

HESS CORP  
Form 11-K  
June 30, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549  
FORM 11-K**

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

**For the fiscal year ended December 31, 2009**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 1-1204**

**HESS CORPORATION**

**EMPLOYEES SAVINGS PLAN**

**(Full title of the Plan)**

**HESS CORPORATION**

**1185 AVENUE OF THE AMERICAS, NEW YORK, N. Y. 10036**

**(Name of issuer of the securities held pursuant to the Plan  
and the address of its principal executive office)**

**HESS CORPORATION EMPLOYEES SAVINGS PLAN  
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All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.	

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**HESS CORPORATION  
EMPLOYEES SAVINGS PLAN  
STATEMENT OF ASSETS AVAILABLE FOR BENEFITS**

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
Investments, at fair value		
Mutual funds	\$ 301,263,471	\$ 208,998,478
Hess Corporation common stock fund	188,815,335	160,724,630
Loans to participants	13,162,700	11,382,937
	503,241,506	381,106,045
Interest and dividends receivable	763,135	298,732
Contributions receivable	1,260,697	
Total assets available for benefits	\$ 505,265,338	\$ 381,404,777

See accompanying notes to financial statements.

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**HESS CORPORATION  
EMPLOYEES SAVINGS PLAN  
STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS**

	<b>Years Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	\$ 80,864,660	\$ (222,264,032)
Distributions from mutual funds	5,487,620	9,062,372
Dividends on Hess Corporation common stock fund	1,250,966	1,116,096
Interest	828,308	819,224
	88,431,554	(211,266,340)
Employee contributions	33,404,021	30,596,520
Employer contributions	24,113,038	21,753,002
Rollovers from other plans	1,175,879	2,819,521
Transfers to other plans, net		(1,414,567)
Benefit payments	(23,196,836)	(28,293,315)
Administrative fees	(67,095)	(92,607)
Net increase (decrease) in assets available for benefits	123,860,561	(185,897,786)
Total assets available for benefits at beginning of year	381,404,777	567,302,563
Total assets available for benefits at end of year	\$ 505,265,338	\$ 381,404,777

See accompanying notes to financial statements.

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**HESS CORPORATION  
EMPLOYEES SAVINGS PLAN  
NOTES TO FINANCIAL STATEMENTS**

**1. Description of Plan**

The following description of the Hess Corporation (the Company) Employees Savings Plan (the Plan) is provided for general information only. For more information, participants should refer to the summary plan description, which can be obtained from the Company's Benefits Center.

**General:** The Plan is a defined contribution plan covering all eligible U.S. based employees of the Company. Employees are eligible to enroll in the plan upon hire. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). For the purpose of carrying out the Plan, a trust was created effective October 1, 2006 by the execution of a Trust Agreement with The Bank of New York. Effective July 1, 2009, the trustee changed to JPMorgan Chase Bank NA (Trustee).

**Contributions:** At the election of each participating employee, pre-tax amounts contributed under the Plan (from 1% to 25% of compensation) and the employer's matching contributions are invested in one or more of the available mutual funds with varying investment objectives or in the Hess Corporation Common Stock Fund. The Company matches participant contributions up to 6% of eligible compensation.

Eligible employee compensation under the Plan was limited by law to \$245,000 in 2009 and to \$230,000 in 2008. In 2010 the limit is \$245,000. Before-tax contributions were limited by law to \$16,500 in 2009 and \$15,500 in 2008. The limit for 2010 is \$16,500. In the year an employee attains age 50, and all years thereafter, an employee is eligible to make an additional before-tax catch-up contribution to the Plan that is not eligible for matching company contributions. The limit for catch up contributions was \$5,500 in 2009 and \$5,000 in 2008. The limit for 2010 is \$5,500.

**Participant Accounts:** Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and Plan earnings. Contributions are invested in the Plan's funds based on the allocation percentages designated by the participant in increments of 1% of the amount contributed. A participant may change investment designations for future contributions or reallocate existing investments to different funds on a daily basis.

The Trustee does not receive compensation from the Plan. Such compensation and other administrative costs are paid by the Company, except for administrative fees on employee loans and certain redemption fees, which are charged to the participants' accounts with employee loans.

**Investment Alternatives:** The following funds were available to participants as of December 31, 2009:

Allianz Cadence Capital Appreciation Fund  
Artio International Equity II Fund  
BlackRock High Yield Bond Fund  
BlackRock TempFund  
BlackRock Total Return Fund  
CRM Mid Cap Value Fund  
James Small Cap Value Fund  
Lazard Emerging Markets Fund  
Old Mutual Barrow Hanley Value Fund  
Principal Real Estate Fund  
T. Rowe Price Retirement Income Fund  
T. Rowe Price Retirement 2005 Fund  
T. Rowe Price Retirement 2010 Fund  
T. Rowe Price Retirement 2015 Fund  
T. Rowe Price Retirement 2020 Fund  
T. Rowe Price Retirement 2025 Fund  
T. Rowe Price Retirement 2030 Fund  
T. Rowe Price Retirement 2035 Fund  
T. Rowe Price Retirement 2040 Fund

T. Rowe Price Retirement 2045 Fund  
Vanguard 500 Index Fund  
Vanguard Mid-Cap Index Fund  
Vanguard Small-Cap Index Fund  
Western Asset Core Plus Bond Fund  
Western Asset Inflation Index Plus Bond Fund  
William Blair International Small Cap Growth Fund  
Hess Corporation Common Stock Fund

Descriptions and information concerning the investment objectives and risks of the currently available funds can be obtained from the Company's Benefits Center.

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**HESS CORPORATION**  
**EMPLOYEES SAVINGS PLAN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Hess Corporation Common Stock Fund:** The fund invests in the common stock of Hess Corporation, which is traded on the New York Stock Exchange (NYSE) under the ticker symbol (HES). Approximately 1% of this fund is invested in short-term investment funds in order to manage the short-term liquidity needs of the fund.

**Vesting:** Participants are immediately fully vested in their contributions and the employer's matching contributions.

**Loans to Participants:** Participants may borrow from their account balance, including their Company matching account, with a minimum of \$500 up to a maximum of \$50,000. Participants may have two concurrent loans. The total of the loans cannot exceed the lesser of \$50,000 or 50% of the participant's account balance. The participant's account balance serves as collateral for the loans. Loans are repaid by participants in equal installments over a period of not more than five years, or not more than 30 years if borrowed for the purpose of acquiring a principal residence. Interest on loans is charged at a rate of 1% above the prime rate determined at the time the loan is made. Currently a \$50 loan set-up fee is charged to participants when they borrow from the Plan.

**Rollovers from Other Plans:** Employees may deposit an eligible rollover distribution made by a qualified plan of another employer or from an individual retirement account whose assets were derived solely from the rollover from a qualified plan of another employer. Rollovers are accepted in cash only and are invested according to the participant's current fund elections for contributions. An employee who is not contributing to the Plan must elect investment options at the time of the rollover. The current market values of amounts rolled over to the Plan can be withdrawn in whole or in part at any time.

**Payment of Benefits:** Upon a withdrawal or distribution, the market value of an employee's investments in the mutual funds is paid in cash. The employee's investments in the Hess Corporation Common Stock Fund are distributed either in whole shares of stock of Hess Corporation (plus the cash equivalent of any fractional shares) or in cash, depending upon the employee's election.

Voluntary complete or partial withdrawals from before-tax contributions are permitted only after attainment of age 59½, except in the case of hardship. Generally only employee after-tax contributions and employer contributions made prior to January 1, 2002 are eligible for withdrawal by active employees under age 59½. Terminated employees may withdraw their entire balance at any time.

Employees may elect direct rollovers of the taxable portion of their distributions to an individual retirement account, individual retirement annuity or a qualified plan of another employer. Eligible distributions that are not rolled over are subject to federal income tax withholding at 20% and may be subject to an additional 10% tax.

## **2. Summary of Significant Accounting Policies**

**Basis of Accounting:** The accompanying financial statements for the Plan have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting.

**New Accounting Standards:** The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) became effective 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 Plan's financial statements was that specific references to accounting principles have been changed to refer to the ASC.

**Valuation of Investments:** The Plan's investments are stated at fair value in accordance with the provisions of the accounting standard on fair value measurements (ASC 820 Fair Value Measurements and Disclosures, originally issued as FASB No. 157), which was adopted effective January 1, 2008. The impact of adopting this standard was not material to the Plan. See Note 4, Fair Value Measurements, for further disclosure.

Mutual funds are valued at the quoted market price, which represents the net asset value of shares held by the Plan at year-end. Hess Corporation common stock values are based on the closing market prices on the New York Stock Exchange.



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**HESS CORPORATION  
EMPLOYEES SAVINGS PLAN  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**Loans to participants:** Loans to participants are stated at the outstanding principal balances, which approximate fair value.

**Interest and Dividend Income:** Interest and dividend income is recorded in participant accounts as earned.

**Sale of Investments:** Gains or losses on sales of Hess Corporation common stock are based on average cost. Gains or losses on sales of the mutual funds in the Plan are based on average cost.

**Use of Estimates:** The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Risks and Uncertainties:** The Plan primarily invests in various mutual funds and Hess Corporation common stock. Investment securities are exposed to various risks, such as overall market volatility, commodity prices, interest rates, foreign exchange rates, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the financial statements.

**Benefit Payments:** Distributions of benefits to participants are recorded when paid.

**3. Investments**

The following table presents investments that represent 5 percent or more of the Plan's assets:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Hess Corporation common stock fund (3,114,823 and 2,972,286 shares, respectively)*	\$ 188,815,335	\$ 160,724,630
BlackRock TempFund (49,800,148 and 45,938,082 shares, respectively)	49,800,148	45,938,082
T. Rowe Price Retirement 2020 Fund (2,548,374 and 2,362,638 shares, respectively)	37,206,260	26,248,912
T. Rowe Price Retirement 2025 Fund (3,280,615 and 2,991,758 shares, respectively)	34,807,325	23,754,557
T. Rowe Price Retirement 2015 Fund (3,074,294 and 3,050,790 shares, respectively)	32,802,717	25,321,555

\* Includes \$368,543 and \$1,291,209 held in short-term investment funds at December 31, 2009 and 2008, respectively.

At December 31, 2009, amounts invested in the Hess Corporation common stock fund, all T. Rowe Price managed funds, and all BlackRock managed funds represented 38%, 33% and 12%, respectively of the Plan's total investments.

The value of the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) as follows:

	<b>Years Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Hess Corporation common stock fund	\$ 22,892,009	\$ (94,374,297)

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Mutual funds	57,972,651	(127,889,735)
Net appreciation (depreciation) in fair value of investments	\$ 80,864,660	\$ (222,264,032)

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**HESS CORPORATION  
EMPLOYEES SAVINGS PLAN  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**4. Fair Value Measurements**

The provisions of ASC 820 Fair Value Measurements and Disclosures (originally issued as FASB No. 157) establish a hierarchy for the inputs used to measure fair value based on the source of the input, that 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 presented below is based on the lowest significant input level within the fair value hierarchy. Mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the Plan. The underlying securities within the funds are based on quoted market prices from the primary exchanges on which they are traded. Hess Corporation common stock values are based on the closing market prices on the New York Stock Exchange, which is the primary exchange on which the stock is traded. The following table provides the fair value hierarchy of the Plan's financial assets:

	Level 1	Level 2	Level 3	Total
<b>December 31, 2009</b>				
Hess Corporation common stock fund	\$ 188,815,335	\$	\$	\$ 188,815,335
Mutual funds (a)	301,263,471			301,263,471
Loans to participants			13,162,700	13,162,700
Total assets at fair value	\$ 490,078,806	\$	\$ 13,162,700	\$ 503,241,506
<b>December 31, 2008</b>				
Hess Corporation common stock fund	\$ 160,724,630	\$	\$	\$ 160,724,630
Mutual funds (b)	208,998,478			208,998,478
Loans to participants			11,382,937	11,382,937
Total assets at fair value	\$ 369,723,108	\$	\$ 11,382,937	\$ 381,106,045

(a) Mutual funds consist of retirement date funds (55%), domestic and international equity funds (22%), money market funds (17%), and fixed income funds (6%), respectively at December 31, 2009.

- (b) Mutual funds consist of retirement date funds (57%), money market funds (22%), domestic and international equity funds (17%), and fixed income funds (4%), respectively at December 31, 2008.

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

	<b>2009</b>	<b>2008</b>
Balance at January 1	\$ 11,382,937	\$ 9,764,242
Issuances, repayments and settlements, net	1,779,763	1,618,695
Balance at December 31	\$ 13,162,700	\$ 11,382,937

#### **5. Plan Termination**

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

#### **6. Tax Status**

The Plan has received determination letters from the Internal Revenue Service dated February 3, 2004 and February 4, 2010, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes the Plan is qualified and the related trust is tax exempt.

#### **7. Transfers to and from Other Plans**

Transfers of employee account balances are made between the Plan and savings plans sponsored by certain affiliates of the Company due to job transfers. During 2009, there were no transfers in or out of the Plan.

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**HESS CORPORATION  
EMPLOYEES SAVINGS PLAN  
EIN 13 4921002 PLAN NO. 001**

**AT DECEMBER 31, 2009**

**SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)**

Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Current Value
<b>Hess common stock fund:</b>		
*Hess Corporation	Common Stock 3,114,823 shares	\$ 188,446,792
*JPMorgan Chase	Money Market Fund 368,543 shares	368,543
<b>Mutual Funds:</b>		
BlackRock	BlackRock TempFund 49,800,148 shares	49,800,148
T. Rowe Price	T. Rowe Price Retirement 2020 Fund 2,548,374 shares	37,206,260
T. Rowe Price	T. Rowe Price Retirement 2025 Fund 3,280,615 shares	34,807,325
T. Rowe Price	T. Rowe Price Retirement 2015 Fund 3,074,294 shares	32,802,717
T. Rowe Price	T. Rowe Price Retirement 2030 Fund 1,215,057 shares	18,371,662
T. Rowe Price	T. Rowe Price Retirement 2010 Fund 1,118,974 shares	15,609,687
Lazard Asset Management	Lazard Emerging Markets Fund 775,274 shares	13,962,685
T. Rowe Price	T. Rowe Price Retirement 2035 Fund 1,173,281 shares	12,495,443
The Vanguard Group	Vanguard 500 Index Fund 109,142 shares	11,130,301
Artio Funds	Artio International Equity II Fund 751,179 shares	8,848,889
T. Rowe Price	T. Rowe Price Retirement 2040 Fund 459,975 shares	6,968,621
BlackRock	BlackRock High Yield Bond Fund 898,832 shares	6,300,812
Western Asset	Western Asset Inflation Index Plus Bond Fund 570,024 shares	6,065,055
The Vanguard Group	Vanguard Mid-Cap Index Fund 334,865 shares	5,491,786
CRM Funds	CRM Mid Cap Value Fund 220,844 shares	5,357,675
Allianz Global Investors	Allianz Cadence Capital Appreciation Fund 351,252 shares	5,226,630
The Vanguard Group	Vanguard Small-Cap Index Fund 190,619 shares	4,725,445
T. Rowe Price	T. Rowe Price Retirement 2045 Fund 363,269 shares	3,669,017
William Blair Funds	William Blair International Small Cap Growth Fund 330,818 shares	3,470,281
BlackRock	BlackRock Total Return Fund 326,872 shares	3,451,768
Western Asset	Western Asset Core Plus Bond Fund 318,909 shares	3,230,548
T. Rowe Price	T. Rowe Price Retirement 2005 Fund 299,330 shares	3,125,005
Principal Financial Group	Principal Real Estate Fund 214,858 shares	2,823,234
James Advantage Funds	James Small Cap Value Fund 148,157 shares	2,481,630
T. Rowe Price	T. Rowe Price Retirement Income Fund 158,698 shares	1,937,703
Old Mutual	Old Mutual Barrow Hanley Value Fund 328,695 shares	1,903,144
<b>Participant Loans:</b>		
Participant loans	Interest rates from 5.00% to 10.50%	13,162,700
Total Investments		\$ 503,241,506

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Indicates  
party-in-interest  
to the Plan.

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**Report of Independent Registered Public Accounting Firm**

**HESS CORPORATION EMPLOYEE BENEFIT PLANS COMMITTEE AND PARTICIPANTS IN THE HESS CORPORATION EMPLOYEES SAVINGS PLAN:**

We have audited the accompanying statement of assets available for benefits of the Hess Corporation Employees Savings Plan as of December 31, 2009 and 2008, and the related statement of changes in assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements 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. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 assets available for benefits of the Plan at December 31, 2009 and 2008, and the changes in its assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2009 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP  
New York, New York  
June 30, 2010

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**SIGNATURE**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the Hess Corporation Employee Benefit Plans Committee has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

HESS CORPORATION  
EMPLOYEES SAVINGS PLAN

/s/ David G. Lutterbach  
By: David G. Lutterbach  
Vice President, Global Benefits, Health &  
Wellness, Hess Corporation  
Employee Benefit Plans Committee,  
Chairperson

June 30, 2010

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