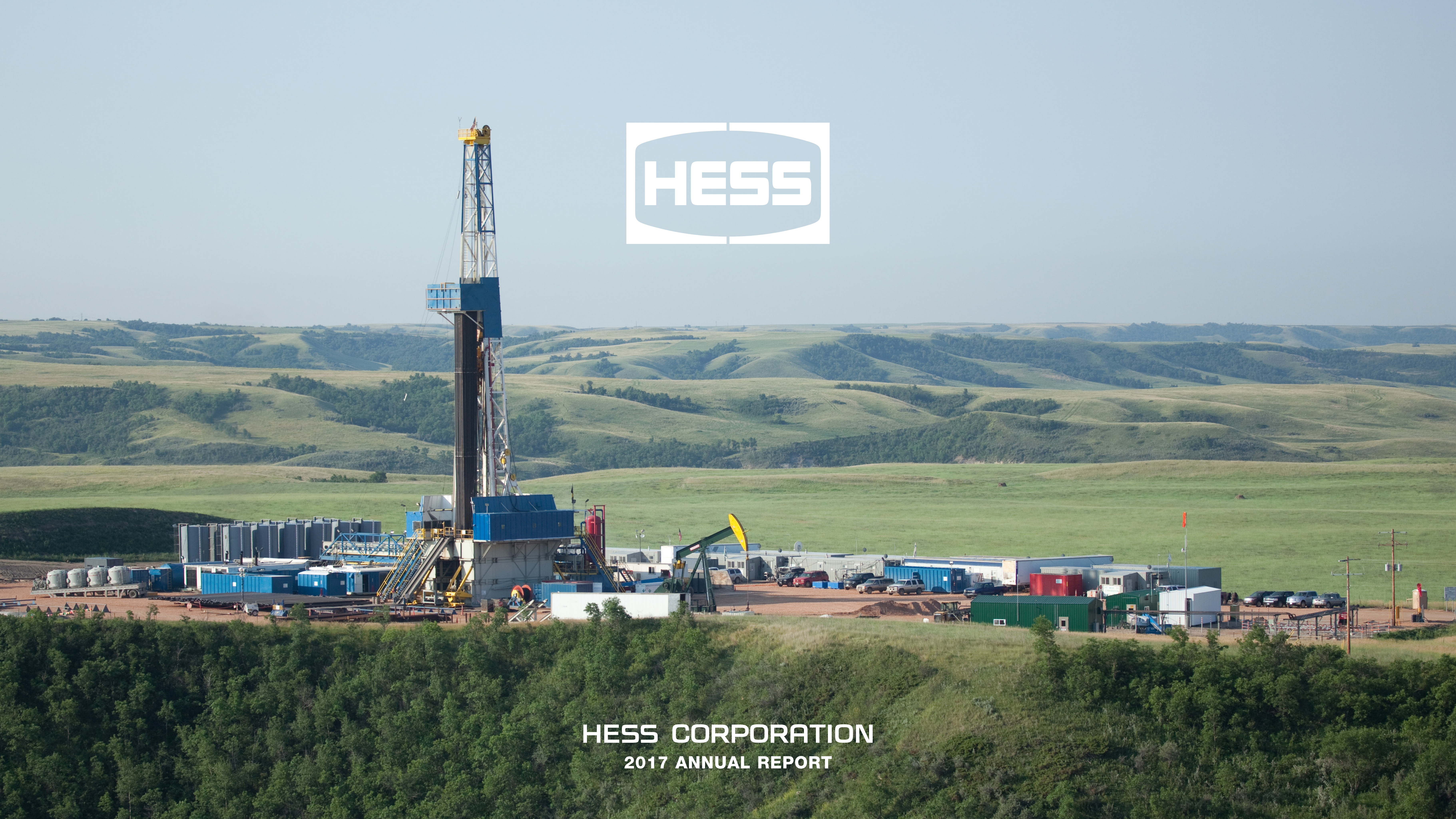

HESS CORPORATION

2017 ANNUAL REPORT

Hess Corporation is a leading global independent energy company engaged in the exploration and production of crude oil and natural gas.

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.

Letter to Shareholders

Financial Highlights

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Letter to Shareholders

Financial Highlights

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Financial and Operational Highlights

HESS CORPORATION

Amounts in millions, except per share data

Financial — for the year	2017	2016
Sales and other operating revenues	**$ 5,466**	$ 4,762
Net income (loss) attributable to Hess Corporation	**$ (4,074)**	$ (6,132)
Net income (loss) per share diluted [(a)]	**$ (13.12)**	$ (19.92)
Common stock dividends per share	**$ 1.00**	$ 1.00
Net cash provided by operating activities	**$ 945**	$ 795
E&P capital and exploratory expenditures	**$ 2,047**	$ 1,871
Midstream capital expenditures	**$ 121**	$ 283
Weighted average diluted shares outstanding	**314.1**	309.9

Financial — at year end	2017	2016
Total assets	**$ 23,112**	$ 28,621
Cash and cash equivalents	**$ 4,847**	$ 2,732
Total debt	**$ 6,977**	$ 6,806
Total equity	**$ 12,354**	$ 15,591
Debt to capitalization ratio [(b)]	**$ 36.1%**	30.4%
Common stock price	**$ 47.47**	$ 62.29

Operating — for the year	2017	2016
Net production		
Crude oil and natural gas liquids (thousands of barrels per day)		
United States	**153**	165
International	**66**	70
Total	**219**	235
Natural gas (thousands of MCF per day)		
United States	**211**	258
International	**309**	265
Total	**520**	523
Barrels of oil equivalent (thousands of barrels per day)	**306**	322

(a) Calculated as net income (loss) attributable to Hess Corporation less preferred stock dividends as applicable, divided by weighted average number of diluted shares.
(b) Total debt as a percentage of the sum of total debt and total equity.

Letter to Shareholders

In 2017, we made significant progress in positioning our company to deliver significant value to shareholders. Our strategy is to grow our resource base in a capital disciplined manner, to move down the cost curve so we are resilient in a low oil price environment, and to be cash generative at a $50 per barrel Brent oil price post 2020.

High Graded, Focused Portfolio

Consistent with our strategy, we moved aggressively in 2017 to high grade and focus our portfolio by investing in our highest return assets – Guyana, which is one of the industry's largest oil discoveries in a decade, and the Bakken, where we have more than 500,000 net acres in the core of the play – and divesting higher cost, mature assets.

On a pro forma basis, our high graded portfolio is now expected to generate capital efficient compound annual production growth of approximately 10 percent per year through 2020. The combination of investing in lower cost assets and divesting higher cost assets – along with a meaningful $150 million annual cost reduction program – is expected to drive our cash unit production costs down by approximately 30 percent to less than $10 per barrel of oil equivalent by 2020. As a result, we expect to generate cash flow growth of more than 20 percent per year at a $50 per barrel Brent oil price and more than 30 percent per year at a $60 per barrel Brent oil price through 2020.

Our asset monetizations in 2017 resulted in total proceeds of $3.4 billion and the release of $1.3 billion of asset retirement obligations. During the year we announced and completed the sale of our mature, higher cost assets in Norway for total proceeds of $2 billion and Equatorial Guinea for total proceeds of $650 million. These sales followed the divestiture of our mature Permian enhanced oil recovery assets for total proceeds of $600 million and the successful IPO of Hess Midstream Partners that resulted in net proceeds of $175 million. In addition, we have commenced a sales process for our interests in Denmark, which we expect to complete in 2018.

Proceeds from our asset sales will first be used to prefund our world-class investment opportunity in Guyana. In addition, we plan to increase from four rigs to six rigs in the Bakken in the second half of 2018, buy back up to $500 million in stock and reduce debt by $500 million. [As we get further clarity on the capital requirements for future phases of development in Guyana as well as the outlook for oil prices, we plan to evaluate additional returns of capital to shareholders].

Key to our strategy is our position in Guyana – an extraordinary oil investment opportunity that is uniquely advantaged by its scale, reservoir quality, cost, rapid cash paybacks and superior financial returns. The Stabroek Block in Guyana, where Hess has a 30 percent interest, covers 6.6 million acres and contains some of the highest quality reservoirs in the world.

In January, we announced a sixth oil discovery on the Stabroek Block with the Ranger-1 well, which encountered 230 feet of high quality oil bearing carbonate reservoir and confirmed the presence of a working petroleum system more than 60 miles northwest of the Liza development area. In February, positive results from the Pacora-1 well confirmed a seventh oil discovery. Excluding Ranger and Pacora, gross discovered recoverable resources on the block are currently estimated at more than 3.2 billion barrels of oil equivalent. In addition, we continue to see multi billion barrels of additional exploration potential across the block.

The Liza Phase 1 development, sanctioned last June, will produce up to 120,000 barrels of oil per day with first production expected in March 2020. The second phase of Liza development will have a gross production capacity of approximately 220 thousand barrels of oil per day, with start up expected by mid-2022. The giant Payara field is planned as the third development, closely following Liza Phase 2 – bringing expected gross production from the first three phases of development to more than 500,000 barrels of oil per day.

With $7 per barrel unit development costs for Liza Phase 1 and cash payback in approximately three years at a $50 per barrel Brent oil price, our oil investment opportunity in Guyana is one of the most attractive in the world today.

Our 2017 financial results continued to be impacted by lower crude oil and natural gas selling prices, and we posted an adjusted net loss of $1.4 billion. Cash flow from operations, before changes in working capital, was $1.7 billion, up from $842 million in the prior year. We replaced 351 percent of production – with proved reserve additions of 397 million barrels of oil equivalent – at an attractive finding and development cost of just over $5 per barrel of oil equivalent. Proved reserves at year end stood at 1.15 billion barrels of oil equivalent – higher than 2016 even with asset sales – and our reserve life was 10.2 years.

In the Bakken, net production averaged 105,000 barrels of oil equivalent per day in 2017 and is expected to reach 175,000 barrels of oil equivalent per day by 2021. Through the application of geosteering, optimized spacing, higher stage counts and proppant loading, we have increased well productivity by approximately 50 percent over the last two years. These improvements, together with our low drilling and completion costs, have enabled us to generate returns that are competitive with any shale play in the United States.

On January 31, we announced a 2018 Exploration and Production (E&P) capital and exploratory budget of $2.1 billion, flat with 2017. Approximately two thirds of our 2018 budget will be allocated for continuing exploration and development activities offshore Guyana and for the Bakken.

Safety and Social Responsibility

Our company is committed to helping meet the world's growing energy needs in a safe, environmentally responsible, socially sensitive and profitable way, which is why sustainability practices are a fundamental part of our business strategy and operations. We are proud to have been recognized once again in 2017 by a number of third-party organizations for the quality of our environmental, social and governance performance and disclosure.

Sustainable performance begins with comprehensive approach to safety. In 2017, we reduced our workforce recordable incident rate with improvements in both employee and contractor performance; however, our safety severe incident rate rose from 2016 due to an increase in dropped object incidents. By taking immediate corrective actions, our safety severe incident rate stabilized in the second half of 2017.

James H. Quigley
Chairman of the Board

John B. Hess
Chief Executive Officer

North Malay Basin Full Field Development, Malaysia

Global Operations

Production

Hess During 2017, the company sold higher cost, mature assets in the Permian, Equatorial Guinea and Norway, consistent with our strategy to high grade and focus our portfolio on our highest return assets. Net production from assets sold in 2017 totaled approximately 50,000 barrels of oil equivalent per day.

In 2017, net production averaged 306,000 barrels of oil equivalent per day, including Libya, compared with 322,000 barrels of oil equivalent per day in 2016. The decline in production year over year was primarily the result of asset sales associated with the strategic reshaping of the company's portfolio, unplanned downtime resulting from a fire at the Shell-operated Enchilada platform in the Gulf of Mexico and natural field declines.

In the Bakken, Hess' operated rig count averaged 3.5 in 2017, slightly higher than the average rig count of 3 in 2016. While the company brought 68 new wells on production in 2017 compared with 100 wells in 2016, net production from the Bakken was flat year on year, at 105,000 barrels of oil equivalent per day.

Based on positive production results from our 60-stage, 140,000-pound proppant per stage completion design, we expect to achieve an average 10-15 percent uplift in estimated ultimate recovery and 180-day cumulative initial production rates per well, compared with our previous 50-stage and 70,000-pound proppant per stage completion design. As a result, we have increased our estimate of net ultimate recovery from our Bakken acreage to 2.0 billion barrels of oil equivalent from our previous estimate of 1.7 billion barrels of oil equivalent.

In the Utica shale play in eastern Ohio, where the company participates in a 50 percent joint venture with CONSOL Energy, net production averaged 19,000 barrels of oil equivalent per day in 2017, compared to 29,000 barrels of oil equivalent per day in 2016, reflecting natural field declines, as Hess did not bring any new wells online in 2017.

In the deepwater Gulf of Mexico, net production averaged 54,000 barrels of oil equivalent per day in 2017, compared with 61,000 barrels of oil equivalent per day in 2016. This decrease is primarily the result of unplanned downtime resulting from a fire at the Shell-operated Enchilada platform and natural field declines, partially offset by a 7,000 barrels of oil equivalent per day increase from the Tubular Bells Field (57 percent working interest, operator).

At the Carigali Hess-operated Malaysia/Thailand Joint Development Area (50 percent working interest) net production averaged 223 million cubic feet of gas equivalent per day in 2017, compared with 206 million cubic feet of gas equivalent per day in 2016.

In the Danish North Sea, net production from the South Arne Field (62 percent working interest, operator) averaged 10,000 barrels of oil equivalent per day in 2017, compared with 13,000 barrels of oil equivalent per day in 2016, reflecting natural field declines. In the fourth quarter of 2017, the company commenced a sales process for our interests in Denmark, which is expected to be completed in 2018.

Production Operations, North Dakota

Developments

At the North Malay Basin full field development project in the Gulf of Thailand (50 percent working interest, operator), Hess completed installation of the central processing platform and achieved first gas in July 2017 safely, on time and under budget. The completion of the full field development resulted in net production averaging 66 million cubic feet equivalent per day in 2017, compared with 28 million cubic feet equivalent per day in 2016. In the fourth quarter of 2017, North Malay Basin reached its planned plateau rate of approximately 165 million cubic feet per day of gas net to Hess, establishing the asset as a significant long-term, low-cost cash generator for the company.

In the deepwater Gulf of Mexico, Hess continued to advance the Stampede development project (25 percent working interest, operator). In 2017, the company successfully installed the tension leg platform and topsides on location, completed the development's first three production wells and completed all subsea work. First oil was achieved in January 2018.

Offshore Guyana, Hess holds a 30 percent interest in the 6.6-million-acre Stabroek Block. Esso Exploration and Production Guyana Limited, a subsidiary of ExxonMobil is operator and holds 45 percent interest. CNOOC Nexen Petroleum Guyana Limited holds the remaining 25 percent interest.

In June 2017, the first phase of the Liza Development, on the Stabroek Block, was sanctioned. The project will develop, on a gross basis, approximately 450 million barrels of oil through a floating production, storage and offloading (FPSO) vessel with capacity of approximately 120,000 barrels of oil per day. First production from the Liza Phase 1 development is expected in March 2020. Development drilling is planned to start in 2018 using the Noble Bob Douglas drillship.

Planning for a second phase of development at Liza is under way and expected to utilize an FPSO with production capacity of approximately 220 thousand barrels of oil per day. First oil from the Liza Phase 2 development is targeted for mid-2022. A third phase of development will focus on the Payara area and is expected to closely follow Liza Phase 2.

Drilling Operations, Offshore Guyana

Exploration

The world-class Liza-1 discovery in 2015 and subsequent exploration and appraisal drilling in 2016 brought total discovered resource on the Stabroek Block, offshore Guyana to more than 1 billion barrels of oil equivalent at the end of 2016. In 2017, another oil discovery on the block was confirmed at the Snoek well located approximately five miles southeast of the Liza-1 discovery. The Snoek well commenced drilling on February 22, 2017 and was drilled to 16,978 feet in 5,128 feet of water. The Snoek exploration well encountered 82 feet of high-quality, oil-bearing sandstone reservoirs.

Following the Snoek exploration well, the Payara-2 appraisal well was drilled in the fourth quarter of 2017 and encountered 59 feet of high-quality, oil bearing sandstone reservoirs. The Payara-2 appraisal well confirmed Payara as a significant oil discovery.

A fifth oil discovery on the Stabroek Block, was announced at the Turbot-1 prospect located approximately 30 miles southeast of the Liza Phase 1 project. The Turbot-1 exploration well began drilling on August 14, 2017 and encountered a reservoir of 75 feet of high-quality, oil-bearing sandstone reservoirs. Drilling of an additional well on the Turbot discovery is planned for 2018.

The five discoveries on the block – Liza, Payara, Snoek, Liza Deep and Turbot – are now estimated to have total recoverable resources of more than 3.2 billion barrels of oil equivalent, nearly triple the estimate from this time last year.

Esso Exploration and Production Guyana Limited, a subsidiary of ExxonMobil, began drilling the Ranger-1 exploration well on November 5, 2017 using the Stena Carron drillship to 21,161 feet depth in 8,973 feet of water. The well was a discovery and encountered approximately 230 feet of high-quality, oil-bearing carbonate reservoir. Resources associated with the Ranger-1 discovery will be accretive to the more than 3.2 billion barrels of oil equivalent previously discovered on the block. Additional exploration drilling is planned on the Stabroek Block for 2018, including appraisal drilling at the Ranger discovery.

In Suriname, Hess, Chevron and Kosmos (operator) hold a one-third interest in the 1.3-million-acre Block 42. Interpretation of 3D seismic is underway with a first exploration well on the block planned for the second half of 2018. In the 2.8-million-acre Block 59, where Hess also holds a 33 percent interest together with Statoil and ExxonMobil (operator), plans are underway to acquire 2D seismic in 2018.

Succeed 2020 Education Initiative, North Dakota

Sustainability

Sustainability practices are a fundamental part of our company's operations. We believe they create value for our shareholders and help position us to continuously improve business performance. Although the low oil price environment continued to be challenging for our industry in 2017, our commitment to excellence in operational, safety and environmental performance, stakeholder engagement and corporate citizenship has been unwavering.

Our company's top priority is the safety of our workforce and the communities in which we operate. We work closely with our employees and contractors to promote a strong safety culture, with the ultimate goal of everyone, everywhere, every day, home safe. As a result, we reduced our 2017 workforce recordable incident rate by 38 percent compared with 2016, with improvements in both employee and contractor performance. We also reduced our workforce lost time incident rate 38 percent year-over-year. In 2017, we continued to ensure our safety goals are aligned with contractor companies through implementation of our Contractor Management Standard. While our overall safety performance was positive, our safety severe incident rate increased by 45 percent compared to 2016. After identifying this upward trend early in the year, we implemented immediate corrective actions that resulted in an 18 percent reduction our safety severe incident rate from June to December. Safety severe incidents will continue to be a focus of our key improvement initiatives in 2018.

We continually work to enhance our process safety management systems, which are an integral part of our business and play a critical role in mitigating risk. In 2017 we concluded a two-year assessment of our process safety management systems. The assessment, which was conducted by an independent third party, was designed to identify improvement opportunities directly relevant to each asset as well as systemic opportunities across the company. In addition, we concluded a review of mechanical integrity at our onshore and offshore locations as part of our ongoing integrity management program. These assessments involved a detailed review of equipment that is intended to avoid or mitigate a loss of primary containment. Recommendations and actions from the process safety management systems assessment and the mechanical integrity review will help inform improvement programs from 2018 onward. Also in 2017, we met our goal for creating and implementing performance standards and maintenance and test plans for all integrity-critical equipment. In 2017, we achieved a 32 percent year-over-year reduction in process safety events, as defined by the International Association of Oil and Gas Producers, which is a testament to the ongoing enhancements to our systems.

Our occupational health and wellness program includes industrial hygiene, risk assessment and planning, workplace exposure control, fitness for work assessment and medical emergency management. Hess Environment, Health and Safety and Human Resources teams work together to provide preventive medical services, international travel vaccinations and flu shots to employees and family members.

Climate change is a global challenge that requires government, business leaders and civil society to work together on cost-effective policy responses that recognize the vital role that safe, affordable and reliable energy plays in ensuring human welfare, economic growth and security. The Environment, Health and Safety Subcommittee of the company's Audit Committee provides oversight and makes recommendations to the full Board of Directors with respect to Hess' policies, positions and systems for environment, health, safety and social responsibility, compliance and risk management. This ensures that climate change and environmental risks are discussed at the Board level and taken into account in strategic decisions.

Based on the International Energy Agency's IEA 2017 World Energy Outlook, oil and gas are essential to meet the world's growing energy demand through 2040, even assuming a carbon-constrained future. In June 2017, the Task Force on Climate-Related Financial Disclosures, which was an outgrowth of the G20 Financial Stability Board, issued its final recommendations on how the financial sector should take account of climate-related issues. Our updated climate change strategy, which was implemented beginning in 2015, is closely aligned with these recommendations.

Our company has established 2020 reduction targets for greenhouse gases and flaring. Between 2008 and 2017, we have reduced our equity greenhouse gas emissions by more than 6 million tonnes through improved operating practices and asset closures and divestitures. We will continue to take steps to monitor, measure and develop energy resources that the world needs in an environmentally responsible and sustainable manner.

Team Hess Riders in MS 150 to Support the Multiple Sclerosis Society

In 2017, we participated in multi-stakeholder initiatives designed to advance transparency, environmental protection, human rights and good governance, including continued support of the Voluntary Principles on Security and Human Rights. Hess continues to be involved in IPIECA, the global oil and gas industry organization for environmental and social issues, and the United Nations Global Compact and the Global Compact U.S. Network, which shares best practices in sustainable business conduct across the private sector.

Stakeholder engagement processes are integrated into our enterprise risk workshops and asset business plans. In 2017 we initiated stakeholder engagement and grievance mechanism processes at two asset locations and carried out an integrated stakeholder mapping review with one additional location.

PRODEGE (the Program for Educational Development of Equatorial Guinea) continued to deliver programs and training to over 69 percent of the student population in 2017. Launched in 2007, the first phase of the program focused on improving the quality of education primary education in country; the second phase later expanded this work to include pre-school education as well. Since its inception, PRODEGE has benefitted more than 135,000 students and 1,000 teachers who received program accreditation, with results that include:

- Establishing the first Education Management Information System to strengthen institutional capacity, technical knowledge and improve data collection.
- Defining and developing a nationwide program for approximately 7,500 teachers in active learning methodology.
- Achieving a 34 percent decrease in students repeating first grade, an 8 percent increase in females attending and completing primary school, and 14 percent increase in ready-age students enrolling in primary school.

On November 28, Hess announced the completion of the sale of our interests in Equatorial Guinea, which concluded our funding of PRODEGE.

Succeed 2020, Hess Corporation's $25 million North Dakota education and workforce initiative, also concluded in 2017. The five-year program, aimed at improving the transition from secondary school to college and careers, had a positive effect on students, regional education authorities (REAs) and related agencies across the state. Program outcomes include increasing the number of state scholarships by 8 percent and increasing high school completion rates by one percent.

In 2017, Hess renewed its three-year commitment of the LEAP initiative (Learn, Engage, Advance, Persevere) that was introduced in 2014 at two middle schools in the Houston Independent School District, one of the largest school districts in Texas. LEAP 2.0 represents a broader partnership with elementary and high schools in the district with an aim to improve attendance and increase learning capabilities for students identified as at risk of dropping out. The initiative has offered more than 2,800 students a broad range of support such as access to a home library reading program, in-school support services, college and career readiness training and expanded science, technology, engineering and mathematics program enhancements.

In the aftermath of Hurricane Harvey and its devastating impact on the Houston community, our company took immediate steps to support recovery and rebuilding efforts including a $1 million donation to the Hurricane Harvey Relief Fund. We established a matching gift program for employees who wanted to make a personal donation that our company would match, which raised $491,000 for three relief organizations, and donated Hess Toy Trucks to schools near our Houston office and to holiday toy drives. For the 17th consecutive year, our Houston team took part in the MS150, a two-day bike ride to support the Multiple Sclerosis Society, and boosted Hess' total donation to more than $1 million.

We view transparency in reporting as a key part of being a trusted energy partner. Our company continued to be recognized in 2017 for the quality of our environment, social and governance disclosures, reinforcing our position as a top-quartile performer in our industry. In particular, we have been recognized as a leader in climate change transparency for the past nine years by the CDP, an international non-profit group seeking to drive sustainable economies. We were named to Corporate Responsibility Magazine' list of 100 Best Corporate Citizens for the tenth consecutive year, and were one of only five oil and gas companies to make the list in 2017. Hess also was included in the Dow Jones Sustainability Index North America for the eighth consecutive year.

Additional detail on our environment, social and governance programs and progress, as well as performance data, can be found in our annual sustainability report.