaluate regulatory compliance, audit facilities, train employees, prevent and manage risks and emergencies and to generally meet corporate EHS & SR goals.

The Corporation and HOVENSA produce and the Corporation distributes fuel oils in the United States. Proposals by state regulatory agencies and legislatures have been made that would require a lower sulfur content of fuel oils. If adopted, these proposals could require capital expenditures by the Corporation and HOVENSA to meet the required sulfur content standards.

As described in Item 3, Legal Proceedings, in 2003 the Corporation and HOVENSA began discussions with the U.S. EPA regarding the EPA's Petroleum Refining Initiative (PRI). The PRI is an ongoing program that is designed to reduce certain air emissions at all U.S. refineries. Since 2000, the EPA has entered into settlements addressing these emissions with petroleum refining companies that control over 90% of the domestic refining capacity. Negotiations with the EPA are continuing and substantial progress has been made toward resolving this matter for both the Corporation and HOVENSA. While the effect on the Corporation of the Petroleum Refining Initiative cannot be estimated until a final settlement is reached and entered by a court, additional significant future capital expenditures and operating expenses will likely be incurred by HOVENSA over a number of years. The amount of penalties, if any, is not expected to be material.

The Corporation has undertaken a program to assess, monitor and reduce the emission of greenhouse gases, including carbon dioxide and methane. The Corporation recognizes that climate change is a global environmental concern. The Corporation is committed to the responsible management of greenhouse gas emissions from our existing assets and future developments and is implementing a strategy to control our carbon emissions.

The Corporation will have continuing expenditures for environmental assessment and remediation. Sites where corrective action may be necessary include gasoline stations, terminals, onshore exploration and production facilities, refineries (including solid waste management units under permits issued pursuant to the Resource Conservation and Recovery Act) and, although not currently significant, "Superfund" sites where the Corporation has been named a potentially responsible party.

The Corporation accrues for environmental assessment and remediation expenditures for known sites when the future costs are probable and reasonably estimable. At year-end 2009, the Corporation's reserve for estimated environmental liabilities was approximately $55 million. The Corporation's environmental assessment and remediation expenditures were approximately $11 million in each of the years 2009, 2008 and 2007. The Corporation expects that existing reserves for environmental liabilities are sufficient for costs to assess and remediate known sites. The Corporation anticipates capital expenditures for facilities, primarily to comply with federal, state and local environmental standards, of approximately $50 million in 2010.

Forward-Looking Information

Certain sections of Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures about Market Risk, including references to the Corporation's future results of operations and financial position, liquidity and capital resources, capital expenditures, oil and gas production, tax rates, debt repayment, hedging, derivative, market risk and environmental disclosures, off-balance sheet arrangements and contractual obligations and contingencies include forward-looking information. Forward-looking disclosures are based on the Corporation's current understanding and assessment of these activities and reasonable assumptions about the future. Actual results may differ from these disclosures because of changes in market conditions, government actions and other factors.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

In the normal course of its business, the Corporation is exposed to commodity risks related to changes in the price of crude oil, natural gas, refined products and electricity, as well as to changes in interest rates and foreign currency values. The Corporation also has trading operations, principally through a 50% voting interest in a consolidated partnership that trades energy commodities and energy derivatives. These activities are also exposed to commodity risks primarily related to the prices of crude oil, natural gas and refined products. The following describes how these risks are controlled and managed.

Controls: The Corporation maintains a control environment under the direction of its chief risk officer and through its corporate risk policy, which the Corporation's senior management has approved. Controls include volumetric, term and value-at-risk limits. The chief risk officer must approve the use of new instruments or commodities. Risk limits are monitored and reported on daily to business units and to senior management. The Corporation's risk management department also performs independent verifications of sources of fair values and validations of valuation models. These controls apply to all of the Corporation's risk management and trading activities, including the consolidated trading partnership. The Corporation's treasury department is responsible for administering foreign exchange rate and interest rate hedging programs.

The Corporation uses value-at-risk to monitor and control commodity risk within its trading and risk management activities. The value-at-risk model uses historical simulation and the results represent the potential loss in fair value over one day at a 95% confidence level. The model captures both first and second order sensitivities for options. Results may vary from time to time as strategies change in trading activities or hedging levels change in risk management activities.

Instruments: The Corporation primarily uses forward commodity contracts, foreign exchange forward contracts, futures, swaps, options and energy commodity based securities in its risk management and trading activities. These contracts are generally widely traded instruments with standardized terms. The following describes these instruments and how the Corporation uses them:

- *Forward Commodity Contracts:* The Corporation enters into contracts for the forward purchase and sale of commodities. At settlement date, the notional value of the contract is exchanged for physical delivery of the commodity. Forward contracts that are deemed normal purchase and sale contracts are excluded from the quantitative market risk disclosures.

- *Forward Foreign Exchange Contracts:* The Corporation enters into forward contracts primarily for the British pound, the Euro, and the Thai Baht, which commit the Corporation to buy or sell a fixed amount of these currencies at a predetermined exchange rate on a future date.

- *Exchange Traded Contracts:* The Corporation uses exchange traded contracts, including futures, on a number of different underlying energy commodities. These contracts are settled daily with the relevant exchange and may be subject to exchange position limits.

- *Swaps:* The Corporation uses financially settled swap contracts with third parties as part of its hedging and trading activities. Cash flows from swap contracts are determined based on underlying commodity prices and are typically settled over the life of the contract.

- *Options:* Options on various underlying energy commodities include exchange traded and third party contracts and have various exercise periods. As a seller of options, the Corporation receives a premium at the outset and bears the risk of unfavorable changes in the price of the commodity underlying the option. As a purchaser of options, the Corporation pays a premium at the outset and has the right to participate in the favorable price movements in the underlying commodities. These premiums are a component of the fair value of the options.

- *Energy Securities:* Energy securities include energy related equity or debt securities issued by a company or government or related derivatives on these securities.

Risk Management Activities

Energy marketing activities: In its energy marketing activities, the Corporation sells refined petroleum products, natural gas and electricity principally to commercial and industrial businesses at fixed and floating prices for varying periods of time. Commodity contracts such as futures, forwards, swaps and options together with physical assets, such as storage, are used to obtain supply and reduce margin volatility or lower costs related to sales contracts with customers.

Corporate risk management: Corporate risk management activities include transactions designed to reduce risk in the selling prices of crude oil or natural gas produced by the Corporation or to reduce exposure to foreign currency or interest rate movements. Generally, futures, swaps or option strategies may be used to reduce risk in the selling price of a portion of the Corporation's crude oil or natural gas production. Forward contracts may also be used to purchase certain currencies in which the Corporation does business with the intent of reducing exposure to foreign currency fluctuations. Interest rate swaps may also be used, generally to convert fixed rate interest payments to floating.

The Corporation uses foreign exchange contracts to reduce its exposure to fluctuating foreign exchange rates by entering into formal contracts for various currencies including the British pound, the Euro and the Thai baht. At December 31, 2009 the Corporation had a payable of $16 million related to foreign exchange contracts maturing in 2010. The fair value of the foreign exchange contracts was also a payable of $16 million at December 31, 2009. The change in fair value of the foreign exchange contracts from a 20% strengthening of the US dollar exchange rate is estimated to be approximately $172 million at December 31, 2009.

The Corporation's debt of $4,467 million has a fair value of $5,073 million at December 31, 2009. A 15% decrease in the rate of interest would increase the fair value of debt by approximately $120 million at December 31, 2009.

Value at risk

Following is the value at risk for the Corporation's energy marketing and risk management activities:

	2009	2008
	(Millions of dollars)	
At December 31	**$ 8**	$ 13
Average	**10**	90
High	**13**	140
Low	**8**	13

Trading Activities

Trading activities are conducted principally through a trading partnership in which the Corporation has a 50% voting interest. This consolidated entity intends to generate earnings through various strategies primarily using energy commodities, securities and derivatives. The Corporation also takes trading positions for its own account.

Following is the value at risk for the Corporation's trading activities:

	2009	2008
	(Millions of dollars)	
At December 31	**$ 9**	$ 17
Average	**12**	13
High	**15**	17
Low	**9**	11

Derivative trading transactions are marked-to-market and unrealized gains or losses are reflected in income currently. Gains or losses from sales of physical products are recorded at the time of sale. Total realized gains (losses) on trading activities amounted to $642 million in 2009 and $(317) million in 2008. The following table provides an assessment of the factors affecting the changes in fair value of trading activities and represents 100% of the trading partnership and other trading activities.

	2009	2008
	(Millions of dollars)	
Fair value of contracts outstanding at the beginning of the year	**$ 864**	$ 154
Change in fair value of contracts outstanding at the beginning of the year and still outstanding at the end of the year	**(6)**	(257)
Reversal of fair value for contracts closed during the year	**(534)**	42
Fair value of contracts entered into during the year and still outstanding	**(214)**	925
Fair value of contracts outstanding at the end of the year	**$ 110**	$ 864

The following table summarizes the sources of fair values of derivatives used in the Corporation's trading activities at December 31, 2009:

	Total	2010	2011	2012	2013 and Beyond
			(Millions of dollars)		
Source of fair value					
Level 1	$ (86)	$ (97)	$ 7	$ 2	$ 2
Level 2	147	103	59	(13)	(2)
Level 3	49	35	17	8	(11)
Total	$ 110	$ 41	$ 83	$ (3)	$ (11)

The following table summarizes the receivables net of cash margin and letters of credit relating to the Corporation's trading activities and the credit ratings of counterparties at December 31:

	2009	2008
	(Millions of dollars)	
Investment grade determined by outside sources	**$ 232**	$ 263
Investment grade determined internally*	**120**	133
Less than investment grade	**61**	58
Fair value of net receivables outstanding at the end of the year	**$ 413**	$ 454

* *Based on information provided by counterparties and other available sources.*

Item 8. ***Financial Statements and Supplementary Data***

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

* *Schedules other than Schedule II have been omitted because of the absence of the conditions under which they are required or because the required information is presented in the financial statements or the notes thereto.*

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2009.

The Corporation's independent registered public accounting firm, Ernst & Young LLP, has audited the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2009, as stated in their report, which is included herein.

By John P. Rielly

John P. Rielly
Senior Vice President and
Chief Financial Officer

By John B. Hess

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

February 26, 2010

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Hess Corporation

We have audited Hess Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Hess Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Corporation's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Hess Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Hess Corporation and consolidated subsidiaries as of December 31, 2009 and 2008, and the related statements of consolidated income, cash flows, and equity and comprehensive income of Hess Corporation and consolidated subsidiaries for each of the three years in the period ended December 31, 2009, and our report dated February 26, 2010 expressed an unqualified opinion thereon.

Ernst + Young LLP

February 26, 2010
New York, New York

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Hess Corporation

We have audited the accompanying consolidated balance sheet of Hess Corporation and consolidated subsidiaries (the "Corporation") as of December 31, 2009 and 2008, and the related statements of consolidated income, cash flows, and equity and comprehensive income for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 8. These financial statements and schedule are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hess Corporation and consolidated subsidiaries at December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the consolidated financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Corporation adopted new oil and gas reserve estimation and disclosure requirements effective December 31, 2009. Also, as discussed in Note 1 to the consolidated financial statements, the Corporation adopted the guidance originally issued in Financial Accounting Standards Board ("FASB") Financial Accounting Standard 160, *Noncontrolling Interests in Consolidated Financial Statements* (codified in FASB Accounting Standards Codification Topic 810, *Consolidation*), effective January 1, 2009.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Hess Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP

February 26, 2010
New York, New York

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	December 31, 2009	December 31, 2008
	(Millions of dollars; thousands of shares)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 1,362**	$ 908
Accounts receivable		
Trade	**3,650**	4,059
Other	**274**	238
Inventories	**1,438**	1,308
Other current assets	**1,263**	819
Total current assets	**7,987**	7,332
INVESTMENTS IN AFFILIATES		
HOVENSA L.L.C.	**681**	919
Other	**232**	208
Total investments in affiliates	**913**	1,127
PROPERTY, PLANT AND EQUIPMENT		
Total — at cost	**29,871**	27,437
Less reserves for depreciation, depletion, amortization and lease impairment	**13,244**	11,166
Property, plant and equipment — net	**16,627**	16,271
GOODWILL	**1,225**	1,225
DEFERRED INCOME TAXES	**2,409**	2,292
OTHER ASSETS	**304**	342
TOTAL ASSETS	**$29,465**	$28,589
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	**$ 4,223**	$ 5,045
Accrued liabilities	**1,954**	1,905
Taxes payable	**525**	637
Current maturities of long-term debt	**148**	143
Total current liabilities	**6,850**	7,730
LONG-TERM DEBT	**4,319**	3,812
DEFERRED INCOME TAXES	**2,222**	2,241
ASSET RETIREMENT OBLIGATIONS	**1,234**	1,164
OTHER LIABILITIES AND DEFERRED CREDITS	**1,312**	1,251
Total liabilities	**15,937**	16,198
EQUITY		
Common stock, par value $1.00		
Authorized: 600,000 shares		
Issued: 2009 — 327,229 shares; 2008 — 326,133 shares	**327**	326
Capital in excess of par value	**2,481**	2,347
Retained earnings	**12,251**	11,642
Accumulated other comprehensive income (loss)	**(1,675)**	(2,008)
Total Hess Corporation stockholders' equity	**13,384**	12,307
Noncontrolling interests	**144**	84
Total equity	**13,528**	12,391
TOTAL LIABILITIES AND EQUITY	**$29,465**	$28,589

The consolidated financial statements reflect the successful efforts method of accounting for oil and gas exploration and production activities.

See accompanying notes to consolidated financial statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED INCOME

	Years Ended December 31,		
	2009	2008	2007
	(Millions of dollars, except per share data)		
REVENUES AND NON-OPERATING INCOME			
Sales (excluding excise taxes) and other operating revenues	**$29,614**	$41,134	$31,727
Equity in income (loss) of HOVENSA L.L.C.	**(229)**	44	176
Gain on asset sales	—	—	21
Other, net	**184**	(115)	80
Total revenues and non-operating income	**29,569**	41,063	32,004
COSTS AND EXPENSES			
Cost of products sold (excluding items shown separately below)	**20,961**	29,567	22,532
Production expenses	**1,805**	1,872	1,581
Marketing expenses	**1,008**	1,025	944
Exploration expenses, including dry holes and lease impairment	**829**	725	515
Other operating expenses	**183**	209	161
General and administrative expenses	**647**	672	614
Interest expense	**360**	267	256
Depreciation, depletion and amortization	**2,254**	2,029	1,576
Total costs and expenses	**28,047**	36,366	28,179
INCOME BEFORE INCOME TAXES	**1,522**	4,697	3,825
Provision for income taxes	**715**	2,340	1,872
NET INCOME	**$ 807**	$ 2,357	$ 1,953
Less: Net income (loss) attributable to noncontrolling interests	**67**	(3)	121
NET INCOME ATTRIBUTABLE TO HESS CORPORATION	**$ 740**	$ 2,360	$ 1,832
BASIC NET INCOME PER SHARE	**$ 2.28**	$ 7.35	$ 5.86
DILUTED NET INCOME PER SHARE	**$ 2.27**	$ 7.24	$ 5.74
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (DILUTED)	**326.0**	325.8	319.3

See accompanying notes to consolidated financial statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED CASH FLOWS

	Years Ended December 31,		
	2009	**2008**	**2007**
	(Millions of dollars)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**$ 807**	$ 2,357	$ 1,953
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, depletion and amortization	**2,254**	2,029	1,576
Exploratory dry hole costs	**267**	210	65
Lease impairment	**231**	125	102
Pre-tax gain on asset sales	**—**	—	(21)
Benefit for deferred income taxes	**(438)**	(57)	(33)
Distributed earnings of HOVENSA L.L.C., net	**229**	6	124
Stock compensation expense	**128**	119	87
Changes in other operating assets and liabilities:			
(Increase) decrease in accounts receivable	**320**	357	(783)
Increase in inventories	**(137)**	(56)	(254)
Increase (decrease) in accounts payable and accrued liabilities	**(542)**	(252)	597
Increase (decrease) in taxes payable	**(81)**	61	134
Changes in other assets and liabilities	**8**	(211)	80
Net cash provided by operating activities	**3,046**	4,688	3,627
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	**(2,918)**	(4,438)	(3,578)
Proceeds from asset sales	**—**	—	93
Payments received on notes receivable	**15**	61	61
Other, net	**(21)**	(67)	(50)
Net cash used in investing activities	**(2,924)**	(4,444)	(3,474)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (repayments) borrowings of debt with maturities of 90 days or less	**(850)**	30	202
Debt with maturities of greater than 90 days			
Borrowings	**1,991**	—	32
Repayments	**(694)**	(62)	(26)
Cash dividends paid	**(131)**	(130)	(127)
Payments to noncontrolling interests, net	**(2)**	(121)	(121)
Employee stock options exercised, including income tax benefits	**18**	340	111
Net cash provided by (used in) financing activities	**332**	57	71
NET INCREASE IN CASH AND CASH EQUIVALENTS	**454**	301	224
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**908**	607	383
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,362**	$ 908	$ 607

See accompanying notes to consolidated financial statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED EQUITY AND COMPREHENSIVE INCOME

	Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Hess Stockholders' Equity	Noncontrolling Interests	Total Equity
				(Millions of dollars)			
Balance at January 1, 2007	$315	$1,689	$ 7,707	$(1,564)	$ 8,147	$ 229	$ 8,376
Net Income			1,832		1,832	121	1,953
Deferred gains (losses) on cash flow hedges, after tax							
Effect of hedge losses recognized in income				325	325	—	325
Net change in fair value of cash flow hedges				(659)	(659)	—	(659)
Change in post retirement plan liabilities, after tax				17	17	—	17
Change in foreign currency translation adjustment and other				40	40	(3)	37
Total Comprehensive Income					1,555	118	1,673
Activity related to restricted common stock awards, net	1	50	—	—	51	—	51
Employee stock options, including income tax benefits	5	143	—	—	148	—	148
Cash dividends declared	—	—	(127)	—	(127)	—	(127)
Payments to noncontrolling interests, net	—	—	—	—	—	(121)	(121)
Balance at December 31, 2007	321	1,882	9,412	(1,841)	9,774	226	10,000
Net Income			2,360		2,360	(3)	2,357
Deferred gain (losses) on cash flow hedges, after tax							
Effect of hedge losses recognized in income				311	311	—	311
Net change in fair value of cash flow hedges				(310)	(310)	—	(310)
Effect of adoption of fair value measurements accounting standards				193	193	—	193
Change in post retirement plan liabilities, after tax				(241)	(241)	—	(241)
Change in foreign currency translation adjustment and other				(120)	(120)	(18)	(138)
Total Comprehensive Income					2,193	(21)	2,172
Activity related to restricted common stock awards, net	1	145	—	—	146	—	146
Employee stock options, including income tax benefits	4	320	—	—	324	—	324
Cash dividends declared	—	—	(130)	—	(130)	—	(130)
Payments to noncontrolling interests, net	—	—	—	—	—	(121)	(121)
Balance at December 31, 2008	326	2,347	11,642	(2,008)	12,307	84	12,391
Net Income			**740**		**740**	**67**	**807**
Deferred gains (losses) on cash flow hedges, after tax							
Effect of hedge losses recognized in income				**963**	**963**	—	**963**
Net change in fair value of cash flow hedges				**(729)**	**(729)**	—	**(729)**
Change in post retirement plan liabilities, after tax				**(6)**	**(6)**	—	**(6)**
Change in foreign currency translation adjustment and other				**105**	**105**	**(5)**	**100**
Total Comprehensive Income					**1,073**	**62**	**1,135**
Activity related to restricted common stock awards, net	**1**	**61**	—	—	**62**	—	**62**
Employee stock options, including income tax benefits	—	**73**	—	—	**73**	—	**73**
Cash dividends declared	—	—	**(131)**	—	**(131)**	—	**(131)**
Payments to noncontrolling interests, net	—	—	—	—	—	**(2)**	**(2)**
Balance at December 31, 2009	**$327**	**$2,481**	**$12,251**	**$(1,675)**	**$13,384**	**$ 144**	**$13,528**

See accompanying notes to consolidated financial statements.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Nature of Business: Hess Corporation and its subsidiaries (the Corporation) engage in the exploration for and the development, production, purchase, transportation and sale of crude oil and natural gas. These activities are conducted principally in Algeria, Australia, Azerbaijan, Brazil, Colombia, Denmark, Egypt, Equatorial Guinea, Gabon, Ghana, Indonesia, Libya, Malaysia, Norway, Peru, Russia, Thailand, the United Kingdom and the United States. In addition, the Corporation manufactures, purchases, transports, markets and trades, refined petroleum and other energy products. The Corporation owns 50% of HOVENSA L.L.C. (HOVENSA), a refinery joint venture in the United States Virgin Islands. An additional refining facility, terminals and retail gasoline stations, most of which include convenience stores, are located on the East Coast of the United States.

In preparing financial statements in conformity with U.S. generally accepted accounting principles (GAAP), management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenues and expenses in the income statement. Actual results could differ from those estimates. Among the estimates made by management are oil and gas reserves, asset valuations, depreciable lives, pension liabilities, legal and environmental obligations, asset retirement obligations and income taxes. In the preparation of these financial statements, the Corporation has evaluated subsequent events through the date the financial statements are issued.

Principles of Consolidation: The consolidated financial statements include the accounts of Hess Corporation and entities in which the Corporation owns more than a 50% voting interest or entities that the Corporation controls. The Corporation's undivided interests in unincorporated oil and gas exploration and production ventures are proportionately consolidated.

Investments in affiliated companies, 20% to 50% owned, including HOVENSA, are stated at cost of acquisition plus the Corporation's equity in undistributed net income since acquisition. The Corporation consolidates the trading partnership in which it owns a 50% voting interest and over which it exercises control.

Intercompany transactions and accounts are eliminated in consolidation.

Revenue Recognition: The Corporation recognizes revenues from the sale of crude oil, natural gas, petroleum products and other merchandise when title passes to the customer. Sales are reported net of excise and similar taxes in the Statement of Consolidated Income. The Corporation recognizes revenues from the production of natural gas properties based on sales to customers. Differences between E&P natural gas volumes sold and the Corporation's share of natural gas production are not material. Revenues from natural gas and electricity sales by the Corporation's marketing operations are recognized based on meter readings and estimated deliveries to customers since the last meter reading.

In its exploration and production activities, the Corporation enters into crude oil purchase and sale transactions with the same counterparty that are entered into in contemplation of one another for the primary purpose of changing location or quality. Similarly, in its marketing activities, the Corporation enters into refined product purchase and sale transactions with the same counterparty. These arrangements are reported net in Sales and other operating revenues in the Statement of Consolidated Income.

Derivatives: The Corporation utilizes derivative instruments for both risk management and trading activities. In risk management activities, the Corporation uses futures, forwards, options and swaps, individually or in combination, to mitigate its exposure to fluctuations in prices of crude oil, natural gas, refined products and electricity, as well as changes in interest and foreign currency exchange rates. In trading activities, the Corporation, principally through a consolidated partnership, trades energy commodities derivatives, including futures, forwards, options and swaps based on expectations of future market conditions.

All derivative instruments are recorded at fair value in the Corporation's balance sheet. The Corporation's policy for recognizing the changes in fair value of derivatives varies based on the designation of the derivative. The changes in fair value of derivatives that are not designated as hedges are recognized currently in earnings.

Derivatives may be designated as hedges of expected future cash flows or forecasted transactions (cash flow hedges) or hedges of firm commitments (fair value hedges). The effective portion of changes in fair value of derivatives that are designated as cash flow hedges is recorded as a component of other comprehensive income (loss). Amounts included in Accumulated other comprehensive income (loss) for cash flow hedges are reclassified into earnings in the same period that the hedged item is recognized in earnings. The ineffective portion of changes in fair value of derivatives designated as cash flow hedges is recorded currently in earnings. Changes in fair value of derivatives designated as fair value hedges are recognized currently in earnings. The change in fair value of the related hedged commitment is recorded as an adjustment to its carrying amount and recognized currently in earnings.

Cash and Cash Equivalents: Cash equivalents consist of highly liquid investments, which are readily convertible into cash and have maturities of three months or less when acquired.

Inventories: Inventories are valued at the lower of cost or market. For refined product inventories valued at cost, the Corporation uses principally the last-in, first-out (LIFO) inventory method. For the remaining inventories, cost is generally determined using average actual costs.

Exploration and Development Costs: Exploration and production activities are accounted for using the successful efforts method. Costs of acquiring unproved and proved oil and gas leasehold acreage, including lease bonuses, brokers' fees and other related costs, are capitalized. Annual lease rentals, exploration expenses and exploratory dry hole costs are expensed as incurred. Costs of drilling and equipping productive wells, including development dry holes, and related production facilities are capitalized.

The costs of exploratory wells that find oil and gas reserves are capitalized pending determination of whether proved reserves have been found. Exploratory drilling costs remain capitalized after drilling is completed if (1) the well has found a sufficient quantity of reserves to justify completion as a producing well and (2) sufficient progress is being made in assessing the reserves and the economic and operating viability of the project. If either of those criteria is not met, or if there is substantial doubt about the economic or operational viability of a project, the capitalized well costs are charged to expense. Indicators of sufficient progress in assessing reserves and the economic and operating viability of a project include commitment of project personnel, active negotiations for sales contracts with customers, negotiations with governments, operators and contractors, firm plans for additional drilling and other factors.

Depreciation, Depletion and Amortization: The Corporation records depletion expense for acquisition costs of proved properties using the units of production method over proved oil and gas reserves. Depreciation and depletion expense for oil and gas production equipment and wells is calculated using the units of production method over proved developed oil and gas reserves. Provisions for impairment of undeveloped oil and gas leases are based on periodic evaluations and other factors. Depreciation of all other plant and equipment is determined on the straight-line method based on estimated useful lives. Retail gas stations and equipment related to a leased property, are depreciated over the estimated useful lives not to exceed the remaining lease period. The Corporation records the cost of acquired customers in its energy marketing activities as intangible assets and amortizes these costs on the straight-line method over the expected renewal period based on historical experience.

Capitalized Interest: Interest from external borrowings is capitalized on material projects using the weighted average cost of outstanding borrowings until the project is substantially complete and ready for its intended use, which for oil and gas assets is at first production from the field. Capitalized interest is depreciated over the useful lives of the assets in the same manner as the depreciation of the underlying assets.

Asset Retirement Obligations: The Corporation has material legal obligations to remove and dismantle long-lived assets and to restore land or seabed at certain exploration and production locations. The Corporation recognizes a liability for the fair value of legally required asset retirement obligations associated with long-lived assets in the period in which the retirement obligations are incurred. In addition, the fair value of any legally required conditional asset retirement obligations is recorded if the liability can be reasonably estimated. The Corporation capitalizes the associated asset retirement costs as part of the carrying amount of the long-lived assets.

Impairment of Long-Lived Assets: The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recovered. If the carrying amounts are not expected to be recovered by undiscounted future cash flows, the assets are impaired and an impairment loss is recorded. The amount of impairment is based on the estimated fair value of the assets generally determined by discounting anticipated future net cash flows. In the case of oil and gas fields, the net present value of future cash flows is based on management's best estimate of future prices, which is determined with reference to recent historical prices and published forward prices, applied to projected production volumes and discounted at a risk-adjusted rate. The projected production volumes represent reserves, including probable reserves, expected to be produced based on a stipulated amount of capital expenditures. The production volumes, prices and timing of production are consistent with internal projections and other externally reported information. Oil and gas prices used for determining asset impairments will generally differ from the average prices used in the standardized measure of discounted future net cash flows.

Impairment of Equity Investees: The Corporation reviews equity method investments for impairment whenever events or changes in circumstances indicate that an other than temporary decline in value has occurred. The amount of the impairment is based on quoted market prices, where available, or other valuation techniques.

Impairment of Goodwill: Goodwill is tested for impairment annually in the fourth quarter or when events or changes in circumstances indicate that the carrying amount of the goodwill may not be recoverable. This impairment test is calculated at the reporting unit level, which for the Corporation's goodwill is the Exploration and Production operating segment. The Corporation identifies potential impairments by comparing the fair value of the reporting unit to its book value, including goodwill. If the fair value of the reporting unit exceeds the carrying amount, goodwill is not impaired. If the carrying value exceeds the fair value, the Corporation calculates the possible impairment loss by comparing the implied fair value of goodwill with the carrying amount. If the implied fair value of goodwill is less than the carrying amount, an impairment would be recorded.

Income Taxes: Deferred income taxes are determined using the liability method. The Corporation regularly assesses the realizability of deferred tax assets, based on estimates of future taxable income, the availability of tax planning strategies, the existence of appreciated assets, the available carryforward periods for net operating losses and other factors. If it is more likely than not that some or all of the deferred tax assets will not be realized, a valuation allowance is recorded to reduce the deferred tax assets to the amount expected to be realized. In addition, the Corporation recognizes the financial statement effect of a tax position only when management believes that it is more likely than not, that based on the technical merits, the position will be sustained upon examination. Additionally, the Corporation has income taxes which have been deferred on intercompany transactions eliminated in consolidation related to transfers of property, plant and equipment remaining within the consolidated group. The amortization of these income taxes deferred on intercompany transactions will occur ratably with the recovery through depletion and depreciation of the carrying value of these assets. The Corporation does not provide for deferred U.S. income taxes for that portion of undistributed earnings of foreign subsidiaries that are indefinitely reinvested in foreign operations. The Corporation classifies interest and penalties associated with uncertain tax positions as income tax expense.

Fair Value Measurements: The Corporation adopted a new accounting standard for fair value measurements, effective January 1, 2008 (ASC 820 — Fair Value Measurements and Disclosures, originally issued as FAS 157, *Fair Value Measurements*). The standard establishes a hierarchy for the inputs used to measure fair value based on the source of the input, which generally range from quoted prices for identical instruments in a principal trading market (Level 1) to estimates determined using related market data (Level 3). Multiple inputs may be used to measure fair value, however, the level of fair value for each financial asset or liability is based on the lowest significant input level within this fair value hierarchy.

Fair value measurements based on Level 1 inputs: Measurements that are most observable are based on quoted prices of identical instruments obtained from the principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to assure liquidity. The fair value of certain of the Corporation's exchange traded futures and options are considered Level 1.

Fair value measurements based on Level 2 inputs: Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid are considered Level 2. Measurements based on Level 2 inputs include over-the-counter derivative instruments that are priced on an exchange traded curve, but have contractual terms that are not identical to exchange traded contracts. The Corporation utilizes fair value measurements based on Level 2 inputs for certain forwards, swaps and options. The liability related to the Corporation's crude oil hedges is classified as Level 2.

Fair value measurements based on Level 3 inputs: Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts or are positions with longer durations. For example, in its energy marketing business, the Corporation sells natural gas and electricity to customers and offsets the price exposure by purchasing forward contracts. The fair value of these sales and purchases may be based on specific prices at less liquid delivered locations, which are classified as Level 3. There may be offsets to these positions that are priced based on more liquid markets, which are, therefore, classified as Level 1 or Level 2.

The impact of adopting the fair value measurements standard was not material to the Corporation's results of operations. Upon adoption in 2008, the Corporation recorded a reduction in the net deferred hedge losses reflected in Accumulated other comprehensive income, which increased equity by $193 million, after income taxes.

Effective December 31, 2008, the Corporation applied the provisions of a new accounting standard for the accounting for liabilities measured at fair value with a third-party credit enhancement (ASC 820 — Fair Value Measurements and Disclosures, originally issued as Emerging Issues Task Force 08-5, *Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement*). Upon adoption, the Corporation revalued certain derivative liabilities collateralized by letters of credit to reflect the Corporation's credit rating rather than the credit rating of the issuing bank. The adoption resulted in an increase in Sales and other operating revenues of approximately $13 million and an increase in Accumulated other comprehensive income of approximately $78 million, with a corresponding decrease in derivative liabilities recorded within Accounts payable.

Retirement Plans: The Corporation recognizes the underfunded status of defined benefit postretirement plans on the balance sheet. For the Corporation's pension plans, the underfunded status is measured as the difference between the fair value of plan assets and the projected benefit obligation. The Corporation recognizes the net changes in the funded status of these plans in the year in which such changes occur.

Share-Based Compensation: The fair value of all share-based compensation is expensed and recognized on a straight-line basis over the vesting period of the awards.

Foreign Currency Translation: The U.S. dollar is the functional currency (primary currency in which business is conducted) for most foreign operations. Adjustments resulting from translating monetary assets and liabilities that are denominated in a non-functional currency into the functional currency are recorded in Other, net within Sales and other operating revenues in the Statement of Consolidated Income. For operations that do not use the U.S. dollar as the functional currency, adjustments resulting from translating foreign currency assets and liabilities into U.S. dollars are recorded in a separate component of equity titled Accumulated other comprehensive income (loss).

Maintenance and Repairs: Maintenance and repairs are expensed as incurred, including costs of refinery turnarounds. Capital improvements are recorded as additions in Property, plant and equipment.

Environmental Expenditures: The Corporation accrues and expenses environmental costs to remediate existing conditions related to past operations when the future costs are probable and reasonably estimable. The

Corporation capitalizes environmental expenditures that increase the life or efficiency of property or that reduce or prevent future adverse impacts to the environment.

Changes in Accounting Policies: The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) became effective on July 1, 2009. The ASC combined multiple sources of authoritative accounting literature into a single source of authoritative GAAP organized by accounting topic. Since the ASC was not intended to change existing GAAP, the only impact on the Corporation's financial statements was that specific references to accounting principles have been changed to refer to the ASC.

Effective January 1, 2009, the Corporation adopted the FASB accounting standard for the accounting for and reporting of noncontrolling interests in a consolidated subsidiary (ASC 810 — Consolidation, originally issued as FAS 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51*). As required, the Corporation retrospectively applied the presentation and disclosure requirements of this standard. At December 31, 2009 and December 31, 2008, noncontrolling interests of $144 million and $84 million, respectively, have been classified as a component of equity. Prior to adoption, noncontrolling interests were classified in Other liabilities. Net income (loss) attributable to the noncontrolling interests must also be separately reported in the Statement of Consolidated Income. Certain other amounts in the consolidated financial statements and footnotes have been reclassified to conform with the presentation requirements of this standard.

Effective January 1, 2009, the Corporation adopted the FASB accounting standard that expanded the qualitative, quantitative and credit risk disclosure requirements related to an entity's use of derivative instruments (ASC 815 — Derivatives and Hedging, originally issued as FAS 161, *Disclosures about Derivative Instruments and Hedging Activities*). See Note 14, Risk Management and Trading Activities, for these disclosures.

Effective January 1, 2009, the Corporation also adopted the FASB staff position that requires the application of the fair value measurement and disclosure provisions to nonfinancial assets and liabilities that are measured at fair value on a nonrecurring basis (ASC 820 — Fair Value Measurements and Disclosures, originally issued as FASB Staff Position No. 157-2, *Effective Date of FASB Statement No. 157*). Such fair value measurements are determined based on the same fair value hierarchy of inputs required to measure the fair value of financial assets and liabilities. The impact of this accounting standard was not material to the Corporation's consolidated financial statements.

Effective June 30, 2009, the Corporation adopted the FASB accounting standard which provides guidance on the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued (ASC 855 — Subsequent Events, originally issued as FAS 165, *Subsequent Events*). The adoption of this standard did not impact the Corporation's existing practice of evaluating subsequent events through the date the financial statements are issued.

In January 2010, the FASB adopted an accounting standards update (ASU) Extractive Activities — Oil and Gas (ASC 932) Oil and Gas Reserve Estimation and Disclosures, which is effective for year-end 2009 reporting and amends the requirements for oil and gas reserve estimation and disclosures. The objective of the ASU was to align accounting standards with the previously issued Securities and Exchange Commission (SEC) requirements on oil and gas reserve estimation and disclosure. The main provisions of the ASU are to expand the definition of oil and gas producing activities to include the extraction of resources which are saleable as synthetic oil or gas, to change the price assumption used for reserve estimation and future cash flows to a twelve month average from the year-end price and to amend the geographic disclosure requirements for reporting reserves and other supplementary oil and gas data. See the Supplementary Oil and Gas Data for these disclosures.

Recently Issued Accounting Standards: In June 2009, the FASB amended existing accounting standards to eliminate the concept of a qualifying special-purpose entity (ASC 860 — Transfers and Servicing, originally issued as FAS 166, *Accounting for Transfers of Financial Assets — an amendment of FASB Statement No. 140*), which did not require consolidation under existing GAAP. The FASB also amended existing standards to limit the circumstances in which transferred financial assets should be derecognized (and ASC 810 — Consolidation, originally issued as FAS 167, *Amendments to FASB Interpretation No. FIN 46(R)).* The amended standards require additional analysis of variable interest entities to determine if consolidation is necessary. The adoption of these standards will not have a material impact on the Corporation's financial statements. As required, the Corporation will adopt the provisions of these standards effective January 1, 2010.

2. Acquisitions and Divestitures

2009: The Corporation acquired for $74 million a 50% interest in Blocks PM301 and PM302 in Malaysia, which are adjacent to Block A-18 of the Joint Development Area of Malaysia/Thailand (JDA) and contain an extension of the Bumi Field. The Corporation also acquired 37 previously leased retail gasoline stations, primarily through the assumption of $65 million of fixed rate notes.

2008: The Corporation acquired the remaining 22.5% interest in its Gabonese subsidiary for $285 million, of which $210 million was allocated to proved properties. The Corporation expanded its energy marketing business by acquiring fuel oil, natural gas, and electricity customer accounts, and a terminal and related assets, for an aggregate of approximately $100 million.

2007: The Corporation completed the acquisition of a 28% interest in the Genghis Khan oil and gas development located in the deepwater Gulf of Mexico on Green Canyon Blocks 652 and 608 for $371 million, of which $342 million was allocated to proved and unproved properties and the remainder to wells and equipment. This transaction was accounted for as an asset acquisition. Genghis Khan has been unitized with the Shenzi development.

The Corporation completed the sale of its interests in the Scott and Telford fields located in the United Kingdom North Sea for $93 million and recorded a gain of $21 million ($15 million after income taxes) that is included in Other, net in the Statement of Consolidated Income.

3. Inventories

Inventories at December 31 are as follows:

	2009	2008
	(Millions of dollars)	
Crude oil and other charge stocks	**$ 424**	$ 383
Refined products and natural gas	**1,429**	988
Less: LIFO adjustment	**(815)**	(500)
	1,038	871
Merchandise, materials and supplies	**400**	437
Total	**$1,438**	$1,308

The percentage of LIFO inventory to total crude oil, refined products and natural gas inventories was 64% and 60% at December 31, 2009 and 2008, respectively. In 2009, the Corporation recorded a pre-tax charge of $25 million ($18 million after income taxes) to write down materials inventories in Equatorial Guinea and the United States, the majority of which was recorded in Production expenses. During 2007, the Corporation reduced LIFO inventories, which are carried at lower costs than current inventory costs. The effect of the LIFO inventory liquidation was to decrease Cost of products sold by approximately $38 million ($24 million after income taxes).

4. Refining Joint Venture

The Corporation has an investment in HOVENSA L.L.C., a 50% joint venture with Petroleos de Venezuela, S.A. (PDVSA), which is accounted for using the equity method. HOVENSA owns and operates a refinery in the U.S. Virgin Islands. Summarized financial information for HOVENSA as of December 31 and for the years then ended follows:

	2009	2008	2007
	(Millions of dollars)		
Summarized Balance Sheet, at December 31			
Cash and cash equivalents	**$ 78**	$ 75	$ 279
Other current assets	**580**	664	1,183
Net fixed assets	**2,080**	2,136	2,181
Other assets	**33**	58	62
Current liabilities	**(953)**	(679)	(1,459)
Long-term debt	**(356)**	(356)	(356)
Deferred liabilities and credits	**(137)**	(104)	(75)
Members' equity	**$ 1,325**	$ 1,794	$ 1,815
Summarized Income Statement, for the years ended December 31			
Total revenues	**$ 10,085**	$ 17,518	$ 13,439
Costs and expenses	**(10,536)**	(17,423)	(13,082)
Net income (loss)	**$ (451)**	$ 95	$ 357
Hess Corporation's share*	**$ (229)**	$ 44	$ 176
Summarized Cash Flow Statement, for the years ended December 31			
Net cash provided by (used in):			
Operating activities	**$ 87**	$ (20)	$ 654
Investing activities	**(84)**	(85)	(165)
Financing activities	**—**	(99)	(500)
Net increase (decrease) in cash and cash equivalents	**$ 3**	$ (204)	$ (11)

* *Before Virgin Islands income taxes, which were recorded in the Corporation's income tax provision.*

The Corporation received cash distributions from HOVENSA of $50 million in 2008 and $300 million during 2007.

The Corporation guarantees the payment of up to 50% of the value of HOVENSA's crude oil purchases from certain suppliers other than PDVSA. The guarantee amounted to $121 million at December 31, 2009. This amount fluctuates based on the volume of crude oil purchased and the related crude oil prices. In addition, the Corporation has agreed to provide funding up to $15 million to the extent HOVENSA does not have funds to meet its senior debt obligations.

5. Property, Plant and Equipment

Property, plant and equipment at December 31 consists of the following:

	2009	2008
	(Millions of dollars)	
Exploration and Production		
Unproved properties	**$ 2,347**	$ 2,265
Proved properties	**3,121**	3,009
Wells, equipment and related facilities	**22,118**	20,058
	27,586	25,332
Marketing, Refining and Corporate	**2,285**	2,105
Total — at cost	**29,871**	27,437
Less: reserves for depreciation, depletion, amortization and lease impairment	**13,244**	11,166
Property, plant and equipment — net	**$16,627**	$16,271

In December 2009, the Corporation agreed to a strategic exchange of all of its interests in Gabon and the Clair Field in the United Kingdom for additional interests in the Valhall and Hod fields offshore Norway. The transaction, which has an effective date of January 1, 2010, is subject to various regulatory and other approvals. In addition, the partners are in discussions regarding the applicability of pre-emption to this transaction. In January 2010, the Corporation completed the sale of its interest in the Jambi Merang Field in Indonesia. The Corporation has classified its interests in Gabon, the Clair Field and Jambi Merang Field as assets held for sale. At December 31, 2009, the carrying amount of these assets totaling $717 million were reported in Other current assets, and asset retirement obligations and deferred income taxes totaling $254 million were reported in Accrued liabilities.

The Corporation recorded asset impairments totaling $52 million ($26 million after income taxes) in 2009, $30 million ($17 million after income taxes) in 2008, and $112 million ($56 million after income taxes) in 2007. These impairments are reflected in Depreciation, depletion and amortization.

The following table discloses the amount of capitalized exploratory well costs pending determination of proved reserves at December 31, and the changes therein during the respective years:

	2009	2008	2007
	(Millions of dollars)		
Beginning balance at January 1	**$ 1,094**	$ 608	$ 399
Additions to capitalized exploratory well costs pending the determination of proved reserves	**433**	560	229
Reclassifications to wells, facilities, and equipment based on the determination of proved reserves	**(16)**	(67)	(20)
Capitalized exploratory well costs charged to expense	**(74)**	(7)	—
Ending balance at December 31	**$ 1,437**	$ 1,094	$ 608
Number of wells at end of year	**53**	45	30

The preceding table excludes exploratory dry hole costs of $193 million, $203 million and $65 million in 2009, 2008 and 2007, respectively, which were incurred and subsequently expensed in the same year.

At December 31, 2009, exploratory drilling costs capitalized in excess of one year past completion of drilling were as follows (in millions):

2008	$468
2007	109
2006	215
2003 to 2005	56
	$848

The capitalized well costs in excess of one year relate to 15 projects. Approximately 72% of the capitalized well costs in excess of one year relate to the Pony and Tubular Bells projects in the deepwater Gulf of Mexico where development planning is underway. In addition, the Corporation plans to drill another appraisal well at Pony in 2010. Approximately 12% of the costs in excess of one year relate to Western Australia (WA-390-P) where further drilling is planned in 2010. The remainder of the costs relate to projects where further drilling is planned or development planning and other assessment activities are ongoing to determine the economic and operating viability of the projects.

6. Asset Retirement Obligations

The following table describes changes to the Corporation's asset retirement obligations:

	2009	2008
	(Millions of dollars)	
Asset retirement obligations at January 1	**$1,214**	$1,055
Liabilities incurred	**14**	35
Liabilities settled or disposed of	**(58)**	(56)
Accretion expense	**72**	67
Revisions	**(23)**	309
Foreign currency translation	**78**	(196)
Asset retirement obligations at December 31	**1,297**	1,214
Less: current obligations	**63**	50
Long-term obligations at December 31	**$1,234**	$1,164

Revisions are primarily attributable to changes in service and equipment costs in the oil and gas industry.

7. Long-Term Debt

Long-term debt at December 31 consists of the following:

	2009	2008
	(Millions of dollars)	
Revolving credit facility	**$ —**	$ 350
Asset-backed credit facility	**—**	500
Fixed rate debentures:		
7.4% due 2009	**—**	104
6.7% due 2011	**116**	662
7.0% due 2014	**250**	—
8.1% due 2019	**997**	—
7.9% due 2029	**694**	694
7.3% due 2031	**746**	745
7.1% due 2033	**598**	598
6.0% due 2040	**744**	—
Total fixed rate debentures	**4,145**	2,803
Fixed rate notes, weighted average rate 8.5%, due through 2023	**154**	108
Project lease financing, weighted average rate 5.1%, due through 2014	**113**	132
Pollution control revenue bonds, weighted average rate 5.9%, due through 2034	**53**	53
Other loans, weighted average rate 9.0%, due through 2019	**2**	9
	4,467	3,955
Less: amount included in current maturities	**148**	143
Total	**$4,319**	$3,812

In February 2009, the Corporation issued $250 million of 5 year senior unsecured notes with a coupon of 7% and $1 billion of 10 year senior unsecured notes with a coupon of 8.125%. The majority of the proceeds were used to repay debt under the revolving credit facility and outstanding borrowings on other credit facilities. In December 2009, the Corporation issued $750 million of 30 year bonds with a coupon of 6% and tendered for the $662 million of bonds due in August 2011. The Corporation completed the purchase of $546 million of the 2011 bonds in December 2009. The Corporation recorded a charge of $54 million related to the repurchase in Other, net within the Statement of Consolidated Income ($34 million after income taxes). The remaining $116 million of the 2011 bonds, classified as Current maturities of long term debt at December 31, 2009, was redeemed in January 2010, resulting in a charge of approximately $11 million ($7 million after income taxes).

The aggregate long-term debt maturing during the next five years is as follows (in millions): 2010 — $148 (included in current liabilities); 2011 — $32; 2012 — $34; 2013 — $37 and 2014 — $333.

At December 31, 2009, the Corporation's fixed rate debentures have a principal amount of $4,166 million ($4,145 million net of unamortized discount). Interest rates on the outstanding fixed rate debentures have a weighted average rate of 7.3%.

The Corporation has a $3.0 billion syndicated revolving credit facility (the facility), which can be used for borrowings and letters of credit, substantially all of which is committed through May 2012. At December 31, 2009, the Corporation has available capacity on the facility of $3.0 billion. Current borrowings under the facility bear interest at 0.4% above the London Interbank Offered Rate and a facility fee of 0.1% per annum is payable on the amount of the facility. The interest rate and facility fee are subject to adjustment if the Corporation's credit rating changes.

The Corporation has a 364 day asset-backed credit facility securitized by certain accounts receivable from its Marketing and Refining operations. Under the terms of this financing arrangement, the Corporation has the ability to borrow or issue letters of credit of up to $1.0 billion at December 31, 2009, subject to the availability of sufficient levels of eligible receivables. At December 31, 2009, outstanding letters of credit under this facility were collateralized by a total of $1,326 million of accounts receivable, which are held by a wholly-owned subsidiary. These receivables are only available to pay the general obligations of the Corporation after satisfaction of the outstanding obligations under the asset backed facility.

In 2009, the Corporation assumed an additional $65 million in fixed rate notes in connection with the acquisition of 37 previously leased retail gasoline stations.

The Corporation's long-term debt agreements contain a financial covenant that restricts the amount of total borrowings and secured debt. At December 31, 2009, the Corporation is permitted to borrow up to an additional $18.1 billion for the construction or acquisition of assets. The Corporation has the ability to borrow up to an additional $3.7 billion of secured debt at December 31, 2009.

Outstanding letters of credit at December 31 were as follows:

	2009	2008
	(Millions of dollars)	
Revolving credit facility	**$ —**	$ 176
Asset-backed credit facility	**500**	—
Committed lines*	**1,155**	1,973
Uncommitted short-term lines*	**1,192**	1,686
Total	**$2,847**	$3,835

* *Committed and uncommitted lines have expiration dates primarily through 2010.*

Of the total letters of credit outstanding at December 31, 2009, $100 million relates to contingent liabilities and the remaining $2,747 million primarily relates to liabilities recorded on the balance sheet.

The total amount of interest paid (net of amounts capitalized) was $335 million, $266 million and $257 million in 2009, 2008 and 2007, respectively. The Corporation capitalized interest of $6 million, $7 million and $50 million in 2009, 2008, and 2007, respectively.

8. Share-Based Compensation

The Corporation awards restricted common stock and stock options under its 2008 Long-Term Incentive Plan. Generally, stock options vest in one to three years from the date of grant, have a 10-year option life, and the exercise price equals or exceeds the market price on the date of grant. Outstanding restricted common stock generally vests in three years from the date of grant.

Share-based compensation expense consists of the following:

	Before Income Taxes			After Income Taxes		
	2009	2008	2007	2009	2008	2007
	(Millions of dollars)					
Stock options	**$ 58**	$ 51	$ 36	**$ 36**	$ 31	$ 23
Restricted stock	**70**	68	51	**44**	43	31
Total	**$ 128**	$ 119	$ 87	**$ 80**	$ 74	$ 54

Based on restricted stock and stock option awards outstanding at December 31, 2009, unearned compensation expense, before income taxes, will be recognized in future years as follows (in millions): 2010 — $88, 2011 — $42 and 2012 — $4.

The Corporation's stock option and restricted stock activity consisted of the following:

	Stock Options		Restricted Stock	
	Options	Weighted-Average Exercise Price per Share	Shares of Restricted Common Stock	Weighted-Average Price on Date of Grant
	(Thousands)		(Thousands)	
Outstanding at January 1, 2007	12,923	$ 29.68	5,044	$ 27.68
Granted	3,066	53.82	1,032	53.92
Exercised	(4,566)	24.07	—	—
Vested	—	—	(1,184)	24.53
Forfeited	(131)	46.41	(91)	36.40
Outstanding at December 31, 2007	11,292	38.31	4,801	33.93
Granted	2,473	82.55	1,289	85.22
Exercised	(3,852)	29.17	—	—
Vested	—	—	(2,787)	21.40
Forfeited	(213)	60.61	(142)	58.60
Outstanding at December 31, 2008	**9,700**	**52.73**	**3,161**	**64.78**
Granted	**3,135**	**56.44**	**1,056**	**56.27**
Exercised	**(416)**	**38.85**	**—**	**—**
Vested	**—**	**—**	**(893)**	**50.13**
Forfeited	**(317)**	**65.68**	**(376)**	**66.11**
Outstanding at December 31, 2009	**12,102**	**53.83**	**2,948**	**66.00**
Exercisable at December 31, 2007	5,408	$ 27.34		
Exercisable at December 31, 2008	4,522	36.95		
Exercisable at December 31, 2009	**6,636**	**46.11**		

The table below summarizes information regarding the outstanding and exercisable stock options as of December 31, 2009:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Options	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price per Share	Options	Weighted-Average Exercise Price per Share
	(Thousands)	(Years)		(Thousands)	
$10.00 – $40.00	2,321	4	$ 26.04	2,321	$ 26.04
$40.01 – $50.00	1,943	6	49.15	1,937	49.17
$50.01 – $55.00	2,325	7	53.19	1,479	53.20
$55.01 – $60.00	3,097	9	56.48	42	57.69
$60.01 – $120.00	2,416	8	81.50	857	80.78
	12,102	7	53.83	6,636	46.11

The intrinsic value (or the amount by which the market price of the Corporation's Common Stock exceeds the exercise price of an option) for outstanding options and exercisable options at December 31, 2009 was $132 million and $113 million, respectively. At December 31, 2009, assuming forfeitures of 2% per year, 11,900,000 outstanding options are expected to vest at a weighted average exercise price of $53.70 per share. At December 31, 2009, the weighted average remaining term of exercisable options was 6 years.

The Corporation uses the Black-Scholes model to estimate the fair value of employee stock options. The following weighted average assumptions were utilized for stock options awarded:

	2009	2008	2007
Risk free interest rate	**1.80%**	2.70%	4.70%
Stock price volatility	**.390**	.294	.316
Dividend yield	**.70%**	.50%	.75%
Expected term in years	**4.5**	5.0	5.0
Weighted average fair value per option granted	**$18.47**	$24.09	$18.07

The assumption above for the risk free interest rate is based on the expected terms of the options and is obtained from published sources. The stock price volatility is determined from historical experience using the same period as the expected terms of the options. The expected stock option term is based on historical exercise patterns and the expected future holding period.

In May 2008, shareholders approved the 2008 Long-Term Incentive Plan. The Corporation also has stock options outstanding under a former plan. At December 31, 2009, the number of common shares reserved for issuance under the 2008 Long-Term Incentive Plan is as follows (in thousands):

Total common shares reserved for issuance	10,844
Less: stock options outstanding	3,111
Available for future awards of restricted stock and stock options	7,733

9. Foreign Currency Translation

Foreign currency gains (losses) before income taxes amounted to $20 million in 2009, $(212) million in 2008 and $17 million in 2007. The foreign currency loss in 2008 reflects the net effect of significant exchange rate movements in the fourth quarter of 2008 on the remeasurement of assets, liabilities and foreign currency forward contracts by certain foreign businesses. The balances in accumulated other comprehensive income (loss) related to foreign currency translation were reductions in stockholders' equity of $18 million at December 31, 2009 and $123 million at December 31, 2008.

10. Retirement Plans

The Corporation has funded noncontributory defined benefit pension plans for a significant portion of its employees. In addition, the Corporation has an unfunded supplemental pension plan covering certain employees. The unfunded supplemental pension plan provides for incremental pension payments from the Corporation so that total pension payments equal amounts that would have been payable from the Corporation's principal pension plans, were it not for limitations imposed by income tax regulations. The plans provide defined benefits based on years of service and final average salary. Additionally, the Corporation maintains an unfunded postretirement medical plan that provides health benefits to certain qualified retirees from ages 55 through 65. The measurement date for all retirement plans is December 31.

The following table summarizes the Corporation's benefit obligations and the fair value of plan assets and shows the funded status of the pension and postretirement medical plans:

	Funded Pension Plans		Unfunded Pension Plan		Postretirement Medical Plan	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
			(Millions of dollars)			
Change in benefit obligation						
Balance at January 1	**$1,125**	$1,136	**$ 165**	$ 147	**$ 77**	$ 86
Service cost	**34**	36	**6**	6	**3**	3
Interest cost	**72**	71	**11**	9	**4**	4
Actuarial (gain) loss	**139**	19	**43**	11	**3**	(13)
Benefit payments	**(43)**	(42)	**(2)**	(8)	**(3)**	(3)
Plan settlement*	**—**	—	**(35)**	—	**—**	—
Foreign currency exchange rate changes	**32**	(95)	**—**	—	**—**	—
Balance at December 31	**1,359**	1,125	**188**	165	**84**	77
Change in fair value of plan assets						
Balance at January 1	**745**	1,075	**—**	—	**—**	—
Actual return on plan assets	**161**	(280)	**—**	—	**—**	—
Employer contributions	**183**	70	**37**	8	**3**	3
Benefit payments	**(43)**	(42)	**(37)**	(8)	**(3)**	(3)
Foreign currency exchange rate changes	**26**	(78)	**—**	—	**—**	—
Balance at December 31	**1,072**	745	**—**	—	**—**	—
Funded status (plan assets less than benefit obligations) at December 31	**(287)**	(380)	**(188)****	(165)**	**(84)**	(77)
Unrecognized net actuarial losses	**495**	513	**92**	78	**16**	13
Net amount recognized	**$ 208**	$ 133	**$ (96)**	$ (87)	**$ (68)**	$ (64)

* *The plan settlement relates to employee retirements during 2009. As a result, the Corporation recorded a charge of $17 million ($10 million after income taxes) for the impact of this settlement.*

** *The trust established by the Corporation for the supplemental plan held assets valued at $40 million at December 31, 2009 and $65 million at December 31, 2008.*

Amounts recognized in the consolidated balance sheet at December 31 consist of the following:

	Funded Pension Plans		Unfunded Pension Plan		Postretirement Medical Plan	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
			(Millions of dollars)			
Accrued benefit liability	**$ (287)**	$ (380)	**$ (188)**	$ (165)	**$ (84)**	$ (77)
Accumulated other comprehensive loss*	**495**	513	**92**	78	**16**	13
Net amount recognized	**$ 208**	$ 133	**$ (96)**	$ (87)	**$ (68)**	$ (64)

* *The after-tax reduction to equity recorded in Accumulated other comprehensive income (loss) was $413 million at December 31, 2009 and $407 million at December 31, 2008.*

The accumulated benefit obligation for the funded defined benefit pension plans was $1,229 million at December 31, 2009 and $1,032 million at December 31, 2008. The accumulated benefit obligation for the unfunded defined benefit pension plan was $172 million at December 31, 2009 and $149 million at December 31, 2008.

Components of net periodic benefit cost for funded and unfunded pension plans and the postretirement medical plan consisted of the following:

	Pension Plans			Postretirement Medical Plan		
	2009	2008	2007	2009	2008	2007
	(Millions of dollars)					
Service cost	**$ 40**	$ 42	$ 41	**$ 3**	$ 3	$ 3
Interest cost	**83**	80	73	**4**	4	4
Expected return on plan assets	**(59)**	(80)	(74)	**—**	—	—
Amortization of unrecognized net actuarial loss	**65**	19	23	**—**	—	(1)
Settlement loss	**17**	—	—	**—**	—	2
Net periodic benefit cost	**$146**	$ 61	$ 63	**$ 7**	$ 7	$ 8

Prior service costs and actuarial gains and losses in excess of 10% of the greater of the benefit obligation or the market value of assets are amortized over the average remaining service period of active employees.

The Corporation's 2010 pension and postretirement medical expense is estimated to be approximately $110 million, of which approximately $50 million relates to the amortization of unrecognized net actuarial losses.

The weighted-average actuarial assumptions used by the Corporation's funded and unfunded pension plans were as follows:

	2009	2008	2007
Weighted-average assumptions used to determine benefit obligations at December 31			
Discount rate	**5.8%**	6.3%	6.3%
Rate of compensation increase	**4.3**	4.4	4.4
Weighted-average assumptions used to determine net benefit cost for years ended December 31			
Discount rate	**6.3**	6.3	5.8
Expected return on plan assets	**7.5**	7.5	7.5
Rate of compensation increase	**4.4**	4.4	4.4

The actuarial assumptions used by the Corporation's postretirement medical plan were as follows:

	2009	2008	2007
Assumptions used to determine benefit obligations at December 31			
Discount rate	**5.4%**	6.3%	6.3%
Initial health care trend rate	**8.0%**	9.0%	9.0%
Ultimate trend rate	**4.5%**	4.5%	4.5%
Year in which ultimate trend rate is reached	**2013**	2013	2013

The assumptions used to determine net periodic benefit cost for each year were established at the end of each previous year while the assumptions used to determine benefit obligations were established at each year-end. The net periodic benefit cost and the actuarial present value of benefit obligations are based on actuarial assumptions that are reviewed on an annual basis. The discount rate is developed based on a portfolio of high-quality, fixed-income debt instruments with maturities that approximate the expected payment of plan obligations. The overall expected return on plan assets is developed from the expected future returns for each asset category, weighted by the target allocation of pension assets to that asset category.

The Corporation's investment strategy is to maximize long-term returns at an acceptable level of risk through broad diversification of plan assets in a variety of asset classes. Asset classes and target allocations are determined by the Corporation's investment committee and include domestic and foreign equities, fixed income, and other investments, including hedge funds, real estate and private equity. Investment managers are prohibited from investing in securities issued by the Corporation unless indirectly held as part of an index strategy. The majority of plan assets are highly liquid, providing ample liquidity for benefit payment requirements. The current target allocations for plan assets are 50% equity securities, 25% fixed income securities (including cash and short-term investment funds) and 25% to all other types of investments. Asset allocations are rebalanced on a periodic basis throughout the year to bring assets to within an acceptable range of target levels.

The following table provides the fair value of the Plan's financial assets as of December 31, 2009 in accordance with the fair value measurement hierarchy described in Note 1, Summary of Significant Accounting Policies (in millions):

	Level 1	Level 2	Level 3	Total
Cash and short-term investment funds	$ 5	$ 39	$ —	$ 44
Equities:				
U.S. equities (domestic)	318	—	—	318
International equities (non-U.S.)	34	93	—	127
Global equities (domestic and non-U.S.)	19	117	—	136
Fixed income:				
Treasury and government issued(a)	—	74	3	77
Government related(b)	—	24	2	26
Mortgage backed securities(c)	—	60	1	61
Corporate	—	78	2	80
Other:				
Hedge funds	—	—	143	143
Private equity funds	—	—	29	29
Real estate funds	6	—	14	20
Diversified commodities funds	—	11	—	11
	$ 382	$ 496	$ 194	$1,072

(a) Includes securities issued and guaranteed by U.S. and non-U.S. governments.

(b) Primarily consists of securities issued by governmental agencies and municipalities.

(c) Comprised of U.S. residential and commercial mortgage backed securities.

Cash and short-term investment funds consist of cash on hand and short-term investment funds. The short-term investment funds provide for daily investments and redemptions and are valued and carried at a $1 net asset value (NAV) per fund share.

Equities consist of equity securities issued by U.S. and non-U.S. corporations as well as commingled investment funds that invest in equity securities. Individually held equity securities are traded actively on exchanges and price quotes for these shares are readily available. Individual equity securities are classified as Level 1. Commingled investment funds are investment vehicles that are not publicly traded, but whose underlying assets are publicly traded with price quotes readily available. Commingled fund values reflect the NAV per fund share, derived from the quoted prices in active markets of the underlying securities. Equity commingled funds are classified as Level 2.

Fixed income investments consist of securities issued by the U.S. government, non-U.S. governments, governmental agencies, municipalities and corporations, and agency and non-agency mortgage backed securities. This investment category also includes commingled investment funds that invest in fixed income securities. Individual fixed income securities are generally priced on the basis of evaluated prices from independent pricing services. Such prices are monitored and provided by an independent, third-party custodial firm safekeeping plan assets. Individual fixed income securities are classified as Level 2 or 3. Commingled fund values reflect the NAV per fund share, derived indirectly from observable inputs or from quoted prices in less liquid markets of the underlying securities. Fixed income commingled funds are classified as Level 2.

Other investments consist of exchange-traded real estate investment trust securities as well as commingled fund and limited partnership investments in hedge funds, private equity, real estate and diversified commodities. Exchange-traded securities are classified as Level 1. Commingled fund values reflect the NAV per fund share and are classified as Level 2 or 3. Private equity and real estate limited partnership values reflect information reported by the fund managers, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data and independent appraisals from third-party sources with professional qualifications. Hedge funds, private equity and non-exchange-traded real estate investments are classified as Level 3.

The following table provides changes in financial assets that are measured at fair value based on Level 3 inputs that are held by institutional funds classified as (in millions):

	Fixed Income*	Hedge Funds	Private Equity Funds	Real Estate Funds	Total
Balance at January 1, 2009	$ 12	$127	$ 25	$ 20	$184
Actual return on plan assets:					
Related to assets held at December 31, 2009	4	15	(4)	(7)	8
Related to assets sold during 2009	(1)	1	—	—	—
Purchases, sales or other settlements	(2)	—	8	1	7
Net transfers in and/or out of Level 3	(5)	—	—	—	(5)
Balance at December 31, 2009	$ 8	$143	$ 29	$ 14	$194

* *Fixed Income includes treasury and government issued, government related, mortgage backed and corporate securities.*

The Corporation has budgeted contributions of approximately $145 million to its funded pension plans in 2010. The Corporation has not budgeted any contributions to the trust established for the unfunded plan.

Estimated future benefit payments for the funded and unfunded pension plans and the postretirement medical plan, which reflect expected future service, are as follows (in millions):

2010	$ 78
2011	100
2012	77
2013	87
2014	90
Years 2015 to 2019	568

The Corporation also contributes to several defined contribution plans for eligible employees. Employees may contribute a portion of their compensation to the plans and the Corporation matches a portion of the employee contributions. The Corporation recorded expense of $24 million in 2009, $22 million in 2008, and $19 million in 2007 for contributions to these plans.

11. Income Taxes

The provision for (benefit from) income taxes consisted of:

	2009	2008	2007
	(Millions of dollars)		
Federal			
Current	**$ 39**	$ 10	$ 2
Deferred	**(284)**	(140)	62
State	**(15)**	10	(149)
	(260)	(120)	(85)*
Foreign			
Current	**1,143**	2,377	1,898
Deferred	**(168)**	87	64
	975	2,464	1,962
Adjustment of deferred tax liability for foreign income tax rate change	**—**	(4)	(5)
Total provision for income taxes	**$ 715**	$2,340	$1,872

* *Includes a provision for an increase in the valuation allowance for foreign tax credit carryforwards of $81 million and a benefit from a decrease in the valuation allowance for state net operating loss carryforwards of $96 million.*

Income (loss) before income taxes consisted of the following:

	2009	2008	2007
	(Millions of dollars)		
United States*	**$ (711)**	$ (349)	$ (147)
Foreign**	**2,233**	5,046	3,972
Total income before income taxes	**$1,522**	$4,697	$3,825

* *Includes substantially all of the Corporation's interest expense and the results of hedging activities.*

** *Foreign income includes the Corporation's Virgin Islands and other operations located outside of the United States.*

A summary of the components of deferred tax liabilities, deferred tax assets and taxes deferred at December 31 follows:

	2009	2008
	(Millions of dollars)	
Deferred tax liabilities		
Property, plant and equipment and investments	**$3,021**	$2,918
Deferred taxes on undistributed earnings of foreign subsidiaries	**174**	—
Other	**13**	114
Total deferred tax liabilities	**3,208**	3,032
Deferred tax assets		
Net operating loss carryforwards	**529**	1,832
Tax credit carryforwards	**860**	458
Property, plant and equipment	**1,575**	—
Accrued liabilities	**459**	415
Asset retirement obligations	**484**	406
Other	**339**	227
Total deferred tax assets	**4,246**	3,338
Valuation allowance	**(500)**	(266)
Total deferred tax assets, net	**3,746**	3,072
Net deferred tax assets	**$ 538**	$ 40

Net deferred tax assets in the foregoing table include the deferral of the tax consequences of the utilization of approximately $4 billion of net operating loss carryforwards in the United States during 2009 resulting from intercompany transactions eliminated in consolidation related to transfers of property, plant and equipment remaining within the consolidated group. At December 31, 2009, the Corporation has remaining federal net operating loss carryforwards in the United States of approximately $49 million which will expire in 2029. The remaining net operating loss carryforwards relate primarily to foreign operations and expire in years after 2028. At December 31, 2009, the Corporation has alternative minimum tax credit carryforwards of approximately $192 million, which can be carried forward indefinitely. Foreign tax credit carryforwards, which expire in 2010 to 2019 total $623 million. The Corporation also has approximately $45 million of general business credits, substantially all of which expire between 2012 and 2025.

In the consolidated balance sheet at December 31, deferred tax assets and liabilities from the preceding table are netted by taxing jurisdiction, combined with taxes deferred on intercompany transactions, and are recorded in the following captions:

	2009	2008
	(Millions of dollars)	
Other current assets	**$ 372**	$ 188
Deferred income taxes (long-term asset)	**2,409**	2,292
Accrued liabilities	**(21)**	(199)
Deferred income taxes (long-term liability)	**(2,222)**	(2,241)
Net deferred tax assets	**$ 538**	$ 40

The difference between the Corporation's effective income tax rate and the United States statutory rate is reconciled below:

	2009	2008	2007
United States statutory rate	**35.0%**	35.0%	35.0%
Effect of foreign operations	**15.2**	12.7	14.8
State income taxes, net of Federal income tax	**(1.2)**	0.1	(2.5)
Other	**(2.0)**	2.0	1.6
Total	**47.0%**	49.8%	48.9%

Below is a reconciliation of the beginning and ending amount of unrecognized tax benefits (millions of dollars):

	2009	2008
Balance at January 1	**$ 175**	$ 165
Additions based on tax positions taken in the current year	**106**	16
Additions based on tax positions of prior years	**25**	11
Reductions based on tax positions of prior years	**(3)**	(15)
Reductions due to settlements with taxing authorities	**(20)**	(2)
Reductions due to lapse of statutes of limitation	**(12)**	—
Balance at December 31	**$ 271**	$ 175

At December 31, 2009, the unrecognized tax benefits include $197 million, which if recognized, would affect the Corporation's effective income tax rate. Over the next 12 months, it is reasonably possible that the total amount of unrecognized tax benefits could decrease by up to $25 million due to settlements with taxing authorities.

The Corporation has not recognized deferred income taxes for that portion of undistributed earnings of foreign subsidiaries expected to be indefinitely reinvested in foreign operations. The Corporation had undistributed earnings from foreign subsidiaries expected to be indefinitely reinvested in foreign operations of approximately $3.4 billion at December 31, 2009. If these earnings were not indefinitely reinvested, a deferred tax liability of approximately $1.2 billion would be recognized, not accounting for the potential utilization of foreign tax credits in the United States.

The Corporation and its subsidiaries file income tax returns in the United States and various foreign jurisdictions. The Corporation is no longer subject to examinations by income tax authorities in most jurisdictions for years prior to 2003.

Income taxes paid (net of refunds) in 2009, 2008, and 2007 amounted to $1,177 million, $2,420 million and $1,826 million, respectively. The Corporation had accrued interest and penalties of approximately $17 million as of December 31, 2009 and approximately $6 million as of December 31, 2008.

12. Outstanding and Weighted Average Common Shares

The following table provides the changes in the Corporation's outstanding common shares:

	2009	2008	2007
	(Thousands of shares)		
Balance at January 1	**326,133**	320,600	315,018
Activity related to restricted common stock awards, net	**680**	1,148	941
Employee stock options	**416**	3,852	4,566
Conversion of preferred stock	**—**	533	75
Balance at December 31	**327,229**	326,133	320,600

During 2008, the Corporation's remaining 284,139 outstanding shares of 3% cumulative convertible preferred shares were converted into common stock at a conversion rate of 1.8783 shares of common stock for each preferred share. The Corporation issued 533,697 shares of common stock for the conversion of these preferred shares and fractional shares were settled by cash payments.

The weighted average number of common shares used in the basic and diluted earnings per share computations for each year is summarized below:

	2009	2008	2007
	(Thousands of shares)		
Common shares — basic	**323,890**	320,803	312,736
Effect of dilutive securities			
Stock options	**836**	2,870	2,925
Restricted common stock	**1,239**	1,815	3,066
Convertible preferred stock	**—**	359	585
Common shares — diluted	**325,965**	325,847	319,312

The calculation of weighted average common shares excludes the effect of 4,050,000, 425,000 and 715,000 out-of-the-money options for 2009, 2008 and 2007, respectively. Cash dividends on common stock totaled $0.40 per share ($0.10 per quarter) during 2009, 2008 and 2007.

13. Leased Assets

The Corporation and certain of its subsidiaries lease gasoline stations, drilling rigs, tankers, office space and other assets for varying periods under contractual obligations accounted for as operating leases. Certain operating leases provide an option to purchase the related property at fixed prices. At December 31, 2009, future minimum rental payments applicable to non-cancelable operating leases with remaining terms of one year or more (other than oil and gas property leases) are as follows (in millions):

2010	$ 482
2011	341
2012	354
2013	357
2014	320
Remaining years	1,428
Total minimum lease payments	3,282
Less: income from subleases	144
Net minimum lease payments	$3,138

Operating lease expenses for drilling rigs used to drill development wells and successful exploration wells are capitalized.

Rental expense was as follows:

	2009	2008	2007
	(Millions of dollars)		
Total rental expense	**$266**	$270	$266
Less: income from subleases	**11**	12	13
Net rental expense	**$255**	$258	$253

14. Risk Management and Trading Activities

In the normal course of its business, the Corporation is exposed to commodity risks related to changes in the prices of crude oil, natural gas, refined products and electricity, as well as to changes in interest rates and foreign currency values. The Corporation also has trading operations, principally through a 50% voting interest in a consolidated partnership, that are exposed to commodity price risks primarily related to the prices of crude oil, natural gas and refined products.

The Corporation maintains a control environment under the direction of its chief risk officer and through its corporate risk policy, which the Corporation's senior management has approved. Controls include volumetric, term and value-at-risk limits. The chief risk officer must approve the use of new instruments or commodities. Risk limits are monitored and reported on daily to business units and to senior management. The Corporation's risk management department also performs independent verifications of sources of fair values and validations of valuation models. These controls apply to all of the Corporation's risk management and trading activities, including the consolidated trading partnership. The Corporation's treasury department is responsible for administering foreign exchange and interest rate hedging programs.

Following is a description of the Corporation's activities that use derivatives as part of their operations and strategies. Derivatives include both financial instruments and forward purchase and sale contracts. Gross notional amounts of both long and short positions are presented in the volume tables below. These amounts include long and short positions that offset in a closed position and have not reached contractual maturity. Gross notional amounts do not quantify risk or represent assets or liabilities of the Corporation, but are used in the calculation of cash settlements under the contracts.

Energy Marketing Activities: In its energy marketing activities the Corporation sells refined petroleum products, natural gas and electricity principally to commercial and industrial businesses at fixed and floating prices for varying periods of time. Commodity contracts such as futures, forwards, swaps and options, together with physical assets such as storage, are used to obtain supply and reduce margin volatility or lower costs related to sales contracts with customers.

The table below shows the gross volume of the Corporation's energy marketing commodity contracts outstanding at December 31, 2009:

Commodity Contracts	
Crude oil and refined products (millions of barrels)	34
Natural gas (millions of mcf)	1,876
Electricity (millions of megawatt hours)	166

At December 31, 2009, a portion of energy marketing commodity contracts are designated as cash flow hedges to hedge variability of expected future cash flows of forecasted supply transactions. The length of time over which the Corporation hedges exposure to variability in future cash flows is predominantly two years or less. For contracts outstanding at December 31, 2009, the maximum duration was five years. The Corporation records the effective portion of changes in the fair value of cash flow hedges as a component of other comprehensive income. Amounts recorded in Accumulated other comprehensive income are reclassified into Cost of products sold in the same period that the hedged item is recognized in earnings. The ineffective portion of changes in fair value of cash flow hedges is recognized immediately in Cost of products sold.

At December 31, 2009, the after-tax deferred losses relating to energy marketing activities recorded in Accumulated other comprehensive income were $303 million ($335 million at December 31, 2008). The Corporation estimates that approximately $224 million of this amount will be reclassified into earnings over the next twelve months. During 2009, 2008 and 2007, the Corporation reclassified after-tax income (losses) from Accumulated other comprehensive income of $(596) million, $112 million and $(81) million, respectively. The amount of gain (loss) from hedge ineffectiveness reflected in earnings in 2009, 2008 and 2007 was $(2) million in 2009, less than $1 million in 2008 and $(5) million in 2007. The change in the fair value of energy marketing cash flow hedges was $(564) million in 2009, $(255) million in 2008 and $(3) million in 2007.

The change in fair value of other energy marketing commodity contracts that are not designated as hedges are recognized currently in earnings. Revenues from the sales contracts are recognized in Sales and other operating revenues, supply contract purchases are recognized in Cost of products sold and net settlements from financial derivatives are recognized in Cost of products sold. Net realized and unrealized pre-tax gains on derivative contracts not designated as hedges amounted to $102 million in 2009.

Corporate Risk Management: Corporate risk management activities include transactions designed to reduce risk in the selling prices of crude oil or natural gas produced by the Corporation or to reduce exposure to foreign currency movements. Generally, futures, swaps or option strategies may be used to fix the forward selling price of a portion of the Corporation's crude oil or natural gas production. Forward contracts may also be used to purchase certain currencies in which the Corporation does business with the intent of reducing exposure to foreign currency fluctuations.

The table below shows the gross volume of Corporate risk management derivative instruments outstanding at December 31, 2009:

Commodity contracts, primarily crude oil (millions of barrels)*	54
Foreign exchange contracts (millions of U.S. dollars)	872

* *Includes gross volumes associated with the offsetting crude oil hedge positions.*

During 2008, the Corporation closed Brent crude oil cash flow hedges covering 24,000 barrels per day through 2012 by entering into offsetting contracts with the same counterparty. As a result, the valuation of those contracts is no longer subject to change due to price fluctuations. There were no other open hedges of crude oil or natural gas production at December 31, 2009. Hedging activities decreased Exploration and Production earnings by $337 million in 2009, $423 million in 2008 and $244 million in 2007. The pre-tax amount of these hedge losses is reflected in Sales and other operating revenue. The gain (loss) from hedge ineffectiveness reflected in revenue was less than $1 million in 2009, $(13) million in 2008 and $6 million in 2007.

At December 31, 2009, the after-tax deferred losses in Accumulated other comprehensive income relating to Corporate risk management cash flow hedges were $941 million ($1,143 million at December 31, 2008). These deferred losses result from the Brent crude oil hedges referred to above that cover ongoing production of 24,000 barrels per day from 2010 through 2012. The Corporation estimates that approximately $335 million of this amount will be reclassified into earnings over the next twelve months. The pre-tax amount of deferred hedge losses is reflected in Accounts payable and the related income tax benefits are recorded as Deferred income tax assets on the balance sheet.

The change in fair value of foreign exchange contracts are not designated as hedges. Gains or losses in foreign exchange contracts, maturing through 2010, are recognized immediately in Other, net in revenues and non-operating income.

For the year ended December 31, 2009, net pre-tax gains on derivative contracts used for Corporate risk management and not designated as hedges amounted to the following (in millions):

Commodity	$ 9
Foreign exchange	86
Total	$95

Trading Activities: Trading activities are conducted principally through a trading partnership in which the Corporation has a 50% voting interest. This consolidated entity intends to generate earnings through various strategies primarily using energy commodities, securities and derivatives. The Corporation also takes trading positions for its own account.

The table below shows the gross volume of the Corporation's trading derivative instruments outstanding at December 31, 2009:

Commodity Contracts	
Crude oil and refined products (millions of barrels)	2,251
Natural gas (millions of mcf)	6,927
Electricity (millions of megawatt hours)	6
Other Contracts (millions of U.S. dollars)	
Interest rate	495
Foreign exchange	335

For the year ended December 31, 2009, pre-tax gains recorded in Sales and other operating revenues from trading activities amounted to the following (in millions):

Commodity	$196
Foreign exchange	23
Interest rate and other	17
Total	$236

Fair Value Measurements: The Corporation determines fair value in accordance with the fair value measurements accounting standard (ASC 820 — Fair Value Measurements and Disclosures), which established a hierarchy that categorizes the sources of inputs, which generally range from quoted prices for identical instruments in a principal trading market (Level 1) to estimates determined using related market data (Level 3). Multiple inputs may be used to measure fair value, however, the level of fair value for each financial asset or liability presented below is based on the lowest significant input level within this fair value hierarchy. The following table provides the fair value of the Corporation's financial assets and (liabilities) based on this hierarchy:

	Level 1	Level 2	Level 3	Collateral and counterparty netting	December 31,
	(Millions of dollars)				
2009					
Derivative contracts					
Assets	**$ 46**	**$ 1,139**	**$ 119**	**$ (366)**	**$ 938**
Liabilities	**(151)**	**(2,910)**	**(36)**	**320**	**(2,777)**
Other assets and liabilities measured at fair value on a recurring basis					
Assets	**37**	**21**	**5**	**—**	**63**
Liabilities	**—**	**(66)**	**(4)**	**—**	**(70)**
2008					
Derivative contracts					
Assets	$ 449	$ 1,795	$ 695	$ (1,023)	$ 1,916
Liabilities	(397)	(3,395)	(556)	712	(3,636)
Other assets and liabilities measured at fair value on a recurring basis					
Assets	55	—	10	—	65
Liabilities	—	(17)	—	—	(17)

The following table provides changes in financial assets and liabilities that are measured at fair value based on Level 3 inputs:

	Year Ended December 31, 2009	2008
	(Millions of dollars)	
Balance at January 1	**$ 149**	$ (4)
Unrealized gains (losses)		
Included in earnings	**103**	634
Included in other comprehensive income	**15**	(351)
Purchases, sales or other settlements during the period	**(144)**	(37)
Net transfers in to (out of) Level 3	**(39)**	(93)
Balance at December 31	**$ 84**	$ 149

The table below reflects the gross and net fair values of the Corporation's derivative instruments as of December 31, 2009:

	Accounts Receivable	Accounts Payable
	(Millions of dollars)	
Derivative contracts designated as hedging instruments		
Commodity	$ 748	$ (1,166)
Derivative contracts not designated as hedging instruments*		
Commodity	9,145	(10,493)
Foreign exchange	3	(26)
Other	12	(14)
Total derivative contracts not designated as hedging instruments	9,160	(10,533)
Gross fair value of derivative contracts	9,908	(11,699)
Master netting arrangements	(8,653)	8,653
Cash collateral (received) posted	(317)	269
Net fair value of derivative contracts	$ 938	$ (2,777)

* *Includes trading derivatives and derivatives used for risk management.*

The Corporation generally enters into master netting arrangements to mitigate counterparty credit risk. Master netting arrangements are standardized contracts that govern all specified transactions with the same counterparty and allow the Corporation to terminate all contracts upon occurrence of certain events, such as a counterparty's default or bankruptcy. Where these arrangements provide the right of offset and the Corporation's intent and practice is to offset amounts in the case of contract terminations, the Corporation records fair value on a net basis.

The carrying amounts of the Corporation's financial instruments and derivatives are recorded at their fair values at December 31, 2009 and 2008, while fixed rate long-term debt is recorded at a carrying value of $4,467 million (fair value of $5,073 million) at December 31, 2009 and a carrying value of $3,103 million (fair value of $3,031 million) at December 31, 2008.

Credit Risk: The Corporation is exposed to credit risks that may at times be concentrated with certain counterparties or groups of counterparties. Accounts receivable are generated from a diverse domestic and international customer base. The Corporation's net receivables at December 31, 2009 are concentrated with counterparties as follows: oil and gas companies — 14%, US government entities — 13%, manufacturers — 12% and domestic and foreign trading companies — 11%. The Corporation reduces its risk related to certain counterparties by using master netting arrangements and requiring collateral, generally cash or letters of credit. The Corporation records the cash collateral received or posted as an offset of the fair value of derivatives executed with the same counterparty. At December 31, 2009 and 2008, the Corporation is holding cash from counterparties of approximately $317 million and $705 million, respectively. The Corporation has posted cash to counterparties at December 31, 2009 and 2008 of approximately $269 million and $394 million, respectively.

At December 31, 2009, the Corporation had a total of $2,847 million of outstanding letters of credit, primarily issued to satisfy margin requirements. Certain of the Corporation's agreements also contain contingent collateral provisions that could require the Corporation to post additional collateral if the Corporation's credit rating declines. As of December 31, 2009, the net liability related to derivatives with contingent collateral provisions was approximately $2,120 million before cash collateral posted of approximately $260 million. At December 31, 2009, all three major credit rating agencies that rate the Corporation's debt had assigned an investment grade rating. If two of the three agencies were to downgrade the Corporation's rating to below investment grade, as of December 31, 2009, the Corporation would be required to post additional collateral of approximately $281 million.

15. Guarantees and Contingencies

At December 31, 2009, the Corporation's guarantees include $121 million of HOVENSA's crude oil purchases and $15 million of HOVENSA's senior debt obligations. In addition, the Corporation has $100 million in letters of credit for which it is contingently liable. As a result, the maximum potential amount of future payments that the Corporation could be required to make under its guarantees is $236 million at December 31, 2009 ($219 million at December 31, 2008). The Corporation also has a contingent purchase obligation expiring in April 2012, to acquire the remaining interest in WilcoHess, a retail gasoline station joint venture. As of December 31, 2009, the estimated value of the purchase obligation is approximately $184 million.

The Corporation is subject to loss contingencies with respect to various lawsuits, claims and other proceedings, including environmental matters. A liability is recognized in the Corporation's consolidated financial statements when it is probable a loss has been incurred and the amount can be reasonably estimated. If the risk of loss is probable, but the amount cannot be reasonably estimated or the risk of loss is only reasonably possible, a liability is not accrued; however, the Corporation discloses the nature of those contingencies.

The Corporation, along with many other companies engaged in refining and marketing of gasoline, has been a party to lawsuits and claims related to the use of methyl tertiary butyl ether (MTBE) in gasoline. A series of similar lawsuits, many involving water utilities or governmental entities, were filed in jurisdictions across the United States against producers of MTBE and petroleum refiners who produced gasoline containing MTBE, including the Corporation. The principal allegation in all cases is that gasoline containing MTBE is a defective product and that these parties are strictly liable in proportion to their share of the gasoline market for damage to groundwater resources and are required to take remedial action to ameliorate the alleged effects on the environment of releases of MTBE. In 2008, the majority of the cases against the Corporation were settled. In February 2010, the Corporation reached an agreement in principle to settle all but three of the remaining cases. The three unresolved cases consist of two cases that have been consolidated for pre-trial purposes in the Southern District of New York as part of a multi-district litigation proceeding and an action brought in state court by the State of New Hampshire. In 2007, a pre-tax charge of $40 million was recorded to cover all of the known MTBE cases against the Corporation.

Over the last several years, many refiners have entered into consent agreements to resolve the United States Environmental Protection Agency's (EPA) assertions that refining facilities were modified or expanded without complying with New Source Review regulations that require permits and new emission controls in certain circumstances and other regulations that impose emissions control requirements. These consent agreements, which arise out of an EPA enforcement initiative focusing on petroleum refiners and utilities, have typically imposed substantial civil fines and penalties and required (i) significant capital expenditures to install emissions control equipment over a three to eight year time period and (ii) changes to operations which resulted in increased operating costs. The capital expenditures, penalties and supplemental environmental projects for individual refineries covered by the settlements can vary significantly, depending on the size and configuration of the refinery, the circumstances of the alleged modifications and whether the refinery has previously installed more advanced pollution controls. The EPA initially contacted the Corporation and HOVENSA regarding the Petroleum Refinery Initiative in August 2003. Negotiations with the EPA and the relevant states and the Virgin Islands are continuing and substantial progress has been made toward resolving this matter for both the Corporation and HOVENSA. While the effect on the Corporation of the Petroleum Refining Initiative cannot be estimated until a final settlement is reached and entered by a court, additional significant future capital expenditures and operating expenses will likely be incurred by HOVENSA over a number of years. The amount of penalties, if any, is not expected to be material.

The United States Deep Water Royalty Relief Act of 1995 (the Act) implemented a royalty relief program that relieves eligible leases issued between November 28, 1995 and November 28, 2000 from paying royalties on deepwater production in Federal Outer Continental Shelf lands. The Act does not impose any price thresholds in order to qualify for the royalty relief. The U.S. Minerals Management Service (MMS) created regulations that included pricing requirements to qualify for the royalty relief provided in the Act. During the period from 2003 to

2009, the Corporation accrued the royalties imposed by the MMS regulations. The legality of the thresholds imposed by the MMS was challenged in the federal courts and, in October 2009, the U.S. Supreme Court decided not to review the appellate court's decision against the MMS. As a result, the Corporation recognized a pre-tax gain of $143 million ($89 million after income taxes) in 2009 to reverse all previously recorded royalties. The pre-tax gain is reported in Other, net within the Statement of Consolidated Income.

The Corporation is also currently subject to certain other existing claims, lawsuits and proceedings, which it considers routine and incidental to its business. The Corporation believes that there is only a remote likelihood that future costs related to any of these other known contingent liability exposures would have a material adverse impact on its financial position or results of operations.

16. Segment Information

The Corporation has two operating segments that comprise the structure used by senior management to make key operating decisions and assess performance. These are (1) Exploration and Production and (2) Marketing and Refining. The Exploration and Production segment explores for, develops, produces, purchases, transports and sells crude oil and natural gas. The Marketing and Refining segment manufactures refined petroleum products and purchases, trades and markets refined petroleum products, natural gas and electricity.

The following table presents financial data by operating segment for each of the three years ended December 31, 2009:

	Exploration and Production	Marketing and Refining	Corporate and Interest	Consolidated(a)
		(Millions of dollars)		
2009				
Operating revenues				
Total operating revenues(b)	$ 7,259	$22,464	$ 1	
Less: Transfers between affiliates	110	—	—	
Operating revenues from unaffiliated customers	$ 7,149	$22,464	$ 1	$29,614
Net income (loss) attributable to Hess Corporation	$ 1,042	$ 127	$ (429)	$ 740
Equity in income (loss) of HOVENSA L.L.C.	$ —	$ (229)	$ —	$ (229)
Interest expense	—	—	360	360
Depreciation, depletion and amortization	2,167	79	8	2,254
Provision (benefit) for income taxes	944	24	(253)	715
Investments in affiliates	57	856	—	913
Identifiable assets	21,810	6,388	1,267	29,465
Capital employed(c)	14,163	2,979	853	17,995
Capital expenditures	2,800	83	35	2,918

	Exploration and Production	Marketing and Refining	Corporate and Interest	Consolidated(a)
	(Millions of dollars)			
2008				
Operating revenues				
Total operating revenues(b)	$10,095	$31,273	$ 3	
Less: Transfers between affiliates	237	—	—	
Operating revenues from unaffiliated customers	$ 9,858	$31,273	$ 3	$41,134
Net income (loss) attributable to Hess Corporation	$ 2,423	$ 277	$ (340)	$ 2,360
Equity in income of HOVENSA L.L.C.	$ —	$ 44	$ —	$ 44
Interest expense	—	—	267	267
Depreciation, depletion and amortization	1,952	74	3	2,029
Provision (benefit) for income taxes	2,365	162	(187)	2,340
Investments in affiliates	57	1,070	—	1,127
Identifiable assets	19,506	6,680	2,403	28,589
Capital employed(c)	12,945	3,178	223	16,346
Capital expenditures	4,251	149	38	4,438
2007				
Operating revenues				
Total operating revenues(b)	$ 7,933	$23,993	$ 2	
Less: Transfers between affiliates	201	—	—	
Operating revenues from unaffiliated customers	$ 7,732	$23,993	$ 2	$31,727
Net income (loss) attributable to Hess Corporation	$ 1,842	$ 300	$ (310)	$ 1,832
Equity in income of HOVENSA L.L.C.	$ —	$ 176	$ —	$ 176
Interest expense	—	—	256	256
Depreciation, depletion and amortization	1,503	68	5	1,576
Provision (benefit) for income taxes	1,865	181	(174)	1,872
Investments in affiliates	57	1,060	—	1,117
Identifiable assets	17,008	6,667	2,456	26,131
Capital employed(c)	11,349	3,130	(499)	13,980
Capital expenditures	3,438	118	22	3,578

(a) *After elimination of transactions between affiliates, which are valued at approximate market prices.*

(b) *Sales and operating revenues are reported net of excise and similar taxes in the consolidated statement of income, which amounted to approximately $2,100 million, $2,200 million and $2,000 million in 2009, 2008 and 2007, respectively.*

(c) *Calculated as equity plus debt.*

Financial information by major geographic area for each of the three years ended December 31, 2009:

	United States	Europe	Africa	Asia and Other	Consolidated
	(Millions of dollars)				
2009					
Operating revenues	**$24,611**	**$1,771**	**$1,898**	**$1,334**	**$29,614**
Property, plant and equipment (net)	**5,792**	**3,930**	**3,617**	**3,288**	**16,627**
2008					
Operating revenues	$33,202	$3,488	$3,173	$1,271	$41,134
Property, plant and equipment (net)	5,319	3,674	4,139	3,139	16,271
2007					
Operating revenues	$25,530	$2,647	$2,443	$1,107	$31,727
Property, plant and equipment (net)	3,611	3,749	4,599	2,675	14,634

17. Related Party Transactions

The following table presents related party transactions for the year-ended December 31:

	2009	2008	2007
	(Millions of dollars)		
Purchases of petroleum products:			
HOVENSA*	**$3,659**	$6,589	$ 5,238
Sales of petroleum products and crude oil:			
WilcoHess	**1,634**	2,590	2,014
HOVENSA	**530**	701	213

* *The Corporation has agreed to purchase 50% of HOVENSA's production of refined products at market prices, after sales by HOVENSA to unaffiliated parties.*

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

SUPPLEMENTARY OIL AND GAS DATA
(Unaudited)

The Supplementary Oil and Gas Data that follows is presented in accordance with ASC 932, *Disclosures about Oil and Gas Producing Activities,* and includes (1) costs incurred, capitalized costs and results of operations relating to oil and gas producing activities, (2) net proved oil and gas reserves, and (3) a standardized measure of discounted future net cash flows relating to proved oil and gas reserves, including a reconciliation of changes therein.

The Corporation produces crude oil, natural gas liquids and/or natural gas principally in Algeria, Azerbaijan, Denmark, Equatorial Guinea, Gabon, Indonesia, Libya, Malaysia, Norway, Russia, Thailand, the United Kingdom and the United States. Exploration activities are also conducted, or are planned, in additional countries.

Costs Incurred in Oil and Gas Producing Activities

For the Years Ended December 31	Total	United States	Europe	Africa	Asia and Other
	(Millions of dollars)				
2009					
Property acquisitions					
Unproved	**$ 188**	**$ 184**	**$ 2**	$ —	**$ 2**
Proved*	**74**	—	—	—	**74**
Exploration	**938**	**206**	**69**	**225**	**438**
Production and development capital expenditures**	**1,918**	**807**	**513**	**255**	**343**
2008					
Property acquisitions					
Unproved	$ 684	$ 642	$ —	$ —	$ 42
Proved*	300	87	—	210	3
Exploration	1,134	408	121	275	330
Production and development capital expenditures**	2,867	1,042	881	451	493
2007					
Property acquisitions					
Unproved	$ 325	$ 316	$ —	$ 1	$ 8
Proved*	137	137	—	—	—
Exploration	719	421	65	77	156
Production and development capital expenditures**	2,751	690	764	698	599

* *Includes wells, equipment and facilities acquired with proved reserves.*

** *Also includes $(9) million, $344 million and $146 million in 2009, 2008 and 2007, respectively, related to the accruals and revisions for asset retirement obligations.*

Capitalized Costs Relating to Oil and Gas Producing Activities

	At December 31, 2009	At December 31, 2008
	(Millions of dollars)	
Unproved properties	**$ 2,347**	$ 2,265
Proved properties	**3,121**	3,009
Wells, equipment and related facilities	**22,118**	20,058
Total costs	**27,586**	25,332
Less: reserve for depreciation, depletion, amortization and lease impairment	**12,273**	10,269
Net capitalized costs	**$15,313**	$15,063

Results of Operations for Oil and Gas Producing Activities

The results of operations shown below exclude non-oil and gas producing activities, primarily gains on sales of oil and gas properties, interest expense, gains and losses resulting from foreign exchange transactions and other non-operating income. Therefore, these results are on a different basis than the net income from Exploration and Production operations reported in management's discussion and analysis of results of operations and in Note 16, Segment Information, in the notes to the financial statements.

For the Years Ended December 31	Total	United States	Europe	Africa	Asia and Other
	(Millions of dollars)				
2009					
Sales and other operating revenues					
Unaffiliated customers	**$6,725**	**$1,501**	**$1,827**	**$2,193**	**$1,204**
Inter-company	**110**	**110**	**—**	**—**	**—**
Total revenues	**6,835**	**1,611**	**1,827**	**2,193**	**1,204**
Costs and expenses					
Production expenses, including related taxes(a)	**1,805**	**431**	**642**	**480**	**252**
Exploration expenses, including dry holes and lease impairment	**829**	**383**	**75**	**159**	**212**
General, administrative and other expenses	**255**	**130**	**45**	**22**	**58**
Depreciation, depletion and amortization(b)	**2,167**	**503**	**473**	**821**	**370**
Total costs and expenses	**5,056**	**1,447**	**1,235**	**1,482**	**892**
Results of operations before income taxes	**1,779**	**164**	**592**	**711**	**312**
Provision for income taxes	**904**	**64**	**185**	**514**	**141**
Results of operations	**$ 875**	**$ 100**	**$ 407**	**$ 197**	**$ 171**
2008					
Sales and other operating revenues					
Unaffiliated customers	$9,569	$1,415	$3,435	$3,580	$1,139
Inter-company	237	237	—	—	—
Total revenues	9,806	1,652	3,435	3,580	1,139
Costs and expenses					
Production expenses, including related taxes(c)	1,872	373	811	465	223
Exploration expenses, including dry holes and lease impairment	725	305	45	186	189
General, administrative and other expenses	302	159	86	19	38
Depreciation, depletion and amortization(d)	1,952	238	591	888	235
Total costs and expenses	4,851	1,075	1,533	1,558	685
Results of operations before income taxes	4,955	577	1,902	2,022	454
Provision for income taxes	2,490	223	920	1,181	166
Results of operations	$2,465	$ 354	$ 982	$ 841	$ 288

For the Years Ended December 31	Total	United States	Europe	Africa	Asia and Other
	(Millions of dollars)				
2007					
Sales and other operating revenues					
Unaffiliated customers	$7,297	$1,010	$2,670	$2,609	$1,008
Inter-company	201	201	—	—	—
Total revenues	7,498	1,211	2,670	2,609	1,008
Costs and expenses					
Production expenses, including related taxes	1,581	280	723	381	197
Exploration expenses, including dry holes and lease impairment	515	302	43	90	80
General, administrative and other expenses	257	130	73	17	37
Depreciation, depletion and amortization(e)	1,503	187	548	593	175
Total costs and expenses	3,856	899	1,387	1,081	489
Results of operations before income taxes	3,642	312	1,283	1,528	519
Provision for income taxes	1,817	121	661	911	124
Results of operations	$1,825	$ 191	$ 622	$ 617	$ 395

(a) *Includes $20 million ($15 million after income taxes) for reductions in carrying value of materials inventory in Equatorial Guinea.*

(b) *Includes $52 million ($26 million after income taxes) for reductions in carrying value of two short lived fields and production equipment in the U.K. North Sea.*

(c) *Includes $15 million ($9 million after income taxes) of Gulf of Mexico hurricane related costs.*

(d) *Includes asset impairment charges of $30 million ($17 million after income taxes).*

(e) *Includes asset impairment charges of $112 million ($56 million after income taxes).*

Oil and Gas Reserves

The Corporation's proved oil and gas reserves are calculated in accordance with SEC regulations and the requirements of the FASB. Proved oil and gas reserves are quantities, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from known reservoirs under existing economic conditions, operating methods and government regulations. The Corporation's estimation of net recoverable quantities of liquid hydrocarbons and natural gas is a highly technical process performed by internal teams of geoscience professionals and reservoir engineers. Estimates of reserves were prepared by the use of standard engineering and geoscience methods generally accepted in the petroleum industry. The method or combination of methods used in the analysis of each reservoir is based on the maturity of the reservoir, the completeness of the subsurface data available at the time of the estimate, the stage of reservoir development and the production history. Where applicable, reliable technologies may be used in reserve estimation, as defined in the SEC regulations. These technologies, including computational methods, must have been field tested and demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

Commencing in 2009, the product prices used in the estimation of oil and gas reserves were the average oil and gas selling prices during the twelve month period prior to the reporting date determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, except for prices set in contractual arrangements. In order for reserves to be classified as proved, any required government approvals must be obtained and depending on the cost of the project, either senior management or the board of directors must commit to fund the development.

The Corporation's proved reserves are subject to certain risks and uncertainties. These risks include commodity price risk, technical risk and political risk. Reference is made to Item 1A, *Risk Factors Related to Our Business and Operations* on page 11 of this Form 10-K.

Internal Controls

The Corporation maintains internal controls over its oil and gas reserve estimation process which are administered by the Corporation's Senior Vice President of E&P Technology and its Chief Financial Officer. Estimates of reserves are prepared by technical staff that work directly with the oil and gas properties using standard reserve estimation guidelines, definitions and methodologies. Each year, reserve estimates for a selection of the Corporation's assets are subject to internal technical audits and reviews. In addition, an independent third party reserve engineer reviews and audits a significant portion of the Corporation's reported reserves (see below). Reserve estimates are reviewed by senior management and the Board of Directors.

Qualifications

The person primarily responsible for overseeing the preparation of the Corporation's oil and gas reserves is Mr. Scott Heck, Senior Vice President of E&P Technology. Mr. Heck is a member of the Society of Petroleum Engineers with 30 years of industry experience in oil and gas reservoir management and reserve estimation.

Reserves Audit

The Corporation engaged the consulting firm of DeGolyer and MacNaughton (D&M) to perform an audit of the internally prepared reserve estimates on certain fields aggregating approximately 80% of 2009 year-end reported reserve quantities on a barrel of oil equivalent basis. The purpose of the report dated January 15, 2010 was to provide additional assurance on the reasonableness of internally prepared reserve estimates and compliance with SEC regulations. The D&M letter report on the Corporation's estimated oil and gas reserves was prepared using standard geological and engineering methods generally accepted in the petroleum industry. D&M is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world for over 70 years. The D&M letter report on the Corporation's December 31, 2009 oil and gas reserves is included as an exhibit to this Form 10-K. While the D&M report should be read in its entirety, the report concludes that for the properties reviewed by D&M, the total net proved reserve estimates prepared by Hess and audited by D&M, in the aggregate, did not differ materially. The report also includes among other information, the qualifications of the technical person primarily responsible for overseeing such reserve audit.

Effect of adopting new SEC requirements

The SEC issued a final rule on oil and gas reserve estimation and disclosure effective for year-end 2009 reporting. The SEC's final rule was designed to modernize and update the oil and gas reserve disclosure requirements to align them with current industry practices and changes in technology. In January 2010, the FASB issued its final accounting standards update, Extractive Industries — Oil and Gas (ASC 932), which principally conformed existing FASB standards to the new SEC guidelines. Since it was not practical to calculate reserve estimates under both the old and new reserve estimation standards as of year end, it is not possible to precisely measure the effect of adopting the new SEC requirements on total proved reserves at December 31, 2009. However, the Corporation estimates that the effect of initially applying the new rules, primarily due to application of the new reserve definitions and the consideration of permitted technology, was to increase year end 2009 total proved reserves by approximately 2%. The change in reserve estimates resulting from applying the new rules is included in the table below as 2009 revisions and additions to proved reserves. The Corporation estimates that the effect of adopting the new rules on its net income in 2010 will be an increase of approximately $80 million, after tax, due to lower depreciation, depletion and amortization costs, assuming 2010 budgeted production levels for the affected fields occur as forecasted.

Proved undeveloped reserves

The December 31, 2009 oil and gas reserve estimates disclosed below include 374 million barrels of liquid hydrocarbons and 1,276 million mcf of natural gas classified as proved undeveloped reserves. Proved undeveloped liquid reserves decreased in 2009, primarily due to the commencement of production from the Shenzi Field in the deepwater Gulf of Mexico. Proved undeveloped natural gas reserves also decreased in 2009 due to the continuation of development activities in Block A-18 in the JDA. In addition, as part of its normal production operations, the

Corporation's drilling programs on existing fields resulted in the reclassification of proved undeveloped reserves to developed. In 2009, these changes occurred primarily at certain fields in the United States, Equatorial Guinea, Azerbaijan and Russia. For the year ended December 31, 2009, the Corporation estimates that capital expenditures of approximately $450 million were incurred to convert proved undeveloped reserves to proved developed reserves. The Corporation is involved in multiple long term projects that have staged developments. Certain of these projects have proved reserves, which have been classified as undeveloped for a period in excess of five years, totaling approximately 145 million barrels of oil equivalent, or 10% of year end 2009 total proved reserves. The proved undeveloped reserves in excess of five years are related to gas projects in Block A-18 in the JDA, Indonesia, and Norway that are being developed in phases to satisfy long-term gas sales contracts and an oil project in Azerbaijan that is still under development.

Following are the Corporation's proved reserves for the three years ended December 31, 2009:

	Crude Oil, Condensate and Natural Gas Liquids (Millions of barrels)					Natural Gas (Millions of mcf)			
	United States	Europe	Africa	Asia and Other	Total	United States	Europe	Africa, Asia and Other	Total
Net Proved Developed and Undeveloped Reserves									
At January 1, 2007	138	340	304	50	832	236	677	1,553	2,466
Revisions of previous estimates(b)	37	17	17	1	72	32	73	143	248
Extensions, discoveries and other additions	17	14	6	23	60	26	11	148	185
Improved recovery	22	—	—	—	22	13	—	—	13
Purchases of minerals in place	5	—	—	—	5	1	—	—	1
Sales of minerals in place	—	(6)	—	—	(6)	—	(4)	—	(4)
Production	(15)	(36)	(42)	(7)	(100)	(38)	(101)	(102)	(241)
At December 31, 2007(a)	204	329	285	67	885(c)	270	656	1,742	2,668
Revisions of previous estimates(b)	9	30	83	25	147	22	84	188	294
Extensions, discoveries and other additions	26	5	1	—	32	18	—	65	83
Improved recovery	1	—	—	—	1	—	—	—	—
Purchases of minerals in place	2	—	—	—	2	—	—	—	—
Sales of minerals in place	—	—	—	—	—	—	—	—	—
Production	(15)	(32)	(45)	(5)	(97)	(34)	(101)	(137)	(272)
At December 31, 2008(a)	**227**	**332**	**324**	**87**	**970(c)**	**276**	**639**	**1,858**	**2,773**
Revisions of previous estimates(b)	**22**	**28**	**34**	**(7)**	**77**	**46**	**66**	**83**	**195**
Extensions, discoveries and other additions	**26**	**1**	—	—	**27**	**23**	—	—	**23**
Improved recovery	—	—	—	—	—	—	—	—	—
Purchases of minerals in place	—	—	—	—	—	—	—	**101**	**101**
Sales of minerals in place	—	—	—	—	—	—	**(1)**	—	**(1)**
Production	**(26)**	**(31)**	**(44)**	**(6)**	**(107)**	**(39)**	**(62)**	**(169)**	**(270)**
At December 31, 2009	**249**	**330**	**314**	**74**	**967(c)**	**306(d)**	**642**	**1,873**	**2,821**
Net Proved Developed Reserves									
At January 1, 2007	90	223	194	19	526	195	517	585	1,297
At December 31, 2007	101	201	201	15	518	199	519	654	1,372
At December 31, 2008	119	192	237	23	571	202	502	727	1,431
At December 31, 2009	**154**	**171**	**241**	**27**	**593**	**205**	**417**	**923**	**1,545**

	Crude Oil, Condensate and Natural Gas Liquids					Natural Gas			
	United States	Europe	Africa	Asia and Other	Total	United States	Europe	Africa, Asia and Other	Total
	(Millions of barrels)					(Millions of mcf)			
Net Proved Undeveloped Reserves									
At January 1, 2007	48	117	110	31	306	41	160	968	1,169
At December 31, 2007	103	128	84	52	367	71	137	1,088	1,296
At December 31, 2008	108	140	87	64	399	74	137	1,131	1,342
At December 31, 2009	**95**	**159**	**73**	**47**	**374**	**101**	**225**	**950**	**1,276**

(a) Proved reserves in 2008 and 2007 were determined by D&M, an independent petroleum engineering consulting firm.

(b) Includes the impact of changes in selling prices on the reserve estimates for each year for production sharing contracts with cost recovery provisions. In 2009, revisions included reductions of approximately 18 million barrels of crude oil and 102 million mcf of natural gas relating to higher selling prices. In 2008, revisions included increases of approximately 59 million barrels of crude oil and 104 million mcf of natural gas relating to lower selling prices. In 2007 revisions included reductions of approximately 29 million barrels of crude oil and 104 million mcf of natural gas relating to higher selling prices.

(c) Includes 17 million barrels in 2009, 16 million barrels in 2008 and 20 million barrels in 2007 of crude oil reserves relating to noncontrolling interest owners of corporate joint ventures.

(d) Excludes approximately 480 million mcf of carbon dioxide gas for sale or use in company operations.

Production sharing contracts

The Corporation's proved reserves include crude oil and natural gas reserves relating to long-term supply agreements with governments or authorities in which the Corporation has the legal right to produce or has a revenue interest in the production. Proved reserves from these production sharing contracts for each of the three years ended December 31, 2009 are presented separately below, as well as volumes produced and received during 2009, 2008 and 2007 from these production sharing contracts.

	Crude Oil, Condensate and Natural Gas Liquids					Natural Gas			
	United States	Europe	Africa	Asia and Other	Total	United States	Europe	Africa, Asia and Other	Total
	(Millions of barrels)					(Millions of mcf)			
Production Sharing Contracts									
Proved Reserves									
At December 31, 2007	—	—	154	63	217	—	—	1,519	1,519
At December 31, 2008	—	—	188	82	270	—	—	1,604	1,604
At December 31, 2009	**—**	**—**	**161**	**68**	**229**	**—**	**—**	**1,599**	**1,599**
Production									
2007	—	—	33	7	40	—	—	67	67
2008	—	—	37	4	41	—	—	103	103
2009	**—**	**—**	**36**	**5**	**41**	**—**	**—**	**136**	**136**

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

Future net cash flows are calculated by applying prescribed oil and gas selling prices used in determining year-end reserve estimates (adjusted for price changes provided by contractual arrangements) to estimated future production of proved oil and gas reserves, less estimated future development and production costs, which are based on year-end costs and existing economic assumptions. Future income tax expenses are computed by applying the appropriate year-end statutory tax rates to the pre-tax net cash flows relating to the Corporation's proved oil and gas reserves. Future net cash flows are discounted at the prescribed rate of 10%. The discounted future net cash flow estimates do not include exploration expenses, interest expense or corporate general and administrative expenses. The selling prices of crude oil and natural gas are highly volatile. The prices which are required to be used for the discounted future net cash flows do not include the effects of hedges and may not be representative of future selling prices. The future net cash flow estimates could be materially different if other assumptions were used.

At December 31	Total	United States	Europe	Africa	Asia and Other
			(Millions of dollars)		
2009					
Future revenues	**$65,275**	**$14,047**	**$20,298**	**$18,615**	**$12,315**
Less:					
Future production costs	**18,336**	**4,037**	**7,289**	**4,154**	**2,856**
Future development costs	**11,041**	**2,532**	**3,829**	**1,798**	**2,882**
Future income tax expenses	**17,976**	**2,744**	**5,114**	**8,601**	**1,517**
	47,353	**9,313**	**16,232**	**14,553**	**7,255**
Future net cash flows	**17,922**	**4,734**	**4,066**	**4,062**	**5,060**
Less: discount at 10% annual rate	**6,521**	**2,106**	**1,653**	**841**	**1,921**
Standardized measure of discounted future net cash flows	**$11,401**	**$ 2,628**	**$ 2,413**	**$ 3,221**	**$ 3,139**
2008					
Future revenues	$46,846	$ 9,801	$15,757	$12,332	$ 8,956
Less:					
Future production costs	15,884	3,422	5,998	3,763	2,701
Future development costs	10,649	1,983	4,014	1,781	2,871
Future income tax expenses	9,299	1,467	2,741	4,440	651
	35,832	6,872	12,753	9,984	6,223
Future net cash flows	11,014	2,929	3,004	2,348	2,733
Less: discount at 10% annual rate	4,050	1,602	984	493	971
Standardized measure of discounted future net cash flows	$ 6,964	$ 1,327	$ 2,020	$ 1,855	$ 1,762
2007					
Future revenues	$94,955	$18,876	$32,778	$28,960	$14,341
Less:					
Future production costs	17,862	2,733	7,569	4,770	2,790
Future development costs	10,118	1,472	4,329	1,640	2,677
Future income tax expenses	33,833	5,291	12,083	14,309	2,150
	61,813	9,496	23,981	20,719	7,617
Future net cash flows	33,142	9,380	8,797	8,241	6,724
Less: discount at 10% annual rate	11,237	3,792	2,826	2,155	2,464
Standardized measure of discounted future net cash flows	$21,905	$ 5,588	$ 5,971	$ 6,086	$ 4,260

Changes in Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

For the Years Ended December 31	2009	2008	2007
	(Millions of dollars)		
Standardized measure of discounted future net cash flows at beginning of year	**$ 6,964**	$ 21,905	$12,361
Changes during the year			
Sales and transfers of oil and gas produced during year, net of production costs	**(5,030)**	(7,934)	(5,917)
Development costs incurred during year	**1,927**	2,523	2,605
Net changes in prices and production costs applicable to future production	**7,484**	(28,627)	18,646
Net change in estimated future development costs	**(227)**	(1,056)	(2,554)
Extensions and discoveries (including improved recovery) of oil and gas reserves, less related costs	**426**	334	3,173
Revisions of previous oil and gas reserve estimates	**1,855**	1,730	4,036
Net purchases (sales) of minerals in place, before income taxes	**165**	18	(50)
Accretion of discount	**1,235**	4,109	2,233
Net change in income taxes	**(4,061)**	13,859	(9,259)
Revision in rate or timing of future production and other changes	**663**	103	(3,369)
Total	**4,437**	(14,941)	9,544
Standardized measure of discounted future net cash flows at end of year	**$11,401**	$ 6,964	$21,905

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

QUARTERLY FINANCIAL DATA
(Unaudited)

Quarterly results of operations for the years ended December 31:

	Sales and Other Operating Revenues	Gross Profit(a)	Net Income (Loss) Attributable to Hess Corporation	Diluted Net Income (Loss) per Share
	(Million of dollars, except per share data)			
2009				
First	**$ 6,915**	**$ 533**	**$ (59)(b)**	**$ (.18)**
Second	**6,751**	**756**	**100 (c)**	**.31**
Third	**7,270**	**832**	**341 (d)**	**1.05**
Fourth	**8,678**	**1,282**	**358 (e)**	**1.10**
2008				
First	$10,647	$1,788	$759	$2.34
Second	11,711	2,084	900	2.76
Third	11,396	1,904	775	2.37
Fourth	7,380	656	(74)(f)	(.23)

(a) Gross profit represents sales and other operating revenues, less cost of products sold, production expenses, marketing expenses, other operating expenses and depreciation, depletion and amortization.

(b) Includes after-tax charges of $13 million related to asset impairments in the United Kingdom North Sea and $16 million for retirement benefits and employee severance costs.

(c) Includes after-tax charges of $31 million to reduce the carrying value of production equipment in the United Kingdom North Sea and materials inventory in Equatorial Guinea and the United States.

(d) Includes after-tax gains of $101 million primarily relating to the resolution of a royalty dispute.

(e) Includes after- tax charges of $34 million for the repurchase of bonds and $10 million for pension plan settlements related to employee retirements.

(f) Includes after-tax charges of $17 million related to asset impairments in the United States and United Kingdom North Sea and $9 million associated with Hurricanes Gustav and Ike in the Gulf of Mexico.

The results of operations for the periods reported herein should not be considered as indicative of future operating results.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Based upon their evaluation of the Corporation's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2009, John B. Hess, Chief Executive Officer, and John P. Rielly, Chief Financial Officer, concluded that these disclosure controls and procedures were effective as of December 31, 2009.

There was no change in internal controls over financial reporting identified in the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 in the quarter ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, internal controls over financial reporting.

Management's report on internal control over financial reporting and the attestation report on the Corporation's internal controls over financial reporting are included in Item 8 of this annual report on Form 10-K.

Item 9B. *Other Information*

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

Information relating to Directors is incorporated herein by reference to "Election of Directors" from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 5, 2010.

Information regarding executive officers is included in Part I hereof.

The Corporation has adopted a Code of Business Conduct and Ethics applicable to the Corporation's directors, officers (including the Corporation's principal executive officer and principal financial officer) and employees. The Code of Business Conduct and Ethics is available on the Corporation's website. In the event that we amend or waive any of the provisions of the Code of Business Conduct and Ethics that relate to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, we intend to disclose the same on the Corporation's website at www.hess.com.

Information relating to the audit committee is incorporated herein by reference to "Election of Directors" from the registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 5, 2010.

Item 11. *Executive Compensation*

Information relating to executive compensation is incorporated herein by reference to "Election of Directors — Executive Compensation and Other Information," from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 5, 2010.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

Information pertaining to security ownership of certain beneficial owners and management is incorporated herein by reference to "Election of Directors — Ownership of Voting Securities by Certain Beneficial Owners" and "Election of Directors — Ownership of Equity Securities by Management" from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 5, 2010.

See Equity Compensation Plans in Item 5 for information pertaining to securities authorized for issuance under equity compensation plans.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Information relating to this item is incorporated herein by reference to "Election of Directors" from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 5, 2010.

Item 14. ***Principal Accounting Fees and Services***

Information relating to this item is incorporated by reference to "Ratification of Selection of Independent Auditors" from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 5, 2010.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) 1. and 2. Financial statements and financial statement schedules

The financial statements filed as part of this Annual Report on Form 10-K are listed in the accompanying index to financial statements and schedules in Item 8, Financial Statements and Supplementary Data.

3. Exhibits

3(1) Restated Certificate of Incorporation of Registrant, including amendment thereto dated May 3, 2006 incorporated by reference to Exhibit 3 of Registrant's Form 10-Q for the three months ended June 30, 2006.

3(2) By-Laws of Registrant incorporated by reference to Exhibit 3 of Form 10-Q of Registrant for the three months ended June 30, 2002.

4(1) Five-Year Credit Agreement dated as of December 10, 2004, as amended and restated as of May 12, 2006, among Registrant, certain subsidiaries of Registrant, J.P. Morgan Chase Bank, N.A. as lender and administrative agent, and the other lenders party thereto, incorporated by reference to Exhibit(4) of Form 10-Q of Registrant for the three months ended June 30, 2006.

4(2) Indenture dated as of October 1, 1999 between Registrant and The Chase Manhattan Bank, as Trustee, incorporated by reference to Exhibit 4(1) of Form 10-Q of Registrant for the three months ended September 30, 1999.

4(3) First Supplemental Indenture dated as of October 1, 1999 between Registrant and The Chase Manhattan Bank, as Trustee, relating to Registrant's 7 3/8% Notes due 2009 and 7 7/8% Notes due 2029, incorporated by reference to Exhibit 4(2) to Form 10-Q of Registrant for the three months ended September 30, 1999.

4(4) Prospectus Supplement dated August 8, 2001 to Prospectus dated July 27, 2001 relating to Registrant's 5.30% Notes due 2004, 5.90% Notes due 2006, 6.65% Notes due 2011 and 7.30% Notes due 2031, incorporated by reference to Registrant's prospectus filed pursuant to Rule 424(b)(2) under the Securities Act of 1933 on August 9, 2001.

4(5) Prospectus Supplement dated February 28, 2002 to Prospectus dated July 27, 2001 relating to Registrant's 7.125% Notes due 2033, incorporated by reference to Registrant's prospectus filed pursuant to Rule 424(b)(2) under the Securities Act of 1933 on February 28, 2002.

4(6) Indenture dated as of March 1, 2006 between Registrant and The Bank of New York Mellon as successor to JP Morgan Chase, as Trustee, including form of Note. Incorporated by reference to Exhibit 4 to Registrant's Form S-3ASR filed with the Securities and Exchange Commission on March 1, 2006.

4(7) Form of 2014 Note issued pursuant to Indenture, dated as of March 1, 2006, among Registrant and The Bank of New York Mellon, as successor to JP Morgan Chase as Trustee. Incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed with the Securities and Exchange Commission on February 4, 2009.

4(8) Form of 2019 Note issued pursuant to Indenture, dated as of March 1, 2006, among Registrant and The Bank of New York Mellon, as successor to JP Morgan Chase, as Trustee. Incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed with the Securities and Exchange Commission on February 4, 2009.

4(9) Form of 6.00% Note, incorporated by reference to Exhibit 4.1 to the Form 8-K filed on December 15, 2009. Other instruments defining the rights of holders of long-term debt of Registrant and its consolidated subsidiaries are not being filed since the total amount of securities authorized under each such instrument does not exceed 10 percent of the total assets of Registrant and its subsidiaries on a consolidated basis. Registrant agrees to furnish to the Commission a copy of any instruments defining the rights of holders of long-term debt of Registrant and its subsidiaries upon request.

10(1) Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(4) of Form 10-Q of Registrant for the three months ended June 30, 1981.

10(2) Restated Second Extension and Amendment Agreement dated July 27, 1990 between Hess Oil Virgin Islands Corp. and the Government of the Virgin Islands incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1990.

10(3) Technical Clarifying Amendment dated as of November 17, 1993 to Restated Second Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(3) of Form 10-K of Registrant for the fiscal year ended December 31, 1993.

10(4) Third Extension and Amendment Agreement dated April 15, 1998 and effective October 30, 1998 among Hess Oil Virgin Islands Corp., PDVSA V.I., Inc., HOVENSA L.L.C. and the Government of the Virgin Islands incorporated by reference to Exhibit 10(4) of Form 10-K of Registrant for the fiscal year ended December 31, 1998.

10(5)* Incentive Cash Bonus Plan description incorporated by reference to Item 5.02 of Form 8-K of Registrant filed on February 10, 2009.

10(6)* Financial Counseling Program description incorporated by reference to Exhibit 10(6) of Form 10-K of Registrant for fiscal year ended December 31, 2004.

10(7)* Hess Corporation Savings and Stock Bonus Plan incorporated by reference to Exhibit 10(7) of Form 10-K of Registrant for fiscal year ended December 31, 2006.

10(8)* Performance Incentive Plan for Senior Officers, incorporated by reference to Exhibit (10) of Form 10-Q of Registrant for the three months ended June 30, 2006.

10(9)* Hess Corporation Pension Restoration Plan dated January 19, 1990 incorporated by reference to Exhibit 10(9) of Form 10-K of Registrant for the fiscal year ended December 31, 1989.

10(10)* Amendment dated December 31, 2006 to Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(10) of Form 10-K of Registrant for fiscal year ended December 31, 2006.

10(11)* Letter Agreement dated May 17, 2001 between Registrant and John P. Rielly relating to Mr. Rielly's participation in the Hess Corporation Pension Restoration Plan, incorporated by reference to Exhibit 10(18) of Form 10-K of Registrant for the fiscal year ended December 31, 2002.

10(12)* Second Amended and Restated 1995 Long-Term Incentive Plan, including forms of awards thereunder incorporated by reference to Exhibit 10(11) of Form 10-K of Registrant for fiscal year ended December 31, 2004.

10(13)* 2008 Long Term Incentive Plan, incorporated by reference to Annex B to Registrant's definitive proxy statement filed on March 27, 2008.

10(14)* Forms of Awards under Registrant's 2008 Long Term Incentive Plan.

10(15)* Compensation program description for non-employee directors, incorporated by reference to Item 1.01 of Form 8-K of Registrant dated January 1, 2007.

10(16)* Amended and Restated Change of Control Termination Benefits Agreement dated as of May 29, 2009 between Registrant and F. Borden Walker, incorporated by reference to Exhibit 10(1) of Form 10-Q of Registrant for the three months ended June 30, 2009. A substantially identical agreement (differing only in the signatories thereto) was entered into between Registrant and John B. Hess.

10(17)* Change of Control Termination Benefits Agreement dated as of May 29, 2009 between Registrant and John P. Rielly. Substantially identical agreements (differing only in the signatories thereto) were entered into between Registrant and other executive officers (including the named executive officers, other than those referred to in Exhibit 10(15)).

10(18)*	Letter Agreement dated March 18, 2002 between Registrant and F. Borden Walker relating to Mr. Walker's participation in the Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(16) of Form 10-K of Registrant for the fiscal year ended December 31, 2001.
10(19)*	Agreement between Registrant and Gregory P. Hill relating to his compensation and other terms of employment, incorporated by reference to Form 8-K of Registrant filed January 7, 2009.
10(20)*	Agreement between Registrant and Timothy B. Goodell relating to his compensation and other terms of employment.
10(21)*	Deferred Compensation Plan of Registrant dated December 1, 1999 incorporated by reference to Exhibit 10(16) of Form 10-K of Registrant for the fiscal year ended December 31, 1999.
10(22)	Asset Purchase and Contribution Agreement dated as of October 26, 1998, among PDVSA V.I., Inc., Hess Oil Virgin Islands Corp. and HOVENSA L.L.C. (including Glossary of definitions) incorporated by reference to Exhibit 2.1 of Form 8-K of Registrant dated October 30, 1998.
10(23)	Amended and Restated Limited Liability Company Agreement of HOVENSA L.L.C. dated as of October 30, 1998 incorporated by reference to Exhibit 10.1 of Form 8-K of Registrant dated October 30, 1998.
21	Subsidiaries of Registrant.
23(1)	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm, dated February 26, 2010.
23(2)	Consent of DeGolyer and MacNaughton dated February 26, 2010.
31(1)	Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)).
31(2)	Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)).
32(1)	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
32(2)	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
99(1)	Letter report of DeGolyer and MacNaughton, Independent Petroleum Engineering Consulting Firm, dated January 15, 2010, on proved reserves audit as of December 31, 2009 of certain properties attributable to Registrant.
101(INS)	XBRL Instance Document
101(SCH)	XBRL Schema Document
101(CAL)	XBRL Calculation Linkbase Document
101(LAB)	XBRL Label Linkbase Document
101 (PRE)	XBRL Presentation Linkbase Document
101(DEF)	XBRL Definition Linkbase Document

* *These exhibits relate to executive compensation plans and arrangements.*

(b) Reports on Form 8-K

During the three months ended December 31, 2009, Registrant filed or furnished the following report on Form 8-K:

1. Filing dated October 29, 2009 reporting under Items 2.02 and 9.01, a news release dated October 29, 2009 reporting results for the third quarter of 2009.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 26th day of February 2010.

HESS CORPORATION
(Registrant)

By /s/ JOHN P. RIELLY

(John P. Rielly)
Senior Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOHN B. HESS **John B. Hess**	Director, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 26, 2010
/s/ SAMUEL W. BODMAN **Samuel W. Bodman**	Director	February 26, 2010
/s/ NICHOLAS F. BRADY **Nicholas F. Brady**	Director	February 26, 2010
/s/ GREGORY P. HILL **Gregory P. Hill**	Director	February 26, 2010
/s/ EDITH E. HOLIDAY **Edith E. Holiday**	Director	February 26, 2010
/s/ THOMAS H. KEAN **Thomas H. Kean**	Director	February 26, 2010
/s/ RISA LAVIZZO-MOUREY **Risa Lavizzo-Mourey**	Director	February 26, 2010
/s/ CRAIG G. MATTHEWS **Craig G. Matthews**	Director	February 26, 2010
/s/ JOHN H. MULLIN **John H. Mullin**	Director	February 26, 2010
/s/ FRANK A. OLSON **Frank A. Olson**	Director	February 26, 2010
/s/ JOHN P. RIELLY **John P. Rielly**	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 26, 2010
/s/ ERNST H. VON METZSCH **Ernst H. von Metzsch**	Director	February 26, 2010
/s/ F. BORDEN WALKER **F. Borden Walker**	Director	February 26, 2010
/s/ ROBERT N. WILSON **Robert N. Wilson**	Director	February 26, 2010

Schedule II

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2009, 2008 and 2007

Description	Balance January 1,	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions from Reserves	Balance December 31,
	(In millions)				
2009					
Losses on receivables	**$ 46**	**$ 13**	**$ —**	**$ 5**	**$ 54**
2008					
Losses on receivables	$ 41	$ 9	$ —	$ 4	$ 46
2007					
Losses on receivables	$ 39	$ 5	$ —	$ 3	$ 41

EXHIBIT INDEX

3(1) Restated Certificate of Incorporation of Registrant, including amendment thereto dated May 3, 2006 incorporated by reference to Exhibit(3) of Registrant's Form 10-Q for the three months ended June 30, 2006.

3(2) By-Laws of Registrant incorporated by reference to Exhibit 3 of Form 10-Q of Registrant for the three months ended June 30, 2002.

4(1) Five-Year Credit Agreement dated as of December 10, 2004, as amended and restated as of May 12, 2006, among Registrant, certain subsidiaries of Registrant, J.P. Morgan Chase Bank, N.A. as lender and administrative agent, and the other lenders party thereto, incorporated by reference to Exhibit(4) of Form 10-Q of Registrant for the three months ended June 30, 2006.

4(2) Indenture dated as of October 1, 1999 between Registrant and The Chase Manhattan Bank, as Trustee, incorporated by reference to Exhibit 4(1) of Form 10-Q of Registrant for the three months ended September 30, 1999.

4(3) First Supplemental Indenture dated as of October 1, 1999 between Registrant and The Chase Manhattan Bank, as Trustee, relating to Registrant's 7⅜% Notes due 2009 and 7⅞% Notes due 2029, incorporated by reference to Exhibit 4(2) to Form 10-Q of Registrant for the three months ended September 30, 1999.

4(4) Prospectus Supplement dated August 8, 2001 to Prospectus dated July 27, 2001 relating to Registrant's 5.30% Notes due 2004, 5.90% Notes due 2006, 6.65% Notes due 2011 and 7.30% Notes due 2031, incorporated by reference to Registrant's prospectus filed pursuant to Rule 424(b)(2) under the Securities Act of 1933 on August 9, 2001.

4(5) Prospectus Supplement dated February 28, 2002 to Prospectus dated July 27, 2001 relating to Registrant's 7.125% Notes due 2033, incorporated by reference to Registrant's prospectus filed pursuant to Rule 424(b)(2) under the Securities Act of 1933 on February 28, 2002.

4(6) Indenture dated as of March 1, 2006 between Registrant and The Bank of New York Mellon as successor to JP Morgan Chase, as Trustee, including form of Note. Incorporated by reference to Exhibit 4 to Registrant's Form S-3ASR filed with the Securities and Exchange Commission on March 1, 2006.

4(7) Form of 2014 Note issued pursuant to Indenture, dated as of March 1, 2006, among Registrant and The Bank of New York Mellon, as successor to JP Morgan Chase as Trustee. Incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed with the Securities and Exchange Commission on February 4, 2009.

4(8) Form of 2019 Note issued pursuant to Indenture, dated as of March 1, 2006, among Registrant and The Bank of New York Mellon, as successor to JP Morgan Chase, as Trustee. Incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed with the Securities and Exchange Commission on February 4, 2009.

4(9) Form of 6.00% Note, incorporated by reference to Exhibit 4.1 to the Form 8-K filed on December 15, 2009. Other instruments defining the rights of holders of long-term debt of Registrant and its consolidated subsidiaries are not being filed since the total amount of securities authorized under each such instrument does not exceed 10 percent of the total assets of Registrant and its subsidiaries on a consolidated basis. Registrant agrees to furnish to the Commission a copy of any instruments defining the rights of holders of long-term debt of Registrant and its subsidiaries upon request.

10(1) Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(4) of Form 10-Q of Registrant for the three months ended June 30, 1981.

10(2) Restated Second Extension and Amendment Agreement dated July 27, 1990 between Hess Oil Virgin Islands Corp. and the Government of the Virgin Islands incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1990.

10(3) Technical Clarifying Amendment dated as of November 17, 1993 to Restated Second Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(3) of Form 10-K of Registrant for the fiscal year ended December 31, 1993.

10(4) Third Extension and Amendment Agreement dated April 15, 1998 and effective October 30, 1998 among Hess Oil Virgin Islands Corp., PDVSA V.I., Inc., HOVENSA L.L.C. and the Government of the Virgin Islands incorporated by reference to Exhibit 10(4) of Form 10-K of Registrant for the fiscal year ended December 31, 1998.

10(5)*	Incentive Cash Bonus Plan description incorporated by reference to Item 5.02 of Form 8-K of Registrant filed on February 10, 2009.
10(6)*	Financial Counseling Program description incorporated by reference to Exhibit 10(6) of Form 10-K of Registrant for fiscal year ended December 31, 2004.
10(7)*	Hess Corporation Savings and Stock Bonus Plan incorporated by reference to Exhibit 10(7) of Form 10-K of Registrant for fiscal year ended December 31, 2006.
10(8)*	Performance Incentive Plan for Senior Officers, incorporated by reference to Exhibit (10) of Form 10-Q of Registrant for the three months ended June 30, 2006.
10(9)*	Hess Corporation Pension Restoration Plan dated January 19, 1990 incorporated by reference to Exhibit 10(9) of Form 10-K of Registrant for the fiscal year ended December 31, 1989.
10(10)*	Amendment dated December 31, 2006 to Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(10) of Form 10-K of Registrant for fiscal year ended December 31, 2006.
10(11)*	Letter Agreement dated May 17, 2001 between Registrant and John P. Rielly relating to Mr. Rielly's participation in the Hess Corporation Pension Restoration Plan, incorporated by reference to Exhibit 10(18) of Form 10-K of Registrant for the fiscal year ended December 31, 2002.
10(12)*	Second Amended and Restated 1995 Long-Term Incentive Plan, including forms of awards thereunder incorporated by reference to Exhibit 10(11) of Form 10-K of Registrant for fiscal year ended December 31, 2004.
10(13)*	2008 Long Term Incentive Plan, incorporated by reference to Annex B to Registrant's definitive proxy statement filed on March 27, 2008.
10(14)*	Forms of Awards under Registrant's 2008 Long Term Incentive Plan.
10(15)*	Compensation program description for non-employee directors, incorporated by reference to Item 1.01 of Form 8-K of Registrant dated January 1, 2007.
10(16)*	Amended and Restated Change of Control Termination Benefits Agreement dated as of May 29, 2009 between Registrant and F. Borden Walker, incorporated by reference to Exhibit 10(1) of Form 10-Q of Registrant for the three months ended June 30, 2009. A substantially identical agreement (differing only in the signatories thereto) was entered into between Registrant and John B. Hess.
10(17)*	Change of Control Termination Benefits Agreement dated as of May 29, 2009 between Registrant and John P. Rielly. Substantially identical agreements (differing only in the signatories thereto) were entered into between Registrant and other executive officers (including the named executive officers, other than those referred to in Exhibit 10(15)).
10(18)*	Letter Agreement dated March 18, 2002 between Registrant and F. Borden Walker relating to Mr. Walker's participation in the Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(16) of Form 10-K of Registrant for the fiscal year ended December 31, 2001.
10(19)*	Agreement between Registrant and Gregory P. Hill relating to his compensation and other terms of employment, incorporated by reference to Form 8-K of Registrant filed January 7, 2009.
10(20)*	Agreement between Registrant and Timothy B. Goodell relating to his compensation and other terms of employment.
10(21)*	Deferred Compensation Plan of Registrant dated December 1, 1999 incorporated by reference to Exhibit 10(16) of Form 10-K of Registrant for the fiscal year ended December 31, 1999.
10(22)	Asset Purchase and Contribution Agreement dated as of October 26, 1998, among PDVSA V.I., Inc., Hess Oil Virgin Islands Corp. and HOVENSA L.L.C. (including Glossary of definitions) incorporated by reference to Exhibit 2.1 of Form 8-K of Registrant dated October 30, 1998.
10(23)	Amended and Restated Limited Liability Company Agreement of HOVENSA L.L.C. dated as of October 30, 1998 incorporated by reference to Exhibit 10.1 of Form 8-K of Registrant dated October 30, 1998.
21	Subsidiaries of Registrant.
23(1)	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm, dated February 26, 2010.
23(2)	Consent of DeGolyer and MacNaughton dated February 26, 2010.
31(1)	Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)).

31(2)	Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)).
32(1)	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
32(2)	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
99(1)	Letter report of DeGolyer and MacNaughton, Independent Petroleum Engineering Consulting Firm, dated January 15, 2010, on proved reserves audit as of December 31, 2009 of certain properties attributable to Registrant.
101(INS)	XBRL Instance Document
101(SCH)	XBRL Schema Document
101(CAL)	XBRL Calculation Linkbase Document
101(LAB)	XBRL Label Linkbase Document
101 (PRE)	XBRL Presentation Linkbase Document
101(DEF)	XBRL Definition Linkbase Document

* *These exhibits relate to executive compensation plans and arrangements.*

EXHIBIT 21

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT

Name of Company	Jurisdiction
Hess Energy Exploration Limited	Delaware
Hess Limited	United Kingdom
Amerada Hess Production Gabon	Gabon
Hess (Thailand) Limited	United Kingdom
Hess Oil and Gas Holdings Inc.	Cayman Islands
Hess Oil Company of Thailand (JDA) Limited	Cayman Islands
Hess Equatorial Guinea Inc.	Cayman Islands
Hess International Holdings Limited	Cayman Islands
Hess International Holdings Corporation	Delaware
Hess Libya (Waha) Limited	Cayman Islands
Hess (Netherlands) Oil & Gas Holdings C.V.	The Netherlands
Hess (Netherlands) Exploration and Production Holding B.V.	The Netherlands
Hess (Netherlands) U.S. GOM Ventures B.V.	The Netherlands
Hess Capital Services Corporation	Delaware
Hess Canada Holdings B.V.	The Netherlands
Hess West Africa Holdings Limited	Cayman Islands

Other subsidiaries (names omitted because such unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary).

Each of the foregoing subsidiaries conducts business under the name listed, and is 100% owned by the Registrant.

EXHIBIT 23(1)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-43569) pertaining to the Hess Corporation Employees' Savings Plan,

(2) Registration Statement (Form S-8 No. 333-94851), pertaining to the Hess Corporation Amended and Restated 1995 Long-Term Incentive Plan

(3) Registration Statement (Form S-8 No. 333-115844) pertaining to the Hess Corporation Second Amended and Restated 1995 Long-Term Incentive Plan, and

(4) Registration Statement (Form S-8 No. 333-150992) pertaining to the Hess Corporation 2008 Long-Term Incentive Plan,

(5) Registration Statement (Form S-3 No. 333-157606) of Hess Corporation;

of our reports dated February 26, 2010, with respect to the consolidated financial statements and schedule of Hess Corporation and consolidated subsidiaries and the effectiveness of internal control over financial reporting of Hess Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2009.

Ernst & Young LLP

New York, New York
February 26, 2010

Exhibit 31(1)

I, John B. Hess, certify that:

1. I have reviewed this annual report on Form 10-K of Hess Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By John B. Hess

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

Date: February 26, 2010

Exhibit 31(2)

I, John P. Rielly, certify that:

1. I have reviewed this annual report on Form 10-K of Hess Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By John P. Rielly

John P. Rielly
Senior Vice President and
Chief Financial Officer

Date: February 26, 2010

Exhibit 32(1)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Hess Corporation (the Corporation) on Form 10-K for the period ending December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, John B. Hess, Chairman of the Board and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By

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

Date: February 26 , 2010

Exhibit 32(2)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Hess Corporation (the Corporation) on Form 10-K for the period ending December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, John P. Rielly, Senior Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By

John P. Rielly
Senior Vice President and
Chief Financial Officer

Date: February 26 , 2010

COMMON STOCK

Listed New York Stock Exchange (ticker symbol: HES)

Transfer Agent and Registrar
BNY Mellon Shareowner Services
480 Washington Boulevard
Jersey City, NJ 07310-1900
Telephone: 1-866-203-6215
http:/www.bnymellon.com/shareowner/isd

DOCUMENTS AVAILABLE

Copies of the Corporation's 2009 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and its annual proxy statement filed with the Securities and Exchange Commission, as well as the Corporation's Code of Business Conduct and Ethics, its Corporate Governance Guidelines, and charters of the Audit Committee, Compensation and Management Development Committee and Corporate Governance and Nominating Committee of the Board of Directors, are available, without charge, on our Web site listed below or upon written request to the Corporate Secretary, Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036. e-mail: corporatesecretary@hess.com

The Corporation has also filed with the New York Stock Exchange ("NYSE") its annual certification that the Corporation's chief executive officer is not aware of any violation of the NYSE's corporate governance standards. The Corporation has also filed with the SEC the certifications of its chief executive officer and chief financial officer required under SEC Rule 13a-14(a) as exhibits to its 2009 Form 10-K.

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on Wednesday, May 5, 2010, 1 Hess Plaza, Woodbridge, New Jersey 07095.

DIVIDEND REINVESTMENT PLAN

Information concerning the Dividend Reinvestment Plan available to holders of Hess Corporation common stock may be obtained by writing to BNY Mellon Shareowner Services, Dividend Reinvestment Department, P. O. Box 358015, Pittsburgh PA 15252-8015, or by calling 1-866-203-6215

CORPORATE HEADQUARTERS

Hess Corporation
1185 Avenue of the Americas
New York, NY 10036
212-997-8500

OPERATING OFFICES

Exploration and Production
Hess Corporation
One Allen Center
500 Dallas Street
Houston, Texas 77002

Hess Limited
The Adelphi Building
1-11 John Adam Street
London WC2N 6AG
England

Marketing and Refining
Hess Corporation
1 Hess Plaza
Woodbridge, New Jersey 07095

Hess Web site
www.hess.com

FSC
Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
www.fsc.org Cert no. BV-COC-080903
© 1996 Forest Stewardship Council

The Hess Annual Report cover and editorial sections are printed on recycled paper made from fiber sourced from well-managed forests and other controlled wood sources and is independently certified to the Forest Stewardship Council (FSC) standards.

1185 Avenue of the Americas
New York, New York 10036

www.hess.com

Hess Corporation
Exhibit C-2
SEC Filings

Exhibit C-2 "SEC Filings," provide the two most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 whether the applicant is not required to file with the SEC and why.

Response:

Please see enclosed copies of Hess Corporation's most recent 8-K filings with the SEC, as well as the two most recent 10-K's (Annual Reports) submitted under Exhibit C-1.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): January 25, 2012

HESS CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	**No. 1-1204**	**No. 13-4921002**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1185 Avenue of the Americas
New York, New York 10036
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(212) 997-8500**

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On January 25, 2012, Hess Corporation issued a news release reporting estimated results for the fourth quarter of 2011. A copy of this news release is attached hereto as Exhibit 99(1) and is hereby incorporated by reference.

Item 7.01. Regulation FD Disclosure.

Furnished hereunder are the prepared remarks of John B. Hess, Chairman of the Board of Directors and Chief Executive Officer of Hess Corporation, and John P. Rielly, Senior Vice President and Chief Financial Officer of Hess Corporation at a public conference call held on January 25, 2012. Copies of these remarks are attached as Exhibit 99(2) and as Exhibit 99(3), respectively, and are incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99(1) News release dated January 25, 2012 reporting estimated results for the fourth quarter of 2011.

99(2) Prepared remarks of John B. Hess, Chairman of the Board of Directors and Chief Executive Officer.

99(3) Prepared remarks of John P. Rielly, Senior Vice President and Chief Financial Officer.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 25, 2012

HESS CORPORATION

By: /s/John P. Rielly

Name: John P. Rielly

Title: Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99(1)	News release dated January 25, 2012 reporting estimated results for the fourth quarter of 2011.
99(2)	Prepared remarks of John B. Hess, Chairman of the Board of Directors and Chief Executive Officer.
99(3)	Prepared remarks of John P. Rielly, Senior Vice President and Chief Financial Officer.

Exhibit 99(1)
HESS CORPORATION

News Release

Investor Contact: ***Jay Wilson***
(212) 536-8940
Media Contact: ***Jon Pepper***
(212) 536-8550

HESS REPORTS ESTIMATED RESULTS FOR THE FOURTH QUARTER OF 2011

Fourth Quarter Highlights:

- ***Net loss was $131 million, compared with net income of $58 million in the fourth quarter of 2010***
- ***Net income excluding items affecting comparability between periods was $394 million, compared with $398 million in the fourth quarter of 2010***
- ***Results included a previously announced after-tax charge of $525 million related to the shutdown of the HOVENSA L.L.C. refinery***
- ***Oil and gas production was 367,000 barrels of oil equivalent per day, compared with 420,000 in the fourth quarter of 2010***
- ***Year end total proved reserves were 1,573 million barrels; reserve replacement for 2011 was 147 percent***

NEW YORK, January 25, 2012 -- Hess Corporation (NYSE: HES) reported a net loss of $131 million for the fourth quarter of 2011 compared with net income of $58 million for the fourth quarter of 2010. The after-tax income (loss) by major operating activity was as follows:

	Three Months Ended December 31, (unaudited)		Year Ended December 31, (unaudited)	
	2011	2010	2011	2010
	(In millions, except per share amounts)			
Exploration and Production	$ 527	$ 420	$ 2,675	$ 2,736
Marketing and Refining	(561)	(261)	(584)	(231)
Corporate	(40)	(43)	(154)	(159)
Interest expense	(57)	(58)	(234)	(221)
Net income (loss) attributable to Hess Corporation	$ (131)	$ 58	$ 1,703	$ 2,125
Net income (loss) per share (diluted)	$ (.39)	$ .18	$ 5.01	$ 6.47
Weighted average number of shares (diluted)	337.5	330.5	339.9	328.3

Note: See the following page for a table of items affecting comparability of earnings between periods.

Exploration and Production earnings were $527 million in the fourth quarter of 2011 compared with $420 million in the fourth quarter of 2010. The Corporation's average worldwide crude oil selling price, including the effect of hedging, was $89.70 per barrel, up from $71.73 per barrel in the same quarter a year ago. The average worldwide natural gas selling price was $6.32 per Mcf in the fourth quarter of 2011, up from $5.30 per Mcf in the fourth quarter of 2010. Fourth quarter oil and gas production was 367,000 barrels of oil equivalent per day, compared with 420,000 barrels of oil equivalent per day in the fourth quarter a year ago, largely due to production interruptions and asset sales. Fourth quarter 2011 results included higher exploration expenses reflecting total dry hole costs of $236 million ($143 million after-tax), primarily associated with two exploration wells on the Semai V Block, offshore Indonesia.

Oil and gas proved reserves were 1,573 million barrels of oil equivalent at the end of 2011, compared with 1,537 million barrels at the end of 2010. During 2011, the Corporation added 203 million barrels of oil equivalent to proved reserves. These additions, which are subject to final review, replaced approximately 147 percent of the Corporation's 2011 production, resulting in a reserve life of 11.4 years.

Marketing and Refining generated a loss of $561 million in the fourth quarter of 2011 compared with a loss of $261 million in the same period in 2010. Refining operations incurred a loss of $598 million in the fourth quarter of 2011, including the HOVENSA L.L.C. shutdown charge discussed below, and a loss of $308 million in the fourth quarter a year ago. Marketing earnings were $48 million compared with $37 million in the same quarter of 2010. Trading activities generated a loss of $11 million in the fourth quarter of 2011 and income of $10 million in the fourth quarter of last year.

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

	Three Months Ended December 31, (unaudited)		Year Ended December 31, (unaudited)	
	2011	2010	2011	2010
	(Millions of dollars)			
Exploration and Production	$ -	$ (51)	$ 244	$ 732
Marketing and Refining	(525)	(289)	(525)	(289)
Corporate	-	-	-	(7)
	$ (525)	$ (340)	$ (281)	$ 436

Fourth quarter 2011 results included an after-tax charge of $525 million related to the Corporation's investment in HOVENSA L.L.C. and the shutdown of the refinery in St. Croix, U.S. Virgin Islands.

Net cash provided by operating activities was $1,138 million in the fourth quarter of 2011, compared with $1,478 million in the same quarter of 2010. Capital and exploratory expenditures were $2,236 million, of which $2,185 million related to Exploration and Production operations. Capital and exploratory expenditures for the fourth quarter of 2010 were $2,464 million, of which $2,438 million related to Exploration and Production operations.

At December 31, 2011, cash and cash equivalents totaled $351 million compared with $1,608 million at December 31, 2010. Total debt was $6,057 million at December 31, 2011 and $5,583 million at December 31, 2010. The Corporation's debt to capitalization ratio at December 31, 2011 was 24.6 percent compared with 24.9 percent at the end of 2010.

Hess Corporation will review fourth quarter financial and operating results and other matters on a webcast at 10 a.m. today. For details about the event, refer to the Investor Relations section of our website at **www.hess.com**.

Hess Corporation, with headquarters in New York, is a global integrated energy company engaged in the exploration, production, purchase, transportation and sale of crude oil and natural gas, as well as the production and sale of refined petroleum products. More information on Hess Corporation is available at **www.hess.com**.

Forward-looking Statements
Certain statements in this release may constitute "forward-looking statements" within the meaning of Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, uncertainties inherent in the measurement and interpretation of geological, geophysical and other technical data.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
SUPPLEMENTAL FINANCIAL DATA (UNAUDITED)
(IN MILLIONS OF DOLLARS)

	Fourth	Fourth	Third

	Quarter 2011	Quarter 2010	Quarter 2011
Income Statement			
Revenues and Non-operating Income			
Sales (excluding excise taxes) and other operating revenues	$ 9,733	$ 9,007	$ 8,665
Income (loss) from equity investment in HOVENSA L.L.C.	(940)	(348)	(36)
Other, net	31	31	97
Total revenues and non-operating income	8,824	8,690	8,726
Costs and Expenses			
Cost of products sold (excluding items shown separately below)	6,712	6,221	6,181
Production expenses	613	532	609
Marketing expenses	273	291	266
Exploration expenses, including dry holes and lease impairment	426	317	199
Other operating expenses	44	42	43
General and administrative expenses	187	197	177
Interest expense	93	100	94
Depreciation, depletion and amortization	674	633	586
Asset impairments	-	-	358
Total costs and expenses	9,022	8,333	8,513
Income (loss) before income taxes	(198)	357	213
Provision (benefit) for income taxes	(64)	274	(54)
Net income (loss)	(134)	83	267
Less: Net income (loss) attributable to noncontrolling interests	(3)	25	(31)
Net income (loss) attributable to Hess Corporation	$ (131)	$ 58	$ 298
Supplemental Income Statement Information			
Foreign currency gains (losses), after-tax	$ (8)	$ 2	$ (2)
Capitalized interest	5	2	4
Cash Flow Information			
Net cash provided by operating activities (*)	$ 1,138	$ 1,478	$ 1,022
Capital and Exploratory Expenditures			
Exploration and Production			
United States	$ 1,372	$ 1,820	$ 1,600
International	813	618	917
Total Exploration and Production	2,185	2,438	2,517
Marketing, Refining and Corporate	51	26	33
Total Capital and Exploratory Expenditures	$ 2,236	$ 2,464	$ 2,550
Exploration expenses charged to income included above			
United States	$ 51	$ 46	$ 48
International	70	77	68
	$ 121	$ 123	$ 116

(*) Includes changes in working capital.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
SUPPLEMENTAL FINANCIAL DATA (UNAUDITED)
(IN MILLIONS OF DOLLARS)

	Year Ended December 31,	
	2011	2010
Income Statement		

Revenues and Non-operating Income				
Sales (excluding excise taxes) and other operating revenues	$	38,466	$	33,862
Income (loss) from equity investment in HOVENSA L.L.C.		(1,073)		(522)
Other, net		478		1,273
Total revenues and non-operating income		37,871		34,613
Costs and Expenses				
Cost of products sold (excluding items shown separately below)		26,774		23,407
Production expenses		2,352		1,924
Marketing expenses		1,069		1,021
Exploration expenses, including dry holes and lease impairment		1,195		865
Other operating expenses		171		213
General and administrative expenses		702		662
Interest expense		383		361
Depreciation, depletion and amortization		2,406		2,317
Asset impairments		358		532
Total costs and expenses		35,410		31,302
Income (loss) before income taxes		2,461		3,311
Provision (benefit) for income taxes		785		1,173
Net income (loss)		1,676		2,138
Less: Net income (loss) attributable to noncontrolling interests		(27)		13
Net income (loss) attributable to Hess Corporation	$	1,703	$	2,125
Supplemental Income Statement Information				
Foreign currency gains (losses), after-tax	$	(15)	$	(8)
Capitalized interest		13		5
Cash Flow Information				
Net cash provided by operating activities (*)	$	4,984	$	4,530
Capital and Exploratory Expenditures				
Exploration and Production				
United States	$	4,305	$	2,935
International		3,039		2,822
Total Exploration and Production		7,344		5,757
Marketing, Refining and Corporate		118		98
Total Capital and Exploratory Expenditures	$	7,462	$	5,855
Exploration expenses charged to income included above				
United States	$	197	$	154
International		259		209
	$	456	$	363

(*) Includes changes in working capital.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
SUPPLEMENTAL FINANCIAL DATA (UNAUDITED)
(IN MILLIONS OF DOLLARS)

	December 31, 2011	December 31, 2010
Balance Sheet Information		
Cash and cash equivalents	$ 351	$ 1,608

Other current assets	7,965	7,172
Investments	384	443
Property, plant and equipment – net	24,550	21,127
Other long-term assets	5,688	5,046
Total assets	$ 38,938	$ 35,396
Short-term debt and current maturities of long-term debt	$ 52	$ 46
Other current liabilities	8,025	7,567
Long-term debt	6,005	5,537
Other long-term liabilities	6,294	5,437
Total equity excluding other comprehensive income (loss)	19,659	17,968
Accumulated other comprehensive income (loss)	(1,097)	(1,159)
Total liabilities and equity	$ 38,938	$ 35,396

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
EXPLORATION AND PRODUCTION EARNINGS (UNAUDITED)
(IN MILLIONS OF DOLLARS)

	Fourth Quarter 2011		
	United States	International	Total
Sales and other operating revenues	$ 937	$ 1,662	$ 2,599
Other, net	3	25	28

Total revenues and non-operating income	940	1,687	2,627
Costs and expenses			
Production expenses, including related taxes	170	443	613
Exploration expenses, including dry holes and lease impairment	118	308	426
General, administrative and other expenses	49	33	82
Depreciation, depletion and amortization	273	378	651
Asset impairments	-	-	-
Total costs and expenses	610	1,162	1,772
Results of operations before income taxes	330	525	855
Provision (benefit) for income taxes	130	198	328
Results of operations attributable to Hess Corporation	$ 200	$ 327	$ 527

	Fourth Quarter 2010		
	United States	International	Total
Sales and other operating revenues	$ 679	$ 1,613	$ 2,292
Other, net	(5)	13	8
Total revenues and non-operating income	674	1,626	2,300
Costs and expenses			
Production expenses, including related taxes	143	389	532
Exploration expenses, including dry holes and lease impairment	121	196	317
General, administrative and other expenses	56	24	80
Depreciation, depletion and amortization	184	425	609
Asset impairments	-	-	-
Total costs and expenses	504	1,034	1,538
Results of operations before income taxes	170	592	762
Provision (benefit) for income taxes	72	270	342
Results of operations attributable to Hess Corporation	$ 98	$ 322	$ 420

	Third Quarter 2011		
	United States	International	Total
Sales and other operating revenues	$ 830	$ 1,307	$ 2,137
Other, net	4	93	97
Total revenues and non-operating income	834	1,400	2,234
Costs and expenses			
Production expenses, including related taxes	174	435	609
Exploration expenses, including dry holes and lease impairment	120	79	199
General, administrative and other expenses	44	27	71
Depreciation, depletion and amortization	209	355	564
Asset impairments	16	342	358
Total costs and expenses	563	1,238	1,801
Results of operations before income taxes	271	162	433
Provision (benefit) for income taxes	108	(97)	11
Results of operations attributable to Hess Corporation	$ 163	$ 259	$ 422

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
EXPLORATION AND PRODUCTION EARNINGS (UNAUDITED)
(IN MILLIONS OF DOLLARS)

	Year Ended December 31, 2011		
	United States	International	Total
Sales and other operating revenues	$ 3,371	$ 6,676	$ 10,047
Other, net	(7)	471	464
Total revenues and non-operating income	3,364	7,147	10,511
Costs and expenses			

Costs and expenses			
Production expenses, including related taxes	660	1,692	2,352
Exploration expenses, including dry holes and lease impairment	475	720	1,195
General, administrative and other expenses	190	123	313
Depreciation, depletion and amortization	800	1,505	2,305
Asset impairments	16	342	358
Total costs and expenses	2,141	4,382	6,523
Results of operations before income taxes	1,223	2,765	3,988
Provision (benefit) for income taxes	470	843	1,313
Results of operations attributable to Hess Corporation	$ 753	$ 1,922	$ 2,675

	Year Ended December 31, 2010		
	United States	International	Total
Sales and other operating revenues	$ 2,453	$ 6,291	$ 8,744
Other, net	(3)	1,236	1,233
Total revenues and non-operating income	2,450	7,527	9,977
Costs and expenses			
Production expenses, including related taxes	489	1,435	1,924
Exploration expenses, including dry holes and lease impairment	364	501	865
General, administrative and other expenses	161	120	281
Depreciation, depletion and amortization	649	1,573	2,222
Asset impairments	-	532	532
Total costs and expenses	1,663	4,161	5,824
Results of operations before income taxes	787	3,366	4,153
Provision (benefit) for income taxes	304	1,113	1,417
Results of operations attributable to Hess Corporation	$ 483	$ 2,253	$ 2,736

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
EXPLORATION AND PRODUCTION SUPPLEMENTAL OPERATING DATA (UNAUDITED)

	Fourth Quarter 2011	Fourth Quarter 2010	Third Quarter 2011
Operating Data			
Net Production Per Day (in thousands)			
Crude oil - barrels			
United States	89	76	82
Europe	95	103	68
Africa	54	99	59
Asia	13	13	15

Total	251	291	224
Natural gas liquids - barrels			
United States	13	14	13
Europe	4	4	3
Asia	1	1	1
Total	18	19	17
Natural gas - mcf			
United States	90	114	102
Europe	92	138	55
Asia and other	408	411	458
Total	590	663	615
Barrels of oil equivalent	367	420	344
Average Selling Price			
Crude oil - per barrel (including hedging)*			
United States	$ 100.76	$ 80.65	$ 95.12
Europe	77.18	63.18	65.92
Africa	85.49	70.21	89.41
Asia	111.08	86.94	112.31
Worldwide	89.70	71.73	85.81
Crude oil - per barrel (excluding hedging)			
United States	$ 100.76	$ 80.65	$ 95.12
Europe	77.18	63.18	65.92
Africa	109.28	86.40	113.03
Asia	111.08	86.94	112.31
Worldwide	95.16	77.17	92.33
Natural gas liquids - per barrel			
United States	$ 57.86	$ 51.89	$ 57.72
Europe	66.47	64.65	82.18
Asia	66.18	70.22	71.30
Worldwide	59.81	55.00	63.64
Natural gas - per mcf			
United States	$ 2.50	$ 3.11	$ 3.43
Europe	8.88	7.81	8.93
Asia and other	6.57	5.06	5.86
Worldwide	6.32	5.30	5.74

* The realized after-tax losses from crude oil hedging activities were $83 million in the fourth quarter of 2011, $86 million in the fourth quarter of 2010 and $82 million in the third quarter of 2011.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
EXPLORATION AND PRODUCTION SUPPLEMENTAL OPERATING DATA (UNAUDITED)

	Year Ended December 31,	
	2011	2010
Operating Data		
Net Production Per Day (in thousands)		
Crude oil - barrels		
United States	81	75
Europe	89	88
Africa	66	113
Asia	13	13
Total	249	289

Natural gas liquids - barrels

Natural gas liquids - barrels		
United States	13	14
Europe	3	3
Asia	1	1
Total	17	18
Natural gas - mcf		
United States	100	108
Europe	81	134
Asia and other	442	427
Total	623	669
Barrels of oil equivalent	370	418
Average Selling Price		
Crude oil - per barrel (including hedging)*		
United States	$ 98.56	$ 75.02
Europe	80.18	58.11
Africa	88.46	65.02
Asia	111.71	79.23
Worldwide	89.99	66.20
Crude oil - per barrel (excluding hedging)		
United States	$ 98.56	$ 75.02
Europe	80.18	58.11
Africa	110.28	78.31
Asia	111.71	79.23
Worldwide	95.60	71.40
Natural gas liquids - per barrel		
United States	$ 58.59	$ 47.92
Europe	75.49	59.23
Asia	72.29	63.50
Worldwide	62.72	50.49
Natural gas - per mcf		
United States	$ 3.39	$ 3.70
Europe	8.79	6.23
Asia and other	6.02	5.93
Worldwide	5.96	5.63

* The realized after-tax losses from crude oil hedging activities were $327 million for the year ended December 31, 2011 and $338 million for the year ended December 31, 2010.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
MARKETING AND REFINING SUPPLEMENTAL FINANCIAL AND OPERATING DATA (UNAUDITED)

	Fourth Quarter 2011	Fourth Quarter 2010	Third Quarter 2011
Financial Information (in millions of dollars)			
Marketing and Refining Results			
Income (loss) before income taxes	$ (885)	$ (251)	$ (23)
Provision (benefit) for income taxes	(324)	10	-
Results of operations attributable to Hess Corporation	$ (561)	$ (261)	$ (23)
Summary of Marketing and Refining Results			
Refining	$ (598)	$ (308)	$ (38)
Marketing	48	37	41
Trading	(11)	10	(26)

Trading	[illegible]	[illegible]	[illegible]
Results of operations attributable to Hess Corporation	$ (561)	$ (261)	$ (23)

Operating Data (barrels and gallons in thousands)

	Refinery Capacity (barrels per day)			
Refined Product Sales (barrels per day)				
Gasoline		214	225	222
Distillates		143	144	100
Residuals		65	78	53
Other		19	42	14
Total		441	489	389
Refinery Throughput (barrels per day)				
HOVENSA - Crude runs		271	384	297
HOVENSA - Hess 50% share		136	192	149
Port Reading		58	60	63
Refinery Utilization				
HOVENSA				
Crude	350 (a)	77.5%	76.8%	84.9%
FCC	150	64.0%	57.3%	79.2%
Coker	58	80.4%	73.3%	91.0%
Port Reading	70	82.9%	86.0%	90.0%
Retail Marketing				
Number of retail stations (b)		1,361	1,362	1,358
Convenience store revenue (in millions of dollars) (c)		$ 290	$ 298	$ 316
Average gasoline volume per station (gallons per month) (c)		195	201	201

(a) HOVENSA's refining crude capacity was reduced to 350,000 from 500,000 barrels per day in the first quarter of 2011.
(b) Includes company operated, Wilco-Hess, dealer and branded retailer.
(c) Company operated only.

HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
MARKETING AND REFINING SUPPLEMENTAL FINANCIAL AND OPERATING DATA (UNAUDITED)

	Year Ended December 31, 2011	Year Ended December 31, 2010
Financial Information (in millions of dollars)		
Marketing and Refining Results		
Income (loss) before income taxes	$ (857)	$ (227)
Provision (benefit) for income taxes	(273)	4
Results of operations attributable to Hess Corporation	$ (584)	$ (231)
Summary of Marketing and Refining Results		
Refining	$ (728)	$ (445)
Marketing	185	215
Trading	(41)	(1)
[illegible]	[illegible]	[illegible]

Results of operations attributable to Hess Corporation	$	(584)	$	(231)

Operating Data (barrels and gallons in thousands)

	Refinery Capacity (barrels per day)				
Refined Product Sales (barrels per day)					
Gasoline			222		242
Distillates			123		120
Residuals			65		69
Other			20		40
Total			430		471
Refinery Throughput (barrels per day)					
HOVENSA - Crude runs			284		390
HOVENSA - Hess 50% share			142		195
Port Reading			63		55
Refinery Utilization					
HOVENSA					
Crude	350 (a)		81.1%		78.0%
FCC	150		71.7%		66.5%
Coker	58		77.4%		78.3%
Port Reading	70		90.0%		78.1%
Retail Marketing					
Number of retail stations (b)			1,361		1,362
Convenience store revenue (in millions of dollars) (c)		$	1,189	$	1,213
Average gasoline volume per station (gallons per month) (c)			195		199

(a) HOVENSA's refining crude capacity was reduced to 350,000 from 500,000 barrels per day in the first quarter of 2011.
(b) Includes company operated, Wilco-Hess, dealer and branded retailer.
(c) Company operated only.

Exhibit 99(2)

2011 Fourth Quarter Earnings Conference Call

Thank you Jay. Welcome to our fourth quarter conference call. I would like to review key achievements for 2011 and provide some guidance for 2012. Greg Hill will then discuss our Exploration and Production business and John Rielly will go through our financial results.

Corporate net income for the full year 2011 was $1.7 billion. Exploration and Production earned $2.7 billion and Marketing and Refining lost $584 million. Compared to 2010, our results reflected lower crude oil and natural gas sales volumes, weaker refining results, and the impact of higher crude oil selling prices. Included in our fourth quarter 2011 financial results is an after-tax charge of $525 million related to the closure of the HOVENSA joint venture refinery, which was announced last week.

In 2012, our company's capital and exploratory expenditures are budgeted at $6.8 billion, with substantially all dedicated to

Exploration and Production. Over the past several years, we have significantly increased our commitment to unconventionals to generate more predictable growth in reserves and production. In 2012, we plan to invest $2.5 billion, or nearly 40 percent of our projected spend, in unconventionals. In addition, we plan to invest $1.6 billion for production, $1.8 billion for developments and $800 million for exploration.

We expect to fund the majority of our 2012 capital program from internally generated cash flow and asset sales. To protect our cash flow we have hedged 120 thousand barrels per day, or approximately 45 percent of our forecasted oil production, for the calendar year 2012 at an average Brent price of $107.70 per barrel.

In the fourth quarter we agreed to sell our 3 percent interest in the Snohvit LNG project in Norway to Statoil for $170 million. This transaction will reduce our 2012 production by approximately 3 thousand barrels of oil equivalent per day and is expected to close on January 31.

With regard to Exploration and Production, in 2011 we replaced 147 percent of production, at an FD&A cost of approximately $36 per barrel. At year end our proved reserves stood at 1.573 billion barrels of oil equivalent and our reserve life was 11.4 years. Including last year's results, our five year average reserve replacement ratio is 153 percent and our average FD&A cost is about $23 per barrel of oil equivalent.

In 2011, our crude oil and natural gas production was 370 thousand barrels of oil equivalent per day, an 11 percent decrease compared to the 418 thousand barrels of oil equivalent per day we averaged in 2010. Most of last year's production issues were due to short term setbacks, including weather related delays in North Dakota, the temporary shut in of the Llano #3 well in the deepwater Gulf of Mexico, a fire at the Valhall Field in Norway and civil unrest in Libya. We continue to make progress in restoring these lost production volumes.

In 2012, we forecast crude oil and natural gas production to average between 370 and 390 thousand barrels of oil equivalent per day. This projection includes the sale of Snohvit, but excludes the impact of any other potential asset sales and any production that may result from the restoration of our operations in Libya.

Our sustainable long term growth target for production and reserves remains 3 to 5 percent per year. However, if 2012 were used as a base, which includes some residual effects from the production issues we experienced in 2011, we would project growth through 2017 to be in the range of 4 to 7 percent per year.

Last year, we continued to grow our portfolio of unconventional resources. In the Bakken oil shale play in North Dakota, we generated strong growth throughout the second half of the year and exited 2011 at a peak net rate of approximately 50 thousand barrels of oil equivalent per day. We maintain our 60 thousand barrels of oil equivalent per day forecast for the Bakken in 2012.

We also plan to continue the appraisal of our acreage in the Eagle Ford Shale in Texas and the Utica Shale in Ohio.

Regarding developments, in the third quarter of 2011 we sanctioned the Tubular Bells project in the deepwater Gulf of Mexico. Hess has a 57 percent interest in the field and is the operator. In 2012, we will work with our partner Chevron to advance the project and we anticipate first production in 2014.

In terms of exploration, the Andalan No. 1 well on the Semai V Block in Indonesia encountered reservoir sands and hydrocarbons, but not in commercial quantities. This well, along with a follow up well, were expensed in the fourth quarter.

With regard to Marketing and Refining, our full year 2011 financial results were lower than 2010. Last week, HOVENSA, in which Hess has a 50 percent interest, announced that it will close the joint venture refinery in St. Croix, U.S. Virgin Islands. The refinery has commenced shutdown and will become an oil storage terminal. Overall losses at the HOVENSA refinery have

totaled $1.3 billion in the past three years and were projected to continue. These losses have been caused primarily by the global economic slowdown and the addition of new refining capacity in emerging markets. In addition, the low price of natural gas in the United States put HOVENSA, an oil-fueled refinery, at a competitive disadvantage. HOVENSA examined every strategic option to maximize value, but ultimately severe financial losses left no other choice but to close.

In Retail Marketing, while 2011 convenience store sales and average gasoline volumes per station were both down 2 percent, reflecting the weak economic environment, year over year earnings were higher. Also, our Energy Marketing business delivered strong operating results, but earnings were lower than last year.

Our financial position remains strong. Our debt to capitalization ratio at year end was 25 percent, essentially unchanged from year end 2010.

2011 was a difficult year operationally but important strategically. With the closure of the HOVENSA refinery, we have completed our transition to being predominantly an exploration and production company. Also, with the addition of our newly acquired acreage position in the Utica Shale, the company now has the critical mass for shale resources to make a significant contribution to our future production and reserve growth with lower risk than has been the case historically. Our principal focus in 2012 will be to execute our investment opportunities to sustain profitable growth and create value for our shareholders.

I will now turn the call over to Greg Hill.

Exhibit 99(3)

HESS CORPORATION
FOURTH QUARTER 2011 EARNINGS CONFERENCE CALL

Introduction

Hello everyone. In my remarks today, I will compare fourth quarter 2011 results to the third quarter.

Consolidated Results of Operations

The Corporation generated a consolidated net loss of $131 million in the fourth quarter of 2011 compared with net income of $298 million in the third quarter. Excluding items affecting comparability of earnings between periods, the Corporation had earnings of $394 million in the fourth quarter of 2011 and $379 million in the third quarter of 2011.

Exploration and Production

Exploration and Production had income of $527 million in the fourth quarter of 2011, compared with $422 million in the third quarter. Third quarter results included net after-tax charges of $81 million from items affecting comparability of earnings between periods. Excluding these items, the changes in the after-tax components of the earnings are as follows:

	Increase (decrease) in earnings
Higher sales volumes increased earnings by	$ 155
Higher selling prices increased earnings by	39
Higher exploration expenses decreased earnings by	(142)
Higher depreciation, depletion & amortization decreased earnings by	(40)
All other items net to an increase in earnings of	12
For an overall increase in fourth quarter adjusted earnings of	$ 24

Our E&P operations were overlifted in the fourth quarter compared with production, resulting in increased after-tax income of approximately $40 million.

The E&P effective income tax rate was 38 percent for the fourth quarter and the full year of 2011.

Marketing and Refining

Marketing and Refining incurred a loss of $561 million in the fourth quarter of 2011 compared with a loss of $23 million in the third quarter. Fourth quarter results include an after-tax charge of $525 million related to the announced shutdown of HOVENSA's refinery in St. Croix. This charge includes estimates of the Corporation's share of future funding commitments for preserving assets, severance and other costs related to the shutdown, of which approximately $400 million is expected to be funded in 2012.

Excluding the refinery shutdown charge, the Corporation's share of HOVENSA's results of operations was a loss of $65 million in the fourth quarter of 2011 compared with a loss of $36 million in the third quarter. Port Reading had a loss of $6 million in the fourth quarter of 2011 and broke even in the third quarter.

HESS CORPORATION
FOURTH QUARTER 2011 EARNINGS CONFERENCE CALL

Marketing earnings were $48 million in the fourth quarter of 2011, an increase from $41 million in the third quarter, principally reflecting higher earnings in energy marketing. Trading activities generated a loss of $11 million in the fourth quarter of 2011, compared with a loss of $26 million in the third quarter.

Corporate and Interest

Net Corporate expenses were $40 million in the fourth quarter of 2011 compared with $44 million in the third quarter. After-tax interest expense was $57 million in the fourth quarter and third quarter of 2011.

Consolidated Cash Flows

Turning to cash flow –

Net cash provided by operating activities in the fourth quarter, including a decrease of $275 million from changes in working capital, was	$	1,138
Capital expenditures were		(2,115)
Borrowings were		458
All other items amounted to an increase in cash of		43
Resulting in a net decrease in cash and cash equivalents		

in the fourth quarter of	$ (476)

We had $351 million of cash and cash equivalents at December 31, 2011 and $1,608 million at December 31, 2010. Total debt was $6,057 million at December 31, 2011 and $5,583 million at December 31, 2010. At year-end 2011, we had more than $3.8 billion available on our revolving credit facility. The Corporation's debt to capitalization ratio at December 31, 2011 was 24.6% compared with 24.9% at the end of 2010.

2012 Guidance

Net Corporate expenses in 2012 are estimated to be in the range of $160 million to $170 million. We expect our 2012 after-tax interest expense to be in the range of $245 million to $255 million.

For full year 2012 unit costs, our E&P cash operating costs are expected to be in the range of $20.00 to $21.00 per barrel of oil equivalent produced. Depreciation, depletion and amortization expenses are expected to be in the range of $20.50 to $21.50 per barrel, for total production unit costs of $40.50 to $42.50. We currently expect our E&P effective tax rate to be in the range of 36% to 40% for the full year of 2012. Both the unit cost and tax rate guidance exclude the impact of any Libyan operations.

This concludes my remarks. We will be happy to answer any questions. I will now turn the call over to the operator.

****

HESS CORPORATION
FOURTH QUARTER 2011 EARNINGS CONFERENCE CALL

Cautionary Note

The forgoing prepared remarks include certain forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements.

Reconciliation of Segment Earnings to Earnings
Excluding Items Affecting Comparability

	Fourth Quarter 2011	Third Quarter 2011
Exploration & Production Segment Results	$ 527	$ 422
Items Affecting Comparability		
Asset impairments	-	140
Charge for United Kingdom supplementary tax increase	-	44
Gains on asset sales	-	(103)
Exploration & Production Income Excluding Items Affecting Comparability	$ 527	$ 503
Marketing & Refining Segment Results	$ (561)	$ (23)
Items Affecting Comparability		
Charge for HOVENSA L.L.C. refinery shutdown	525	-

Marketing & Refining Income Excluding Items Affecting Comparability	$ (36)	$ (23)

Exhibit C-3 "Financial Statements," provide copies of the applicant's two most recent years of audited financial statements (balance sheets, income statement, and cash flow statement). If audited financial statements are not available, provide officer-certified financial statements. If the applicant has not be in business long enough to satisfy this requirement, it shall file audited or officer-certified financial statements covering the life of the business.

Response:

Please see Hess Corporation's two most recent Annual Reports included under Exhibit C-1.

Hess Corporation
Exhibit C-4
Forecasted Financial Arrangements

Exhibit C-4 "Financial Arrangements," provide copies of the applicant's current financial arrangements to conduct competitive retail natural gas service (CRNGS) as a business activity (e.g. guarantees, bank commitments, contractual arrangements, credit agreements, etc.)

Response:

Hess does not enter into separate financial arrangements specifically to conduct CRNGS business activity. All CRNGS business activity is conducted by the Energy Marketing division of Hess Corporation. The Energy Marketing divisional references are for tax purposes only —Energy Marketing is not an incorporated division. All contracts are executed by Hess Corporation only and Hess is the responsible party under the contracts.

However, if you would like to see Hess Corporation's current financial arrangements to conduct business activity please refer to Hess Corporation's most recent 10-K filing which is included in Exhibit C-2. All of Hess' credit arrangements are described in the Long-Term Debt footnote (Note 9) on page 62. Other financial instruments (including letters of credit) appear in Note 9, on page 64. Guarantees appear in Note 17, which appears on pages 83 and 84.

Hess Corporation
Exhibit C-5
Forecasted Financial Statements

Exhibit C-5 "Forecasted Financial Statements," provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant's CRNGS operation, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer.

Response

[redacted]

[redacted]

Prepared by:
Jodi Brown
Regional Operations Manager
2000 Cliff Mine Rd
Suite 420
Pittsburgh, PA 15275
jlbrown@hess.com
Phone: 412-494-7217

Exhibit C-6 "Credit Rating," provide a statement disclosing the applicant's current credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.

<u>Response</u>

Hess Corporation is rated as follows:

Moody's: Baa2, Stable
Standard and Poors: BBB, Stable

Exhibit C-7 "Credit Report," provide a copy of the applicant's current credit report from Experion, Dun and Bradstreet, or a similar organization.

Response

Please see the attached credit report of Hess Corporation from Dun & Bradstreet.

DNBi®
Risk Management

Live Report : HESS CORPORATION

D-U-N-S® Number: 00-697-9785
Endorsement/Billing Reference: laretino@hess.com

D&B Address

Address	1185 Avenue Of The Americas New York,NY - 10036	**Location Type**	Headquarters
Phone	212 997-8500	**Web**	www.hess.com
Fax	212-536-8396		

Added to Portfolio:

Last View Date:

Endorsement :

Company Summary

Currency: Shown in USD unless otl

Score Bar

D&B Rating	5A2
PAYDEX®	77
Business Net Worth	16,809.0M
Financial Stress Class	3
Commercial Credit Score Class	1
Bankruptcy Found	N
Current Ratio (%)	-

D&B 3-month PAYDEX®

3-month D&B PAYDEX®: 77
Lowest Risk:100;Highest Risk :1

When weighted by amount, Payments to suppliers average 5 Days Beyond Terms

D&B Company Overview

This is a headquarters location

D&B PAYDEX®

D&B PAYDEX® 77
Lowest Risk:100;Highest Risk :1

When weighted by amount, Payments to supp
average 5 days beyond terms

Public Filings

The following data includes both open and clo
found in D&B's database on this company.

Record Type	Number of Records	Mo Fili
Bankruptcies	0	-
Judgments	3	06,
Liens	4	08,
Suits	30	11,
UCCs	410	11,

The public record items contained herein may
been paid, terminated, vacated or released pr
todays date.

Branch(es) or Division(s) exist	Y
Chief Executive	JOHN B HESS, CHB -CEO
Stock Symbol	HES
Year Started	1920
Employees	13800 (254 Here)
Financing	SECURED
SIC	1311 , 2911
Line of business	Exploration & production of crude oil & natural gas, petroleum refining, transprtn, whol & retail, elec & nat gas power marketr
NAICS	211111
History Status	CLEAR
Financial Condition	GOOD

Commercial Credit Score Class

Commercial Credit Score Class: 1

Lowest Risk:1;Highest Risk :5

Detailed Trade Risk Insight™

Days Beyond Terms Past 3 Months

1
Days

Dollar-weighted average of **496** payment experiences reported from **72** Companies

Recent Derogatory Events

	Dec-11	Jan-12	Feb-12
Placed for Collection	-	-	936 on 1 acct
Bad Debt Written Off	-	1 on 1 acct	1 on 1 acct

Financial Stress Score Class

Financial Stress Score Class:

Lowest Risk:1;Highest Risk:5

ATTN: Lenn Greer
Report Printed: February 27, :

Stock Performance

HES : **67.48** 0.47 (0.71%)

Previous Close:	67.00
Volume:	2548329.00
Daily High:	67.87
Daily Low:	66.46
52-Week High:	87.41
52-Week Low:	46.66
P/E:	13.4671
Market Cap:	22,933,053,000
EPS:	5.02
Div/Yield:	0.60

Company News

Today: Monday, February 27, 2012

Hess Corp awarded Tubular Bells wor
2012-02-24T03:37:50 EST 3:37 AM-SteelGı

HESS CORP. : Hovensa : St Croix Refi
2012-02-22T13:46:27 EST 1:46 PM-4-Trade

Hess Makes Bullish Cross Above Criti
2012-02-15T11:59:40 EST 11:59 AM-Forbe

2012 Economic Outlook -- Report High
2012-02-13T11:00:19 EST 11:00 AM-EIN N

Hess Stands at Neutral - Analyst Blog

2012-02-08T00:04:30 EST 12:04 AM-NASD

Fleet One extends fleet fuel card contr
2012-01-31T15:22:41 EST 3:22 PM-The Gr

Hess Corp. (HES) CEO John B Hess bı
2012-01-31T14:07:30 EST 2:07 PM-Guru F

Powered by FirstRain

Corporate Linkage

Subsidiaries (Domestic)

Company	City , State	D-U-N-S® NUI
HESS MICROGEN LLC	WOODBRIDGE , New Jersey	00-967-3281
HESS ENERGY TRADING COMPANY, LLC	NEW YORK , New York	01-595-6162
HESS ENERGY SERVICES COMPANY LLC	HOUSTON , Texas	02-386-6408
THE PICK KWIK CORPORATION	PINELLAS PARK , Florida	03-221-2268
NUVERA FUEL CELLS, INC.	BILLERICA , Massachusetts	04-344-8021
SOLAR GAS INC	HOUSTON , Texas	04-509-8449
ATLANTIS AGENCY CORP	NEW YORK , New York	05-220-0870
HESS OIL VIRGIN ISLAND CORP	NEW YORK , New York	07-885-2704
AIR HANGAR INC	TRENTON , New Jersey	08-642-7226
HESS ENERGY POWER & GAS CO, LLC	NEW YORK , New York	11-249-8196
FIRST CRUDE CORP	NEW YORK , New York	18-565-1114
AMERADA HESS PIPELINE CORPORATION	NEW YORK , New York	61-436-9916
HESS ENERGY NEW YORK CORPORATION	SYRACUSE , New York	94-332-2537
HESS BAKKEN INVESTMENTS I CORPORATION	HOUSTON , Texas	61-932-2501

Subsidiaries (International)

Company	City , Country	D-U-N-S® NUI
HESS LTD	London , UNITED KINGDOM	22-670-9590
HESS INDONESIA NEW VENTURES LTD	London , UNITED KINGDOM	45-854-4509
AMERADA HESS LIMITED	BAKU , AZERBAIJAN	56-547-5238
HESS EXPLORATION AUSTRALIA PTY LIMITED	PERTH , AUSTRALIA	75-529-9641
HESS (THAILAND) LTD	London , UNITED KINGDOM	77-959-3904
Talisman (Jambi Merang) Ltd	London , UNITED KINGDOM	77-961-8958
Hess Equatorial Guinea Inc	GEORGE TOWN , CAYMAN ISLANDS	86-438-3591
Hess Oil St. Lucia Limited	CASTRIES , ST LUCIA	86-617-5131

Branches (Domestic)

Company	City , State	D-U-N-S® NUI
HESS CORPORATION	MASSAPEQUA , New York	00-198-8419
HESS CORPORATION	NEW BEDFORD , Massachusetts	00-190-5665
HESS CORPORATION	WATERTOWN , Massachusetts	00-190-5780
HESS CORPORATION	SPRINGFIELD , Massachusetts	00-189-5742
HESS CORPORATION	EAST ELMHURST , New York	00-190-9691
HESS CORPORATION	WORCESTER , Massachusetts	00-202-4219
HESS CORPORATION	PHILADELPHIA , Pennsylvania	00-220-2971
HESS CORPORATION	RUMFORD , Rhode Island	00-221-2590
HESS CORPORATION	MELBOURNE , Florida	00-262-8126
HESS CORPORATION	NEW CUMBERLAND , Pennsylvania	00-252-8250
HESS CORPORATION	GOOSE CREEK , South Carolina	00-347-3746
HESS CORPORATION	WEST COLUMBIA , South Carolina	00-345-3805
HESS CORPORATION	ATLANTIC BEACH , Florida	00-359-3274
HESS CORPORATION	SPARTANBURG , South Carolina	00-359-3308
HESS CORPORATION	BUFFALO , New York	00-362-5738
HESS CORPORATION	SUMMERVILLE , South Carolina	00-469-4998
HESS CORPORATION	COLUMBIA , South Carolina	00-431-4519
HESS CORPORATION	CARLISLE , Pennsylvania	00-468-4270
HESS CORPORATION	KISSIMMEE , Florida	00-543-2070
HESS CORPORATION	HOLLYWOOD , Florida	00-800-2672
HESS CORPORATION	CASSELBERRY , Florida	00-941-5212
HESS CORPORATION	SOUTHAMPTON , Pennsylvania	00-957-8076
HESS CORPORATION	FORT LAUDERDALE , Florida	01-042-5932
HESS CORPORATION	CLIFTON PARK , New York	01-308-3915
HESS CORPORATION	JACKSONVILLE , Florida	01-309-7592

This list is limited to the first 25 branches.
For the complete list, Please logon to DNBi and view the Dynamic Family Tree Information.

Branches (International)

Company	City , Country	D-U-N-S® NUI
HESS INTERNATIONAL LTD	London , UNITED KINGDOM	45-826-0783

Predictive Scores

Currency: Shown in USD unless c

Credit Capacity Summary

This credit rating was assigned because of D&Bs assessment of the companys creditworthiness. For more information, s
D&B Rating Key

D&B Rating : **5A2**

Financial Strength: 5A indicates 50 million and over
Composite credit appraisal: 2 is good

Below is an overview of the companys rating history since 01-01-1991

D&B Rating	Date Applied
5A2	04-29-2010
5A3	06-07-2006
5A2	01-01-1991

Sales:	34,613,000,000.00 (Up by 17.1% from last year)
Number of Employees Total:	13,800 (254 here)

As of 12/31/10

Worth:	16,809,000,000 (Up by 24.3% from last year)
Working Capital:	$1,167,000,000

Payment Activity:	**(based on 689 experiences)**
Average High Credit:	140,184
Highest Credit:	20,000,000
Total Highest Credit:	73,803,500

Note
: The Worth amount in this section may have been adjusted by D&B to reflect typical deductions, such as certain intangib

D&B Credit Limit Recommendation

Conservative credit Limit	750,000
Aggressive credit Limit:	1,000,000

Risk category for this business : **LOW**

This recommended Credit Limit is based on the company profile and on profiles of other companies with similarities in siz
credit usage.
Risk is assessed using D&Bs scoring methodology and is one factor used to create the recommended limits. See Help fo

Financial Stress Class Summary

The Financial Stress Score predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorgar
relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid mc
D&Bs extensive data files.

The Financial Stress Class of 3 for this company shows that firms with this class had a failure rate of 0.24% (24 per 10,0(
than the average of businesses in D & B's database

Financial Stress Class : 3

(Lowest Risk:1; Highest Risk:5)

Moderate risk of severe financial stress, such as a bankruptcy, over the next 12 months.

Probability of Failure:

- Among Businesses with this Class: **0.24 %** (24 per 10,000)
- Financial Stress National Percentile : **54** (Highest Risk: 1; Lowest Risk: 100)
- Financial Stress Score : **1483** (Highest Risk: 1,001; Lowest Risk: 1,875)
- Average of Businesses in D&Bs database: **0.48 %** (48 per 10,000)

The Financial Stress Class of this business is based on the following factors:

- Low proportion of satisfactory payment experiences to total payment experiences.
- High proportion of slow payment experiences to total number of payment experiences.
- UCC Filings reported.
- Evidence of open suits.
- High number of inquiries to D & B over last 12 months.
- Evidence of open liens and judgments.

Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of with this classification. It does not mean the firm will necessarily experience financial stress.
- The Probability of Failure shows the percentage of firms in a given Class that discontinued operations over the past creditors. The Probability of Failure - National Average represents the national failure rate and is provided for compa
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is esp customers using a scorecard approach to determining overall business performance.

Norms	National %
This Business	54
Region: MIDDLE ATLANTIC	44
Industry: NATURAL RESOURCES	61
Employee range: 500+	61
Years in Business: 26+	77

This Business has a Financial Stress Percentile that shows:

- Lower risk than other companies in the same region.
- Higher risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Higher risk than other companies with a comparable number of years in business.

Credit Score Summary

The Commercial Credit Score predicts the likelihood that a company will pay its bills in a severely delinquent manner (90 terms), obtain legal relief from creditors or cease operations without paying all creditors in full over the next 12 months. S using a statistically valid model derived from D&B's extensive data files.
The Credit Score class of 1 for this company shows that 6.0% of firms with this class paid one or more bills severely delir lower than the average of businesses in D & B's database.

Credit Score Class : 1

Lowest Risk:1;Highest Risk :5

Incidence of Delinquent Payment

- Among Companies with this Classification: **6.00 %**
- Average compared to businesses in D&Bs database: **23.50 %**
- Credit Score Percentile : **99** (Highest Risk: 1; Lowest Risk: 100)
- Credit Score : **520** (Highest Risk: 101; Lowest Risk:670)

The Credit Score Class of this business is based on the following factors:

- Most recent amount past due.
- High proportion of past due balances to total amount owing.
- Low proportion of satisfactory payment experiences to total payment experiences.

Notes:
- The Commercial Credit Score Risk Class indicates that this firm shares some of the same business and financial ch companies with this classification. It does not mean the firm will necessarily experience severe delinquency.
- The incidence of delinquency shows the percentage of firms in a given percentile that are likely to pay creditors in a manner. The average incidence of delinquency is based on businesses in D&B's database and is provided for comp
- The Commercial Credit Score percentile reflects the relative ranking of a firm among all scorable companies in D&B'
- The Commercial Credit Score offers a more precise measure of the level of risk than the Risk Class and Percentile. helpful to customers using a scorecard approach to determining overall business performance.

Norms	National %
This Business	99
Region: MIDDLE ATLANTIC	57
Industry: NATURAL RESOURCES	75
Employee range: 500+	85
Years in Business: 26+	88

This business has a Credit Score Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

Trade Payments

Currency: Shown in USD unless c

D&B PAYDEX®

The D&B PAYDEX is a unique, weighted indicator of payment performance based on payment experiences as reported t references. Learn more about the D&B PAYDEX

Timeliness of historical payments for this company.

Current PAYDEX is	77	Equal to 5 days beyond terms (Pays more promptly than the average for its industry o terms)
Industry Median is	75	Equal to 8 days beyond terms
Payment Trend currently is		Unchanged, compared to payments three months ago

Indications of slowness can be the result of dispute over merchandise, skipped invoices etc. Accounts are sometimes pla even though the existence or amount of the debt is disputed.

Total payment Experiences in D&Bs File (HQ)	689
Payments Within Terms (not weighted)	76 %
Trade Experiences with Slow or Negative Payments(%)	18.07%
Total Placed For Collection	2
High Credit Average	140,184
Largest High Credit	20,000,000
Highest Now Owing	20,000,000
Highest Past Due	2,000,000

D&B PAYDEX® : 77

(Lowest Risk:100; Highest Risk:1)

When weighted by amount, payments to suppliers average 5 days beyond terms

3-Month D&B PAYDEX® : 77

(Lowest Risk:100; Highest Risk:1)

Based on payments collected over last 3 months.

When weighted by amount, payments to suppliers average 5 days beyond terms

D&B PAYDEX® Comparison

Current Year

PAYDEX® of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is production of crude oil & natural gas, petroleum refining, transprtn, whol & retail, elec & nat gas power marketr , based or

Shows the trend in D&B PAYDEX scoring over the past 12 months.

	3/11	4/11	5/11	6/11	7/11	8/11	9/11	10/11	11/11	12/11	1/12	2/12
This Business	76	75	75	76	74	75	75	78	78	78	77	77
Industry Quartiles												

	3/11	4/11	5/11	6/11	7/11	8/11	9/11	10/11	11/11	12/11	1/12	2/12
Upper	79	.	.	80	.	.	80	.	.	80	.	.
Median	73	.	.	74	.	.	76	.	.	75	.	.
Lower	65	.	.	66	.	.	66	.	.	66	.	.

- Current PAYDEX for this Business is 77 , or equal to 5 days beyond terms
- The 12-month high is 78 , or equal to 3 DAYS BEYOND terms
- The 12-month low is 74 , or equal to 9 DAYS BEYOND terms

Previous Year

Shows PAYDEX of this Business compared to the Primary Industry from each of the last four quarters. The Primary Indu production of crude oil & natural gas, petroleum refining, transprtn, whol & retail, elec & nat gas power marketr , based or

Previous Year	03/10 Q1'10	06/10 Q2'10	09/10 Q3'10	12/10 Q4'10
This Business	75	75	75	73
Industry Quartiles				
Upper	80	79	79	79
Median	76	74	75	74
Lower	66	65	65	65

Based on payments collected over the last 4 quarters.

- Current PAYDEX for this Business is 77 , or equal to 5 days beyond terms
- The present industry median Score is 75 , or equal to 8 days beyond terms
- Industry upper quartile represents the performance of the payers in the 75th percentile
- Industry lower quartile represents the performance of the payers in the 25th percentile

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within te number of experiences to calculate the percentage, and the total credit value of the credit extended.

$ Credit Extended	# Payment Experiences	Total Amount	% of Payments Within Terms
Over 100,000	31	65,800,000	94%
50,000-100,000	9	555,000	72%
15,000-49,999	63	1,480,000	84%
5,000-14,999	67	460,000	78%
1,000-4,999	121	199,000	72%
Under 1,000	198	56,450	72%

Based on payments collected over last 12 months.
All Payment experiences reflect how bills are paid in relation to the terms granted. In some instances, payment beyond te result of disputes over merchandise, skipped invoices etc.

Payment Summary

- There are 689 payment experience(s) in D&Bs file for the most recent 24 months, with 324 experience(s) reported durin month period.
- The highest Now Owes on file is 20,000,000 . The highest Past Due on file is 2,000,000

Below is an overview of the companys currency-weighted payments, segmented by its suppliers primary industries:

	Total Revd (#)	Total Amts	Largest High Credit	Within Terms (%)	Days Slow <31 (%) (%)	31-60	61-90	90>
Top Industries								
Public finance	74	711,600	100,000	100	0	0	0	0
Telephone communictns	34	28,900	5,000	42	1	11	10	36
Nonclassified	33	646,200	500,000	99	1	0	0	0
Electric services	24	56,450	10,000	100	0	0	0	0
Short-trm busn credit	21	15,218,650	15,000,000	100	0	0	0	0
Misc business service	15	3,450	500	77	9	0	0	14
Misc business credit	14	4,069,150	4,000,000	100	0	0	0	0
Executive office	14	146,050	30,000	97	3	0	0	0
Whol industrial suppl	12	29,500	15,000	47	26	0	25	2
Trucking non-local	11	232,500	200,000	1	53	0	46	0
Whol electrical equip	9	2,001,300	2,000,000	100	0	0	0	0
Whol industrial equip	8	38,050	20,000	13	54	0	33	0
Mfg cleaning products	8	8,750	2,500	97	3	0	0	0
Misc equipment rental	7	936,850	800,000	100	0	0	0	0
Help supply service	7	252,000	200,000	15	85	0	0	0
Radiotelephone commun	7	65,500	30,000	100	0	0	0	0
Natural gas distrib	7	4,400	2,500	99	1	0	0	0
Natnl commercial bank	6	95,000	20,000	78	11	0	11	0
Mfg industrial gases	5	316,500	300,000	97	0	0	3	0
Railroad	5	287,750	250,000	6	88	6	0	0
Whol petroleum prdts	5	110,100	100,000	52	48	0	0	0
Whol office equipment	5	110,000	90,000	84	8	3	0	5
Police protection	5	115,000	30,000	100	0	0	0	0
Mfg soap/detergents	5	22,500	5,000	22	67	11	0	0
Whol durable goods	5	10,500	5,000	100	0	0	0	0
Hvy const eqpt rental	5	2,000	1,000	100	0	0	0	0
Mfg fluid milk	5	3,000	750	84	8	0	8	0
Business consulting	5	0	0	0	0	0	0	0
Mfg extracts/syrup	4	4,105,000	4,000,000	100	0	0	0	0
Management services	4	207,600	200,000	99	1	0	0	0
Whol groceries	4	42,250	40,000	97	1	0	0	2
Whol chemicals	4	36,600	35,000	100	0	0	0	0
Whol const/mine equip	4	43,000	25,000	71	0	29	0	0
Whol general grocery	4	11,600	10,000	100	0	0	0	0
Whol furniture	4	2,100	1,000	52	48	0	0	0
Whol electronic parts	4	1,250	1,000	50	0	2	40	8

Gas production/distrb	4	1,850	750	59	0	0	0	41
Petroleum refining	3	32,000,000	20,000,000	100	0	0	0	0
Whol computers/softwr	3	305,750	250,000	100	0	0	0	0
Employment agency	3	41,000	30,000	51	12	0	37	0
Personal credit	3	35,100	25,000	100	0	0	0	0
Whol plumb/hydronics	3	10,800	10,000	47	7	46	0	0
Photocopying service	3	11,250	10,000	91	9	0	0	0
Mfg fluid meters	3	4,000	2,500	63	31	6	0	0
Coating/engrave svcs	3	1,850	1,000	53	0	20	27	0
Mfg computers	2	615,000	600,000	51	49	0	0	0
Reg misc coml sector	2	501,000	500,000	100	0	0	0	0
Mfg process controls	2	62,500	60,000	48	52	0	0	0
Mfg environment cntrl	2	42,500	35,000	100	0	0	0	0
Whol office supplies	2	30,100	30,000	0	50	50	0	0
Mfg scales/balances	2	26,000	25,000	100	0	0	0	0
Whol metal	2	20,000	15,000	13	0	0	0	87
Computer system desgn	2	8,500	7,500	88	12	0	0	0
Fire/casualty insur	2	7,500	5,000	100	0	0	0	0
Mfg electric test prd	2	7,500	5,000	67	33	0	0	0
Newspaper-print/publ	2	5,500	5,000	9	0	0	91	0
Mfg photograph equip	2	3,250	2,500	100	0	0	0	0
Whol nondurable goods	2	2,750	2,500	45	5	0	5	45
Detective/guard svcs	2	3,500	2,500	100	0	0	0	0
Misc publishing	2	750	500	33	0	0	0	67
Whol hardware	2	350	250	100	0	0	0	0
Whol dairy products	2	150	100	100	0	0	0	0
Surety insurance	1	2,000,000	2,000,000	0	0	0	0	100
Mfg pesticides	1	1,000,000	1,000,000	50	0	50	0	0
Mfg plane engine/part	1	300,000	300,000	100	0	0	0	0
Whol grain/field bean	1	300,000	300,000	100	0	0	0	0
Petroleum terminal	1	250,000	250,000	100	0	0	0	0
Whol misc coml equip	1	250,000	250,000	50	50	0	0	0
Mfg soft drinks	1	200,000	200,000	100	0	0	0	0
Mfg inorganic chemcls	1	100,000	100,000	50	50	0	0	0
Nonphysical research	1	100,000	100,000	100	0	0	0	0
Mfg oil/gas machinery	1	65,000	65,000	0	50	50	0	0
Mfg relays/controls	1	65,000	65,000	50	50	0	0	0
Mfg power transformer	1	35,000	35,000	100	0	0	0	0
Mfg refrig/heat equip	1	20,000	20,000	100	0	0	0	0
Metal sanitary ware	1	20,000	20,000	0	100	0	0	0
Oil/gas production	1	20,000	20,000	100	0	0	0	0
Mfg prefab metal bldg	1	15,000	15,000	100	0	0	0	0
Mfg paint/allied prdt	1	10,000	10,000	100	0	0	0	0
Mfg fab pipe/fitting	1	10,000	10,000	100	0	0	0	0
Whol printing paper	1	10,000	10,000	100	0	0	0	0
Utility construction	1	7,500	7,500	0	100	0	0	0
Crude petro pipeline	1	7,500	7,500	100	0	0	0	0

Whol construct materl	1	7,500	7,500	0	50	0	50	0
Ret fuel oil dealer	1	7,500	7,500	100	0	0	0	0
Mfg guidance equip	1	5,000	5,000	50	0	0	50	0
Mfg public bldg furn	1	5,000	5,000	100	0	0	0	0
Whol appliances	1	5,000	5,000	100	0	0	0	0
Misc repair services	1	2,500	2,500	0	50	50	0	0
Mfg marking devices	1	2,500	2,500	100	0	0	0	0
Misc water cargo trns	1	1,000	1,000	0	100	0	0	0
Gravure printing	1	1,000	1,000	0	0	50	0	50
Adjust/collect svcs	1	1,000	1,000	100	0	0	0	0
Mfg air/gas compress	1	1,000	1,000	100	0	0	0	0
Mfg fluid power pumps	1	1,000	1,000	100	0	0	0	0
Mfg cookies/crackers	1	1,000	1,000	100	0	0	0	0
Mfg greeting cards	1	750	750	0	0	0	0	100
Whol piece goods	1	750	750	100	0	0	0	0
Mfg electron tubes	1	500	500	0	0	0	0	100
Whol auto parts	1	500	500	50	0	0	0	50
Whol misc profsn eqpt	1	500	500	50	0	50	0	0
Whol books/newspapers	1	250	250	0	0	100	0	0
Mfg valve/pipe fittng	1	250	250	100	0	0	0	0
Industrial launderer	1	250	250	0	50	0	0	50
Security systems svcs	1	250	250	100	0	0	0	0
Arrange cargo transpt	1	250	250	0	0	0	100	0
Mfg glass products	1	250	250	100	0	0	0	0
Ret mail-order house	1	100	100	0	0	0	100	0
Mfg signs/ad specltys	1	100	100	100	0	0	0	0
Computer maintenance	1	100	100	50	0	50	0	0
Admin social programs	1	100	100	100	0	0	0	0
Lithographic printing	1	50	50	100	0	0	0	0
Other payment categories								
Cash experiences	165	21,800	2,500					
Payment record unknown	14	5,209,250	5,000,000					
Unfavorable comments	3	22,000	20,000					
Placed for collections:								
With D&B	0	0	0					
Other	2	N/A	0					
Total in D&Bs file	689	73,803,500	20,000,000					

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Indications of slowness can be result of dispute over merchandise, skipped invoices etc.

Detailed payment history for this company

Date Reported (mm/yy)	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last Sale Within (month)
02/12	Ppt	30,000	0	0		2-3 mos
	Ppt	2,500	2,500	2,500		1 mo
	Ppt	50	0	0	N30	1 mo
	Ppt	50	0	0	N30	1 mo
	Ppt	50	0	0	N30	1 mo
	Ppt	50	0	0		6-12 mos
	Ppt	50	0	0	N30	1 mo
	Ppt-Slow 30	5,000	1,000	1,000	N30	1 mo
	Ppt-Slow 30	1,000	250	100	N30	1 mo
	Ppt-Slow 30	750	500	250		1 mo
	Slow 30	250	0	0	N30	2-3 mos
	Slow 30	100	0	0	N30	4-5 mos
	Slow 30	50	0	0	N30	6-12 mos
	Slow 60-90+	50	50	50		6-12 mos
	(015) Satisfactory .	500	0	0		2-3 mos
	(016) Cash own option .	500			Cash account	1 mo
	(017) Cash own option .	500			Cash account	1 mo
	(018) Cash own option .	100			Cash account	1 mo
	(019) Cash own option .	100			Cash account	1 mo
01/12	Ppt	4,000,000	2,000,000	0		1 mo
	Ppt	100,000	55,000	0	N30	1 mo
	Ppt	60,000	55,000	0		1 mo
	Ppt	35,000	0	0		2-3 mos
	Ppt	30,000	0	0		6-12 mos
	Ppt	25,000	25,000	0		1 mo
	Ppt	15,000	10,000	0		
	Ppt	15,000	10,000	0		
	Ppt	15,000	10,000	0		
	Ppt	10,000	10,000	0		1 mo
	Ppt	5,000	750	0		1 mo
	Ppt	5,000	0	0		2-3 mos
	Ppt	5,000	0	0		6-12 mos
	Ppt	2,500	2,500	0		1 mo
	Ppt	2,500	1,000	0		1 mo
	Ppt	2,500	0	0	N30	4-5 mos
	Ppt	2,500	500	0		1 mo
	Ppt	2,500	0	0	N30	4-5 mos
	Ppt	2,500	2,500	0	N30	1 mo
	Ppt	2,500	0	0	PROX	6-12 mos
	Ppt	2,500	2,500	0		1 mo
	Ppt	1,000	0	0	N30	1 mo

	Ppt	1,000	1,000			1 mo
	Ppt	1,000	0			6-12 mos
	Ppt	1,000	0	0		6-12 mos
	Ppt	1,000	0	0	N30	1 mo
	Ppt	1,000	1,000	0		1 mo
	Ppt	1,000	1,000	0		1 mo
	Ppt	1,000	1,000			1 mo
	Ppt	750	750	0		1 mo
	Ppt	500	0	0		1 mo
	Ppt	500	100	0		1 mo
	Ppt	500	250	0		1 mo
	Ppt	500	500	0		1 mo
	Ppt	250	50	0		1 mo
	Ppt	250	0	0		4-5 mos
	Ppt	250	0	0		4-5 mos
	Ppt	250	100	0		1 mo
	Ppt	250	0	0		6-12 mos
	Ppt	100	100	0		1 mo
	Ppt	100	0	0		6-12 mos
	Ppt	100	100	0		1 mo
	Ppt	100	100	0		1 mo
	Ppt	100	100	0		1 mo
	Ppt	100	50	0		1 mo
	Ppt	50	50	0		1 mo
	Ppt	50	50	0		1 mo
	Ppt	0	0	0		6-12 mos
	Ppt	0	0	0		4-5 mos
	Ppt-Slow 30	10,000	5,000	250		1 mo
	Ppt-Slow 60	750	0	0		2-3 mos
	Ppt-Slow 90	1,000	0	0		4-5 mos
	Ppt-Slow 90	1,000	1,000	1,000		1 mo
	Ppt-Slow 120	5,000	0	0		1 mo
	Slow 15	2,500	100	100		6-12 mos
	Slow 30	20,000	0	0		1 mo
	Slow 30	5,000	2,500	2,500	N30	1 mo
	Slow 30-90	250	0	0		6-12 mos
	Slow 60-90+	1,000	1,000	1,000		6-12 mos
	(079)	0	0	0	Cash account	1 mo
12/11	Slow 60-120	7,500	5,000	5,000		4-5 mos

Payments Detail Key: 30 or more days beyond terms

Payment experiences reflect how bills are paid in relation to the terms granted. In some instances payment beyond terr result of disputes over merchandise, skipped invoices, etc. Each experience shown is from a separate supplier. Update experiences replace those previously reported.

Public Filings

Currency: Shown in USD unless c

Summary

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	3	06/13/11
Liens	4	08/17/11
Suits	30	11/28/11
UCCs	410	11/29/11

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be official source.

Judgments

Judgment award	**50,000**
Status	**Unsatisfied**
DOCKET NO.	201000000851C
Judgment type	Judgment
In favor of	LEIDICH, HEATHER, BETHLEHEM, PA
Where filed	LEHIGH COUNTY PROTHONOTARY, ALLENTOWN, PA
Date status attained	06/13/11
Date entered	06/13/11
Latest Info Received	08/26/11

Judgment award	**3,156**
Status	**Unsatisfied**
DOCKET NO.	DC 018407 09
Judgment type	Judgment
Where filed	SPECIAL CIVIL/SMALL CLAIMS COURT OF BERGEN COUNTY, HACKENS
Date status attained	09/23/09
Date entered	09/23/09
Latest Info Received	11/20/09

Judgment award	**7,613,566**
Status	**Unsatisfied**
DOCKET NO.	001426152
Judgment type	Judgment

In favor of	EMANUEL RUBY
Where filed	NEW YORK COUNTY SUPREME COURT, NEW YORK, NY
Date status attained	06/27/01
Date entered	06/27/01
Latest Info Received	11/29/03

Liens

A lien holder can file the same lien in more than one filing location. The appearance of multiple liens filed by the same lie debtor may be indicative of such an occurrence.

Amount	**3,432**
Status	**Open**
BOOK/PAGE	410/242
Type	State Tax
Filed By	STATE OF MARYLAND
Against	HESS CORP., BALTIMORE, MD
Where Filed	ANNE ARUNDEL COUNTY CIRCUIT COURT, ANNAPOLIS, MD
Date Status Attained	08/17/11
Date Filed	08/17/11
Latest Info Received	10/07/11

Amount	**4,518**
Status	**Open**
DOCKET NO.	91/329099
Type	State Tax
Filed By	STATE OF MISSISSIPPI
Against	AMERADA HESS CORP, WOODBRIDGE, NJ
Where Filed	HINDS COUNTY CIRCUIT COURT - JACKSON, JACKSON, MS
Date Status Attained	04/06/07
Date Filed	04/06/07
Latest Info Received	04/19/07

Amount	**9,381**
Status	**Open**
FILING NO.	11349210028N04051
Type	State Tax
Filed By	STATE OF TEXAS
Against	AMERADA HESS CORPORATION, HOUSTON, TX
Where Filed	HARRIS COUNTY RECORDERS OFFICE, HOUSTON, TX

Date Status Attained	11/10/05
Date Filed	11/10/05
Latest Info Received	11/18/05

Amount	**705**
Status	**Open**
FILING NO.	11349210028N03041
Type	State Tax
Filed By	STATE OF TEXAS
Against	AMERADA HESS CORPORATION, HOUSTON, TX
Where Filed	HARRIS COUNTY RECORDERS OFFICE, HOUSTON, TX
Date Status Attained	05/06/05
Date Filed	05/06/05
Latest Info Received	05/13/05

Suits

Status	**Pending**
DOCKET NO.	201100004269C
Plaintiff	COSTELLO, SHARON G, ALLENTOWN, PA
Defendant	HESS CORPORATION, WOODBRIDGE, NJ AND OTHERS
Cause	Breach of contract
Where filed	LEHIGH COUNTY PROTHONOTARY, ALLENTOWN, PA
Date status attained	11/28/11
Date filed	11/28/11
Latest Info Received	12/02/11

Status	**Pending**
CASE NO.	03C11007215
Defendant	HESS CORP., WOODBRIDGE, NJ AND OTHERS
Cause	OTHER TORT
Where filed	BALTIMORE COUNTY CIRCUIT COURT, BALTIMORE, MD
Date status attained	07/21/11
Date filed	07/21/11
Latest Info Received	08/11/11

Status	**Pending**
CASE NO.	03C11007216

Defendant	HESS CORP., WOODBRIDGE, NJ AND OTHERS
Cause	OTHER TORT
Where filed	BALTIMORE COUNTY CIRCUIT COURT, BALTIMORE, MD

Date status attained	07/21/11
Date filed	07/21/11
Latest Info Received	08/11/11

Status	**Pending**
CASE NO.	03C11007217
Defendant	HESS CORP., WOODBRIDGE, NJ AND OTHERS
Cause	OTHER TORT
Where filed	BALTIMORE COUNTY CIRCUIT COURT, BALTIMORE, MD

Date status attained	07/21/11
Date filed	07/21/11
Latest Info Received	08/11/11

Status	**Pending**
CASE NO.	03C11007218
Plaintiff	GABRIELLE R. FERRELL
Defendant	HESS CORP., WOODBRIDGE, NJ AND OTHERS
Cause	OTHER TORT
Where filed	BALTIMORE COUNTY CIRCUIT COURT, BALTIMORE, MD

Date status attained	07/21/11
Date filed	07/21/11
Latest Info Received	08/11/11

Status	**Pending**
DOCKET NO.	201100007220C
Defendant	HESS CORP, WOODBRIDGE, NJ AND OTHERS
Cause	TORT
Where filed	BALTIMORE COUNTY CIRCUIT COURT, BALTIMORE, MD

Date status attained	07/21/11
Date filed	07/21/11
Latest Info Received	07/29/11

Status	**Pending**

DOCKET NO.	201100007219C
Defendant	HESS CORP, WOODBRIDGE, NJ AND OTHERS
Cause	TORT
Where filed	BALTIMORE COUNTY CIRCUIT COURT, BALTIMORE, MD
Date status attained	07/21/11
Date filed	07/21/11
Latest Info Received	07/29/11

Status	**Pending**
DOCKET NO.	201100007218C
Plaintiff	FERRELL, GABRIELLE R, TOWSON, MD
Defendant	HESS CORP, WOODBRIDGE, NJ AND OTHERS
Cause	TORT
Where filed	BALTIMORE COUNTY CIRCUIT COURT, BALTIMORE, MD
Date status attained	07/21/11
Date filed	07/21/11
Latest Info Received	07/29/11

Status	**Pending**
DOCKET NO.	201100007217C
Defendant	HESS CORP, WOODBRIDGE, NJ AND OTHERS
Cause	TORT
Where filed	BALTIMORE COUNTY CIRCUIT COURT, BALTIMORE, MD
Date status attained	07/21/11
Date filed	07/21/11
Latest Info Received	07/29/11

Status	**Pending**
DOCKET NO.	201100007216C
Defendant	HESS CORP, WOODBRIDGE, NJ AND OTHERS
Cause	TORT
Where filed	BALTIMORE COUNTY CIRCUIT COURT, BALTIMORE, MD
Date status attained	07/21/11
Date filed	07/21/11
Latest Info Received	07/29/11

If it is indicated that there are defendants other than the report subject, the lawsuit may be an action to clear title to prope necessarily imply a claim for money against the subject.

UCC Filings

Collateral	All Assets
Type	Original
Sec. Party	MANUFACTURERS AND TRADERS TRUST COMPANY, BUFFALO, NY
Debtor	SWARTZ MART, INC., WAPPINGERS FALLS, NY
Filing No.	0502255164352
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2005-02-25
Latest Info Received	03/03/05

Type	Continuation
Sec. Party	MANUFACTURERS AND TRADERS TRUST COMPANY, BUFFALO, NY
Debtor	SWARTZ MART, INC., WAPPINGERS FALLS, NY
Filing No.	0909155829125
Filed With	SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
Date Filed	2009-09-15
Latest Info Received	10/20/09
Original UCC Filed Date	2005-02-25
Original Filing No.	0502255164352

Collateral	Negotiable instruments and proceeds - Account(s) and proceeds - Chattel pa
Type	Original
Sec. Party	BANCO BILBAO VIZCAYA ARGENTARIA, S.A., NEW YORK, NY
Debtor	HESS CORPORATION
Filing No.	2008 0282317
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2008-01-23
Latest Info Received	02/21/08

Collateral	Negotiable instruments and proceeds - Account(s) and proceeds - Assets anc Computer equipment and proceeds

Type	Original
Sec. Party	HESS RECEIVABLES LLC, NEW YORK, NY
Assignee	THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, AS / AGENT, NEW YORK, NY
Debtor	HESS CORPORATION
Filing No.	6445432 8
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2006-12-19
Latest Info Received	02/15/07

Collateral	Inventory and proceeds - Account(s) and proceeds - Assets and proceeds - C equipment and proceeds - and OTHERS
Type	Amendment
Sec. Party	HESS RECEIVABLES LLC, NEW YORK, NY THE BANK OF TOKYO-MITSU NEW YORK BRANCH, AS ADMINISTRATIVE AGENT, NEW YORK, NY
Debtor	HESS CORPORATION
Filing No.	2011 2878000
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-07-25
Latest Info Received	08/18/11
Original UCC Filed Date	2006-12-19
Original Filing No.	6445432 8

Collateral	Accounts receivable including proceeds and products - Inventory including pr(products - Account(s) including proceeds and products - General intangibles(s proceeds and products - and OTHERS
Type	Original
Sec. Party	CORE-MARK MIDCONTINENT, INC., LEITCHFIELD, KY
Debtor	HESS AIRPORT ROAD, NAPLES, FL
Filing No.	200807666821
Filed With	SECRETARY OF STATE/UCC DIVISION, TALLAHASSEE, FL
Date Filed	2008-02-18
Latest Info Received	03/07/08

Collateral	Accounts receivable and proceeds - Inventory and proceeds - Account(s) and General intangibles(s) and proceeds - and OTHERS
Type	Amendment

Sec. Party	CORE-MARK MIDCONTINENT, INC., LEITCHFIELD, KY
Debtor	HESS AIRPORT ROAD, NAPLES, FL
Filing No.	20080787422X
Filed With	SECRETARY OF STATE/UCC DIVISION, TALLAHASSEE, FL
Date Filed	2008-03-17
Latest Info Received	04/17/08
Original UCC Filed Date	2008-02-18
Original Filing No.	200807666821

Collateral	Leased Inventory including proceeds and products - Contract rights including products - Leased Equipment including proceeds and products
Type	Original
Sec. Party	TARGET LOGISTICS MANAGEMENT, BOSTON, MA
Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2011 1980013
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-05-25
Latest Info Received	06/15/11

Collateral	Leased Inventory including proceeds and products - Leased Assets including products - Contract rights including proceeds and products - Leased Commur including proceeds and products - and OTHERS
Type	Amendment
Sec. Party	TARGET LOGISTICS MANAGEMENT, BOSTON, MA
Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2011 2441098
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-06-24
Latest Info Received	07/13/11
Original UCC Filed Date	2011-05-25
Original Filing No.	2011 1980013

Collateral	Contract rights including proceeds and products - Equipment including procee
Type	Assignment
Sec. Party	INTEGRITY BANK, HOUSTON, TX TEXAS LEASING COMPANY, LLC

Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2011 3173120
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-07-27
Latest Info Received	09/08/11
Original UCC Filed Date	2011-05-25
Original Filing No.	2011 1980013

Collateral	Contract rights including proceeds and products - Equipment including procee
Type	Assignment
Sec. Party	TEXAS LEASING COMPANY, LLC THE VICTORY BANK, LIMERICK, PA
Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2011 3182147
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER. DE
Date Filed	2011-07-28
Latest Info Received	09/08/11
Original UCC Filed Date	2011-05-25
Original Filing No.	2011 1980013

Collateral	Contract rights including proceeds and products - Equipment including procee
Type	Assignment
Sec. Party	FIRST STATE BANK OF LIVINGSTON, LIVINGSTON, TX TEXAS LEASING
Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2011 3182212
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-07-28
Latest Info Received	09/08/11
Original UCC Filed Date	2011-05-25
Original Filing No.	2011 1980013

Collateral	Contract rights including proceeds and products - Equipment including procee
Type	Assignment
Sec. Party	FIRST NATIONAL BANK, JASPER, TX TEXAS LEASING COMPANY, LLC
Debtor	HESS CORPORATION, HOUSTON, TX

Filing No.	2011 3182246
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-07-28
Latest Info Received	09/08/11
Original UCC Filed Date	2011-05-25
Original Filing No.	2011 1980013

Collateral	Contract rights including proceeds and products - Equipment including procee
Type	Assignment
Sec. Party	PECOS COUNTY STATE BANK, FORT STOCKTON, TX TEXAS LEASING (
Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2011 3182394
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-07-28
Latest Info Received	09/08/11
Original UCC Filed Date	2011-05-25
Original Filing No.	2011 1980013

Collateral	Contract rights including proceeds and products - Equipment including procee
Type	Assignment
Sec. Party	RUTH AND TED BAUER FAMILY FOUNDATION, HOUSTON, TX TEXAS LE COMPANY, LLC
Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2011 3182550
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-07-28
Latest Info Received	09/08/11
Original UCC Filed Date	2011-05-25
Original Filing No.	2011 1980013

Collateral	Contract rights including proceeds and products - Equipment including procee
Type	Assignment
Sec. Party	DAVID W. GILBERT & ASSOCIASTES, DALLAS, TX TEXAS LEASING COM
Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2011 3182618

Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-07-28
Latest Info Received	09/08/11
Original UCC Filed Date	2011-05-25
Original Filing No.	2011 1980013

Collateral	Contract rights including proceeds and products - Equipment including procee
Type	Assignment
Sec. Party	DAVID W. GILBERT PROFIT SHARING, DALLAS, TX TEXAS LEASING COI
Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2011 3182642
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-07-28
Latest Info Received	09/08/11
Original UCC Filed Date	2011-05-25
Original Filing No.	2011 1980013

Collateral	Contract rights including proceeds and products - Equipment including procee
Type	Assignment
Sec. Party	R & D BAUER VENTURES, LP, HOUSTON, TX TEXAS LEASING COMPAN
Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2011 3182691
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2011-07-28
Latest Info Received	09/08/11
Original UCC Filed Date	2011-05-25
Original Filing No.	2011 1980013

Collateral	Account(s) and proceeds - Chattel paper and proceeds - Contract rights and p intangibles(s) and proceeds - Equipment and proceeds
Type	Original
Sec. Party	DEERE CREDIT, INC., JOHNSTON, IA
Debtor	HESS CORPORATION, WILLISTON, ND
Filing No.	2009 2795679
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE

Date Filed	2009-08-31
Latest Info Received	09/30/09

Type	Amendment
Sec. Party	DEERE CREDIT, INC.
Debtor	HESS CORPORATION, WILLISTON, ND
Filing No.	2009 2796370
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2009-08-31
Latest Info Received	09/30/09
Original Filing No.	2009 2795679

Collateral	Account(s) and proceeds - Business machinery/equipment and proceeds - Cc and proceeds - Chattel paper and proceeds - General intangibles(s) and proc
Type	Original
Sec. Party	BANC OF AMERICA LEASING & CAPITAL, LLC, TROY, MI
Debtor	HESS CORPORATION, WOODBRIDGE, NJ
Filing No.	2008 3290580
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2008-09-29
Latest Info Received	10/30/08

Collateral	Account(s) and proceeds - Communications equipment and proceeds - Comp and proceeds - Chattel paper and proceeds - General intangibles(s) and proc
Type	Original
Sec. Party	BANC OF AMERICA LEASING & CAPITAL, LLC, TROY, MI
Debtor	HESS CORPORATION, WOODBRIDGE, NJ
Filing No.	2008 3114178
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2008-09-15
Latest Info Received	10/16/08

Collateral	Account(s) and proceeds - Business machinery/equipment and proceeds - Cc and proceeds - Chattel paper and proceeds - General intangibles(s) and proc
Type	Original
Sec. Party	BANC OF AMERICA LEASING & CAPITAL, LLC, TROY, MI
Debtor	HESS CORPORATION, WOODBRIDGE, NJ
Filing No.	2008 2926002
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2008-08-27
Latest Info Received	09/25/08

Collateral	Account(s) and proceeds - Computer equipment and proceeds - General intar proceeds - Chattel paper and proceeds - Business machinery/equipment and
Type	Original
Sec. Party	BANC OF AMERICA LEASING & CAPITAL, LLC, TROY, MI
Debtor	HESS CORPORATION, HOUSTON, TX
Filing No.	2007 4638010
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2007-12-07
Latest Info Received	01/08/08

There are additional UCCs in D&Bs file on this company available by contacting 1-800-234-3867.
There may be additional suits, liens, or judgments in D&B's file on this company available in the U.S. Public Records Dat under your PPP for D&Bi contract. If you would like more information on this database, please contact the Customer Res 800-234-3867.

Government Activity

Activity summary

Borrower (Dir/Guar)	NO
Administrative Debt	NO
Contractor	YES
Grantee	NO
Party excluded from federal program(s)	NO

Possible candidate for socio-economic program consideration

Labour Surplus Area	N/A
Small Business	N/A
8(A) firm	N/A

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government a

Special Events

Currency: Shown in USD unless c

Special Events

01/26/2012 -EARNINGS UPDATE :

According to published reports, comparative operating results for the year ended December 31, 2011: Revenue of $37,8 Income of $1,676,000,000; compared to Revenue of $34,613,000,000, Net Income of $2,138,000,000 for the comparab prior year.

10/27/2011 -JOINT VENTURE :

According to published reports, CONSOL Energy Inc. DUNS 787008408, (Canonsburg, PA) announced that it has close announced agreement with Hess Corporation, DUNS 006979785, (New York, NY) to jointly explore and develop CONS 200,000 Utica Shale acres in Ohio for aggregate consideration to CONSOL of approximately $594 million. In the transac Corporation acquired a 50% interest in nearly 200,000 Ohio Utica Shale acres owned by CONSOL in consideration for $ which $60 million was paid at closing. CONSOL and Hess Corporation have entered into a joint development agreemen Hess Corporation will pay approximately $534 million in the form of a 1/2 drilling carry of certain CONSOL working intere the acreage is developed. Both the acreage and the consideration are subject to customary adjustment for revenues. Th the transaction is August 1, 2011.

09/12/2011 -MERGER/ACQUISITION :

According to published reports, Hess Corporation, DUNS 006979785, (New York, NY) announced that it has acquired M Exploration LLC, DUNS 927176557, (Saint Clairsville, OH).

09/07/2011 -JOINT VENTURE :

According to published reports, Hess Corporation, DUNS 006979785, (New York, NY) and CONSOL Energy Inc., DUNS (Canonsburg, PA) announced that the companies enter into Joint Venture in Utica Shale in Ohio. The joint exploration a plan calls for Hess to operate approximately 80,000 acres in Jefferson, Harrison, Guernsey and Belmont counties while operate approximately 120,000 acres elsewhere in eastern Ohio, including Portage, Tuscarawas, Mahoning and Noble c

07/28/2011 -EARNINGS UPDATE :

According to published reports, comparative operating results for the 6 months ended June 30, 2011: Revenue of $20,3 Income of $1,543,000,000; compared to Revenue of $16,970,000,000, Net Income of $964,000,000 for the comparable year.

04/29/2011 -EARNINGS UPDATE :

According to published reports, comparative operating results for the 3 months ended March 31, 2011: Revenue of $10, Income of $974,000,000; compared to Revenue of $9,220,000,000, Net Income of $568,000,000 for the comparable pe year.

History & Operations

Currency: Shown in USD unless c

Company Overview

Company Name:	HESS CORPORATION
Street Address:	1185 Avenue Of The Americas New York , NY 10036
Phone:	212 997-8500
Fax:	212-536-8396
URL:	http://www.hess.com
Stock Symbol:	HES
History	Is clear
Operations	Profitable
Present management control	92 years
Annual Sales	34,613,000,000

History

The following information was reported: **09/30/2011**

Officer(s):	JOHN B HESS, CHB-CEO JOHN P RIELLY, SR V PRES-CFO TIMOTHY B GOODELL, SR V PRES-GENERAL COUNSEL GREGORY P HILL, EXEC V PRES+ F BORDEN WALKER, EXEC V PRES-PRES MKT & REFINING+
DIRECTOR(S) :	The officers identified by (+) and Nicholas F Brady, Thomas H Kean, Frank A Olson, Edith E ullin III, Robert N Wilson, Samuel W Bodman, Risa Lavizzo-Mourey, Craig G Matthews and E Metzsch.

Incorporated in the State of Delaware on February 07, 1920.

Business started 1920.

The company's common stock is traded on the New York Stock Exchange under the symbol "HES ". As of Decer there were 5,791 stockholders of record. As of March 25, 2010, those shareholders identified by the company as owning 5% or more of the outstanding shares were :
BlackRock, Inc (5.95%); John B Hess (10.57%); Thomas H Kean (7.52%) and Nicholas F Brady (5.65%). As of the same directors as a group beneficially owned 11.27% of the outstanding shares.

RECENT EVENTS :
On September 29, 2011, Jay Wilson, Vice President for investor Relations, stated that Hess Corporation, New York, NY, Marquette Exploration LLC, Saint Clairsville, OH, on September 8, 2011. With the acquisition, Marquette Exploration LLC and into Hess Corporation. With that, Marquette Exploration LLC, will cease to exist as a legal operating entity. Hess Cor 85,000 net acres at a cost of approximately $750 million.

On January 5, 2011, American Oil & Gas, Inc., Houston, TX, was acquired by Hess Corporation, New York, NY. With this American Oil & Gas, Inc. changed its legal business name to Hess Bakken Investments I Corporation and will now opera owned subsidiary of the company.

On February 27, 2009, the company announced that it has acquired 11 of the Christy's Of Cape Cod LLC, Hyannis, MA, and gas stations. Further details on the locations which were acquired are not available.

On January 5, 2009, Reliant Energy, Inc., Houston, TX, announced that it has completed the previously announced sale electricity marketing assets of its retail subsidiaries, Reliant Energy Solutions East and Reliant Energy Solutions Northea

JOHN B HESS. Director since 1978. He is the Chairman of the Board and CEO; a Director of Dow Chemical Company. H experience with the company and is its longest-serving Director.

JOHN P RIELLY. He is the Senior Vice President and CFO of the company since 2002.

TIMOTHY B GOODELL. He is the Senior Vice President and General Counsel of the company since 2009.

GREGORY P HILL. Director since 2009. He is the Executive Vice President and President, Worldwide Exploration and P company. He has over 25 years experience in the oil and gas industry.

F BORDEN WALKER. Director since 2004. He is the Executive Vice President and President of Marketing and Refining (since 1996.

NICHOLAS F BRADY. Director since 1994. He is the Chairman of Choptank Partners, Inc.

THOMAS H KEAN. Director since 1990. He is the President of THK Consulting, LLC.

FRANK A OLSON. Director since 1998. He is the former Chairman of the Board and CEO of The Hertz Corporation.

EDITH E HOLIDAY. Director since 1993. He is the former Assistant to the President of the United States and Secretary c

JOHN H MULLIN III. Director since 2007. He is the Chairman of Ridgeway Farm LLC.

ROBERT N WILSON. Director since 1996. He is the Chairman of Still River Systems.

SAMUEL W BODMAN. Director since 2009. He is the former Secretary of the United States Department of Energy.

RISA LAVIZZO-MOUREY. Director since 2004. He is the President and CEO of The Robert Wood Johnson Foundation.

CRAIG G MATTHEWS. Director since 2002. He is the former Vice Chairman and COO of KeySpan Corporation.

ERNST H VON METZSCH. Director since 2003. He is the Managing Member of Cambrian Capital, L.P.

RELATED CONCERN :
The corporation owns a 50% interest in HOVENSA LLC (HOVENSA), a refining joint venture in the United States Virgin I subsidiary of Petroleos de Venezuela SA (PDVSA).

Operations

09/30/2011

Description:	The company along with its subsidiaries, operates an integrated energy business that operate segments, exploration and production (E & P), and marketing and Refining (M & R). The E & P segment explores for, develops, produces, purchases, transports and sells crude (The M & R segment manufactures, purchases, transports, trades and markets refined petrole natural gas and electricity. Terms Natural gas: Long-term contracts; other products principally Net 30 days; retails for ca: account(s). Sells to to the motoring public, wholesale distributors, industrial and commercial u petroleum companies, governmental agencies and public utilities; as well as other industrial a customers. Territory : International. Nonseasonal. Business is highly competitive.
Employees:	13,800 which includes officer(s). 254 employed here.
Facilities:	Rents premises in a multi story steel building Occupies space on the 38th, 39th, 40th, 41st ar
Location:	Central business section on main street.
Branches:	This business has multiple branches, detailed branch information is available in D & B's linka(products.

Subsidiaries: This business has multiple subsidiaries, detailed subsidiary information is available in D & B's tree products.

SIC & NAICS

SIC:
Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enal specific about a company's operations than if we use the standard 4-digit code.
The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Lin browser window.

1311	0101	Crude petroleum production
1311	0102	Natural gas production
2911	0000	Petroleum refining
4412	0000	Deep sea foreign transportation of freight
5171	9901	Petroleum bulk stations
5171	9902	Petroleum terminals
5541	9901	Filling stations, gasoline
4911	9905	Electrical power marketers

NAICS:

211111	Crude Petroleum and Natural Gas Extraction
211111	Crude Petroleum and Natural Gas Extraction
324110	Petroleum Refineries
483111	Deep Sea Freight Transportation
424710	Petroleum Bulk Stations and Terminals
424710	Petroleum Bulk Stations and Terminals
447190	Other Gasoline Stations
221122	Electric Power Distribution

Financials

Stock Performance

Currency: Shown in USD unless c

Company Financials: D&B

2011-04-08

Three-year Statement Comparative:

	Fiscal Consolidated Dec 31 2008 (in thousands)	Fiscal Consolidated Dec 31 2009 (in thousands)
Current Assets	7,332,000	7,987,000
Current Liabilities	7,730,000	6,850,000
Current Ratio	0.95	1.17
Working Capital	(398,000)	1,137,000
Other Assets	21,257,000	21,478,000
Net Worth	12,391,000	13,528,000
Sales	41,063,000	29,569,000
Long Term Liab	8,468,000	9,087,000
Net Profit (Loss)	2,357,000	807,000

Company Financial: EDGAR (Annual Statements)

Balance Sheet

Period Ending	**Fiscal Consolidated Dec 31 2010**	**Fiscal Consolidated Dec 31 2009**	**Fiscal Consolidated Dec 31 2008**
ASSETS			
Current Assets			
Short Term Investments	UN	UN	UN
Cash and Cash Equivalents	1,608,000,000.00	1,362,000,000.00	908,000,000.00
Inventory	1,452,000,000.00	1,438,000,000.00	1,308,000,000.00
Net Trade Receivables	4,718,000,000.00	3,924,000,000.00	4,297,000,000.00
Other Current Assets	1,002,000,000.00	1,263,000,000.00	819,000,000.00
Total Current Assets	**8,780,000,000.00**	**7,987,000,000.00**	**7,332,000,000.00**
Fixed Assets	21,127,000,000.00	16,627,000,000.00	16,271,000,000.00
Long term Investments	443,000,000.00	913,000,000.00	1,127,000,000.00
Intangible Assets	0.00	0.00	UN
Goodwill	2,408,000,000.00	1,225,000,000.00	1,225,000,000.00
Deferred Asset Charges	2,167,000,000.00	2,409,000,000.00	2,292,000,000.00
Accumulated Ammortization	UN	UN	UN
Other Assets	471,000,000.00	304,000,000.00	342,000,000.00
Total Assets	**35,396,000,000.00**	**29,465,000,000.00**	**28,589,000,000.00**
LIABILITIES			
Current Liabilities			
Accounts Payable	7,567,000,000.00	6,702,000,000.00	7,587,000,000.00
Short Term And Current Long Term Debt	46,000,000.00	148,000,000.00	143,000,000.00
Other Current Liabilities	UN	UN	UN
Total Current Liabilities	**7,613,000,000.00**	**6,850,000,000.00**	**7,730,000,000.00**
Long Term Debt	5,537,000,000.00	4,319,000,000.00	3,812,000,000.00
Deferred Long Term Liability Charges	2,995,000,000.00	2,222,000,000.00	2,241,000,000.00
Minority Interest	120,000,000.00	144,000,000.00	UN
Negative Goodwill	UN	UN	UN
Misc Stocks Warrants Options	UN	UN	UN
Other Liabilities	2,442,000,000.00	2,546,000,000.00	2,499,000,000.00
Total Liabilities	**18,707,000,000.00**	**16,081,000,000.00**	**16,282,000,000.00**
SHAREHOLDER'S EQUITY			
Common Stock	338,000,000.00	327,000,000.00	326,000,000.00
Preferred Stock Amount	UN	UN	UN
Capital Surplus	3,256,000,000.00	2,481,000,000.00	2,347,000,000.00
Retained Earnings	14,254,000,000.00	12,251,000,000.00	11,642,000,000.00
Treasury Stock	UN	UN	UN
Other Equity	-1,159,000,000.00	-1,675,000,000.00	-2,008,000,000.00

Total Equity	16,689,000,000.00	13,384,000,000.00	12,307,000,000.00

Income Statement

Period Ending	Fiscal Consolidated Dec 31 2010	Fiscal Consolidated Dec 31 2009	Fiscal Consolidated Dec 31 2008
Sales (Revenue)	33,862,000,000.00	29,614,000,000.00	41,209,000,000.00
Cost of Revenue	23,407,000,000.00	20,961,000,000.00	32,192,000,000.00
Gross Profit	10,455,000,000.00	8,653,000,000.00	9,017,000,000.00
Operating Expenses			
Research and Development	UN	UN	UN
Sales And General Admin	3,820,000,000.00	3,643,000,000.00	1,906,000,000.00
Non Recurring Expenses	1,397,000,000.00	883,000,000.00	UN
Other Operating Items	UN	UN	UN
Operating Income	2,921,000,000.00	1,927,000,000.00	4,967,000,000.00
Total Other Income and Expenses Net	1,273,000,000.00	184,000,000.00	UN
Earnings Before Interest and Taxes	3,672,000,000.00	1,882,000,000.00	4,967,000,000.00
Interest Expense	361,000,000.00	360,000,000.00	267,000,000.00
Earning Before Tax	3,311,000,000.00	1,522,000,000.00	4,700,000,000.00
Income Tax Expense	1,173,000,000.00	715,000,000.00	2,340,000,000.00
Equity Earnings or Loss	UN	UN	UN
Minority Interest Expense	13,000,000.00	67,000,000.00	UN
Net Income From Continuing Operations	1,603,000,000.00	511,000,000.00	2,360,000,000.00
Discontinued Operations	UN	UN	UN
Extraordinary Items	UN	UN	UN
Effect of Accounting Changes	UN	UN	UN
Other Items	522,000,000.00	229,000,000.00	0.00
Net Income	**2,125,000,000.00**	**740,000,000.00**	**2,360,000,000.00**
Preferred Stocks & Other Adjustments	UN	UN	UN
Net Income Applicable to Common Shares	2,125,000,000.00	740,000,000.00	2,360,000,000.00

Statement of Cash Flow

Period Ending	Fiscal Consolidated Dec 31 2010	Fiscal Consolidated Dec 31 2009	Fiscal Consolidated Dec 31 2008
Operating Activities			
Depreciation	2,317,000,000.00	2,200,000,000.00	2,029,000,000.00
Net Income Adjustments	-34,000,000.00	471,000,000.00	284,000,000.00
Changes in Liabilities	1,236,000,000.00	-623,000,000.00	-191,000,000.00
Changes in Accounts Receivables	-760,000,000.00	320,000,000.00	357,000,000.00

Changes in Inventories	-16,000,000.00	-137,000,000.00	-56,000,000.00
Changes in Other Operating Activities	-351,000,000.00	8,000,000.00	-216,000,000.00
Net Cash Flows - Operating Activities	4,530,000,000.00	3,046,000,000.00	4,567,000,000.00
Financing Activities			
Dividends Paid	-131,000,000.00	-131,000,000.00	-130,000,000.00
Sale and Purchase of Stock	8,000,000.00	16,000,000.00	340,000,000.00
Net Borrowings	1,098,000,000.00	447,000,000.00	-32,000,000.00
Other Cash Flows from Financing Activities	UN	UN	UN
Effect of Exchange Rate	UN	UN	UN
Net Cash Flows - Financing Activities	975,000,000.00	332,000,000.00	178,000,000.00
Investing Activities			
Capital Expenditures	-5,492,000,000.00	-2,918,000,000.00	-4,438,000,000.00
Investments	UN	UN	61,000,000.00
Other Cash flows from Investing Activites	233,000,000.00	-6,000,000.00	-67,000,000.00
Net Cash Flows - Investing Activities	-5,259,000,000.00	-2,924,000,000.00	-4,444,000,000.00
Change in Cash and Cash Equivalents	246,000,000.00	454,000,000.00	301,000,000.00

Financial Ratios

Period Ending	Fiscal Consolidated Dec 31 2010	Fiscal Consolidated Dec 31 2009	Fiscal Consolidated Dec 31 2008
Return on Sales Ratio (%)	0.14	0.09	0.18
Return on Net Worth Ratio (%)	0.29	0.19	0.59
Current Ratio	1.15	1.17	0.95
Quick Ratio	0.96	0.96	0.78
Current Liabilities to Inventory	5.24	4.76	5.91
Return on Assets Ratio (%)	0.14	0.09	0.26
Accounts Payable/Sales	0.22	0.23	0.18
Cash Ratio	UN	UN	UN
Gross Margin	0.31	0.29	0.22
Operating Margin	0.09	0.07	0.12
Pre-Tax Margin	0.10	0.05	0.11
Profit Margin	0.06	0.02	0.06
Pre-Tax ROE	0.20	0.11	0.38
After Tax ROE	0.13	0.06	0.19

Note:UN=Unavailable

Company Financial: EDGAR (Quarterly Statements)

Balance Sheet

Quarter	Q3	Q2	Q1	
Quarter Ending	**Sep 30 2011**	**Jun 30 2011**	**Mar 31 2011**	
ASSETS				
Current Assets				
Short Term Investments	UN	UN	UN	
Cash and Cash Equivalents	827,000,000.00	2,194,000,000.00	1,968,000,000.00	1,
Inventory	1,516,000,000.00	1,432,000,000.00	1,552,000,000.00	1,
Net Trade Receivables	4,163,000,000.00	4,453,000,000.00	5,157,000,000.00	4,
Other Current Assets	973,000,000.00	807,000,000.00	759,000,000.00	1,
Total Current Assets	**7,479,000,000.00**	**8,886,000,000.00**	**9,436,000,000.00**	**8,**
Fixed Assets	24,167,000,000.00	22,528,000,000.00	21,759,000,000.00	21,
Long term Investments	391,000,000.00	417,000,000.00	446,000,000.00	
Intangible Assets	0.00	0.00	0.00	
Goodwill	2,383,000,000.00	2,388,000,000.00	2,394,000,000.00	2,
Deferred Asset Charges	2,322,000,000.00	2,285,000,000.00	2,123,000,000.00	2,
Accumulated Ammortization	UN	UN	UN	
Other Assets	597,000,000.00	487,000,000.00	479,000,000.00	
Total Assets	**37,339,000,000.00**	**36,991,000,000.00**	**36,637,000,000.00**	**35,**
LIABILITIES				
Current Liabilities				
Accounts Payable	6,562,000,000.00	6,761,000,000.00	7,316,000,000.00	7,
Short Term And Current Long Term Debt	44,000,000.00	35,000,000.00	35,000,000.00	
Other Current Liabilities	UN	UN	UN	
Total Current Liabilities	**6,606,000,000.00**	**6,796,000,000.00**	**7,351,000,000.00**	**7,**
Long Term Debt	5,548,000,000.00	5,506,000,000.00	5,517,000,000.00	5,
Deferred Long Term Liability Charges	3,157,000,000.00	3,369,000,000.00	3,210,000,000.00	2,
Minority Interest	81,000,000.00	128,000,000.00	168,000,000.00	
Negative Goodwill	UN	UN	UN	
Misc Stocks Warrants Options	UN	UN	UN	
Other Liabilities	3,114,000,000.00	2,416,000,000.00	2,442,000,000.00	2,
Total Liabilities	**18,506,000,000.00**	**18,215,000,000.00**	**18,688,000,000.00**	**18,**
SHAREHOLDER'S EQUITY				
Common Stock	340,000,000.00	340,000,000.00	340,000,000.00	
Preferred Stock Amount	UN	UN	UN	
Capital Surplus	3,369,000,000.00	3,373,000,000.00	3,331,000,000.00	3,
Retained Earnings	15,991,000,000.00	15,725,000,000.00	15,151,000,000.00	14,

Treasury Stock	UN	UN	UN	
Other Equity	-867,000,000.00	-662,000,000.00	-873,000,000.00	-1,
Total Equity	18,833,000,000.00	18,776,000,000.00	17,949,000,000.00	16,

Income Statement

Quarter	**Q3**	**Q2**	**Q1**	
Quarter Ending	**Sep 30 2011**	**Jun 30 2011**	**Mar 31 2011**	
Sales (Revenue)	8,665,000,000.00	9,853,000,000.00	10,215,000,000.00	9,
Cost of Revenue	6,181,000,000.00	6,841,000,000.00	7,040,000,000.00	6,
Gross Profit	2,484,000,000.00	3,012,000,000.00	3,175,000,000.00	2,
Operating Expenses				
Research and Development	UN	UN	UN	
Sales And General Admin	1,095,000,000.00	1,062,000,000.00	1,020,000,000.00	1,
Non Recurring Expenses	557,000,000.00	257,000,000.00	313,000,000.00	
Other Operating Items	UN	UN	UN	
Operating Income	246,000,000.00	1,105,000,000.00	1,284,000,000.00	
Total Other Income and Expenses Net	97,000,000.00	2,000,000.00	348,000,000.00	
Earnings Before Interest and Taxes	307,000,000.00	1,058,000,000.00	1,584,000,000.00	
Interest Expense	94,000,000.00	97,000,000.00	99,000,000.00	
Earning Before Tax	213,000,000.00	961,000,000.00	1,485,000,000.00	
Income Tax Expense	-54,000,000.00	392,000,000.00	511,000,000.00	
Equity Earnings or Loss	UN	UN	UN	
Minority Interest Expense	-31,000,000.00	-38,000,000.00	45,000,000.00	
Net Income From Continuing Operations	262,000,000.00	558,000,000.00	881,000,000.00	-
Discontinued Operations	UN	UN	UN	
Extraordinary Items	UN	UN	UN	
Effect of Accounting Changes	UN	UN	UN	
Other Items	36,000,000.00	49,000,000.00	48,000,000.00	
Net Income	**298,000,000.00**	**607,000,000.00**	**929,000,000.00**	
Preferred Stocks & Other Adjustments	UN	UN	UN	
Net Income Applicable to Common Shares	298,000,000.00	607,000,000.00	929,000,000.00	

Statement of Cash Flow

Quarter	**Q3**	**Q2**	**Q1**
Quarter Ending	**Sep 30 2011**	**Jun 30 2011**	**Mar 31 2011**
Operating Activities			

Depreciation	586,000,000.00	588,000,000.00	558,000,000.00	
Net Income Adjustments	180,000,000.00	224,000,000.00	-72,000,000.00	
Changes in Liabilities	UN	UN	UN	1,
Changes in Accounts Receivables	UN	UN	UN	-
Changes in Inventories	UN	UN	UN	
Changes in Other Operating Activities	-11,000,000.00	308,000,000.00	-325,000,000.00	
Net Cash Flows - Operating Activities	1,022,000,000.00	1,689,000,000.00	1,135,000,000.00	1,
Financing Activities				
Dividends Paid	-34,000,000.00	-34,000,000.00	-68,000,000.00	
Sale and Purchase of Stock	UN	UN	UN	
Net Borrowings	9,000,000.00	-14,000,000.00	-31,000,000.00	
Other Cash Flows from Financing Activities	-44,000,000.00	6,000,000.00	58,000,000.00	
Effect of Exchange Rate	UN	UN	UN	
Net Cash Flows - Financing Activities	-69,000,000.00	-42,000,000.00	-41,000,000.00	
Investing Activities				
Capital Expenditures	-2,434,000,000.00	-1,375,000,000.00	-1,082,000,000.00	2,
Investments	UN	UN	UN	
Other Cash flows from Investing Activites	114,000,000.00	-46,000,000.00	348,000,000.00	
Net Cash Flows - Investing Activities	-2,320,000,000.00	-1,421,000,000.00	-734,000,000.00	2,
Change in Cash and Cash Equivalents	-1,367,000,000.00	226,000,000.00	360,000,000.00	-

Financial Ratios

Quarter	**Q3**	**Q2**	**Q1**
Quarter Ending	**Sep 30 2011**	**Jun 30 2011**	**Mar 31 2011**
Return on Sales Ratio (%)	0.03	0.15	0.21
Return on Net Worth Ratio (%)	0.01	0.08	0.12
Current Ratio	1.13	1.31	1.28
Quick Ratio	0.90	1.10	1.07
Current Liabilities to Inventory	4.36	4.75	4.74
Return on Assets Ratio (%)	0.01	0.04	0.06
Accounts Payable/Sales	0.76	0.69	0.72
Cash Ratio	UN	UN	UN
Gross Margin	0.29	0.31	0.31
Operating Margin	0.03	0.11	0.13
Pre-Tax Margin	0.02	0.10	0.15
Profit Margin	0.03	0.06	0.09

Pre-Tax ROE	0.01	0.05	0.08
After Tax ROE	0.02	0.03	0.05

Note:UN=Unavailable
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Statement Update

11/07/2011
Interim Consolidated statement dated SEP 30 2011 (in thousands):

Assets		Liabilities
Cash	827,000	Accts Pay
Accts Rec	3,828,000	Short-Term/Long-Term Debt
Inventory	1,516,000	Accruals
Accounts Receivable-Other	335,000	Taxes
Other Curr Assets	973,000	
Curr Assets	7,479,000	**Curr Liabs**
Fixt & Equip	24,167,000	Long-Term Debt
Goodwill	2,383,000	Other Liabilities/Deferred Credits
Investments-Other	391,000	L.T. Liab-Other
Deferred Income Taxes	2,322,000	COMMON STOCK
Other Assets	597,000	ADDIT. PD.-IN CAP
		ACCUM OTHER COMPREHENSIVE LOSS
		RETAINED EARNINGS
		NONCONTROLLING INTEREST
Total Assets	37,339,000	**Total Liabilities + Equity**

From JAN 01 2011 to SEP 30 2011 sales $29,047,000,000; cost of goods sold $20,062,000,000. Gross profit $8,985,00C
expenses $6,326,000,000. Operating income $2,659,000,000; net income before taxes $2,659,000,000; Federal income
net income $1,810,000,000.
Statement obtained from Securities And Exchange Commission. Prepared from books without audit.
Fixed assets shown net less $16,265,000,000 depreciation.
Explanations
The net worth of this company includes intangibles; Other Long Term Liabilities consist of deferred income taxes and ass
obligations.

Additional Financial Data

Fiscal Consolidated statement dated DEC 31 2010 (in thousands):

Assets		Liabilities
Cash	1,608,000	Accts Pay
Accts Rec	4,478,000	Short-Term Debt & Long-Term Debt
Inventory	1,452,000	Accruals
Accounts Receivable-Other	240,000	Taxes
Other Curr Assets	1,002,000	

Assets		Liabilities
Curr Assets	**8,780,000**	**Curr Liabs**
Fixt & Equip	21,127,000	Long-Term Debt
Goodwill	2,408,000	Deferred Income Taxes
Investments-Other	443,000	L.T. Liab-Other
Deferred Income Taxes	2,167,000	COMMON STOCK
Other Assets	471,000	ADDIT. PD.-IN CAP
		ACCUM OTHER COMPREHENSIVE LOSS
		RETAINED EARNINGS
		NONCONTROLLING INTERESTS
Total Assets	**35,396,000**	**Total Liabilities + Equity**

From JAN 01 2010 to DEC 31 2010 annual sales $34,613,000,000. Operating expenses $31,302,000,000. Net income b
$3,311,000,000; Federal income tax $1,173,000,000. Net income $2,138,000,000.

Statement obtained from Securities And Exchange Commission. Prepared from statement(s) by Accountant: Ernst & Yo
York, New York.

ACCOUNTANTS OPINION

A review of the accountant's opinion indicated that the financial statement meets generally accepted accounting principle
contains no qualifications.

Fixed assets shown net less $14,576,000,000 depreciation.

Explanations
The net worth of this company includes intangibles; long term liabilities-other consist of asset retirement obligations and deferred credits.

The report was updated using information the company filed with the Securities and Exchange Commission.

Key Business Ratios

Statement Date	Dec 31 2010
Based on this Number of Establishments	67

Industry Norms Based On 67 Establishments

	This Business	Industry Median	Industry
Profitability			
Return on Sales	6.2	8.8	3

	This Business	Industry Median	Industry
Return on Net Worth	12.7	6.8	2
Short-Term Solvency			
Current Ratio	1.2	1.1	2
Quick Ratio	0.8	0.6	2
Efficiency			
Assets/Sales (%)	102.3	420.3	1
Sales / Net Working Capital	29.7	4.3	1
Utilization			
Total Liabilities / Net Worth (%)	110.6	107.7	3

Associations

All Credit Files Created from this D&B Live Report

Company Name	Type	Status	Date Created
HESS CORPORATION	Snapshot D-U-N-S Number 00-697-9785	Saved	03/08/2010 06:18 PM I
HESS CORPORATION	Snapshot D-U-N-S Number 00-697-9785	Saved	03/08/2010 06:18 PM I
HESS CORPORATION	Application - #FCL8569W5	Approved	09/30/2010 10:43 AM I
HESS CORPORATION	Application - #FCLHVJMJP	Approved	10/21/2010 02:33 PM I
HESS CORPORATION	Application - #FCL4TVFY4	Approved	11/02/2010 09:12 AM I
HESS CORPORATION	Application - #FCHAGTCJN	Approved	01/05/2011 11:06 AM I

All Credit Files with Same D-U-N-S® Number as this D&B Live Report

Company Name	Type	Status	Date Created
HESS CORPORATION	Snapshot D-U-N-S Number 00-697-9785	Saved	03/08/2010 06:18 PM I
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HESS CORPORATION	Application - #FCLHVJMJP	Approved	10/21/2010 02:33 PM I
HESS CORPORATION	Application - #FCL4TVFY4	Approved	11/02/2010 09:12 AM I
HESS CORPORATION	Application - #FCHAGTCJN	Approved	01/05/2011 11:06 AM I

Detailed Trade Risk Insight™

Detailed Trade Risk Insight provides detailed updates on over 1.5 billion commercial trade experiences collected from more t
supplier/purchaser relationships.

Days Beyond Terms - Past 3 & 12 Months

12 months from Mar 11 to Feb 12

3 months from Dec 11 to Feb 12

3 Days

1 Days

Dollar-weighted average of **771** payment experiences reported from **145** companies

Dollar-weighted average of **496** payment experiences reported from **72** companies

Derogatory Events Last 13 Months from Feb 11 to Feb 12

Status	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Ja
Placed for collection	0 on 1 acct	0 on 1 acct	0 on 1 acct	0 on 1 acct	-	-	-	-	-	500 on 2 acct	936 on 1 acct	
Bad debt written off	932 on 1 acct	22 869 on 2 acct	31,247 on 3 acct	22 869 on 2 acct	22.869 on 2 acct	24,685 on 3 acct	24,685 on 3 acct	1,816 on 1 acct	2.748 on 2 acct	-	1,816 on 1 acct	1,8 1

Total Amount Current and Past Due - 13 month trend from Feb 11 to Feb 12

Status	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec
Total	-13.855.346	-9,465.649	-6.400,076	4,202,643	3.507.209	979.164	2,039.535	-6,731 751	645.293	10,881,532	20.78
Current	6 805.612	9 568,778	6 735,659	5.031 052	6 114,364	3.923 121	4.273.061	4,188.963	8,139,891	13.840,071	19,00
1-30 Days Past Due	-20,774 250	-21.387,097	-13.780,100	-1.486.126	-4 635,878	2,932,259	49,078	-9,883.853	3.235,445	85,144	17
31-60 Days Past Due	101.074	728.039	8.632	30.222	-507,139	-4,658,308	959,072	17.229	-7.839,080	3,200,293	2
61-90 Days Past Due	5,083	20.936	28.708	18,943	934.052	-1 224,057	-3.254.183	268 196	11,142	-6,231,163	2
90+ Days	7.135	1.603.695	607,025	608.552	1.601,810	6 149	12.507	-1,322.286	-2,902,105	-12,813	1,57

Past Due

Exhibit C-8 "Bankruptcy Information," provide a list and description of any reorganizations, protection from creditors, or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or since applicant last filed for certification.

<u>Response</u>

None.

Hess Corporation
Exhibit C-9
Merger Information

Exhibit C-9 "Merger Information," provide a statement describing any dissolution or merger or acquisition of the applicant within the five most recent years preceding the application, or at any time as a participant in the Ohio Natural Gas Choice programs.

Response

Hess Small Business Services (formerly Stuyvesant Energy, LLC), which is a wholly-owned subsidiary of Hess Corporation, had its gas contracts purchased by Hess Corporation effective November 1, 2008. This acquisition had no effect on Hess Corporation's Ohio business as the natural gas contracts were limited to customers in New York and New Jersey.

Exhibit D-1 "Operations," provide a current written description of the operational nature of the applicant's business. Please include whether the applicant's operations will include the contracting of natural gas purchases for retail sales, the nomination and scheduling of retail natural gas for delivery, and the provision of retail ancillary services, as well as other services used to supply natural gas to the natural gas company city gate for retail customers.

<u>Response</u>

Hess Corporation is experienced in the full business cycle of natural gas marketing including contracting, contract administration, load aggregation, procurement, forecasting and scheduling, balancing and other ancillaries including arranging for transmission and delivery services, risk management, energy management, customer services and billing.

Through centralized systems and regional office locations performing operational and sales functions, Hess Corporation is able to provide a full range of services and products to our customers. Each regional office, including the Pittsburgh regional office, which handles operations and sales for Ohio, coordinates nominations, receipt and delivery of natural gas, including without limitation storage, balancing, peaking and region specific customer services. Hess procures the commodity for sales of natural gas through bilateral purchase agreements with parties from regional wholesale markets, and purchases from the spot market.

Hess Corporation
Exhibit D-2
Operations Expertise

Exhibit D-2 "Operations Expertise," given the operational nature of the applicant's business, provide evidence of the applicant's current experience and technical expertise in performing such operations.

Response:

Hess Corporation is a leading total energy supply provider in the Eastern United States. Hess provides natural gas to more than 50,000 service locations and is a major supplier of natural gas to several LDCs on the East Coast. Hess has been providing natural gas to LDCs since 1989 and has been supplying retail natural gas to end-use customers since 1998. Through this experience, Hess has developed an expertise in maximizing its diverse portfolio of assets, which includes interstate capacity, storage and contracts for supply with a multitude of sources, (e.g., Ohio local production) in order to provide reliable and cost efficient products and services to its' customers.

Exhibit D-3 "Key Technical Personnel," provide the names, titles, email addresses, telephone numbers, and background of key personnel involved in the operational aspects of the applicant's current business.

Response:

Randy Magnani- Director of C&I Operations

- *40 years of experience in the natural gas industry including working for the NYPSC, Brooklyn Union Gas Company, Navigant Consulting, and Hess.*

Contact information:

Phone:	732-750-6589
Fax:	732-750-6116
Email:	rmagnani@hess.com
Address:	One Hess Plaza Woodbridge, NJ 07095

Jodi Brown- C&I Operations Manager

- *15 years of experience in the natural gas industry including working for Atlantic Energy/ Enervall LLC, Consumers Energy and Hess.*

Contact information:

Phone:	412-494-7217
Fax:	412-494-7202
Email:	JLBrown@hess.com
Address:	2000 Cliff Mine Rd Suite 420 Pittsburgh, PA 15275