

HESS CORP
Form 11-K
June 28, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year December 31, 2017

OR

TRANSITION REPORT PURSUANT TO 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

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

Year Ended December 31, 2017 and 2016

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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
Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of Hess Corporation Employees' Savings Plan ("the Plan") as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2017 and 2016, and the changes in its net assets available for benefits for the year ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Schedule

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2017, has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/
Ernst &
Young
LLP

We have served as the Plan's auditor since 1973

New York, New York

June 28, 2018

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HESS CORPORATION

EMPLOYEES' SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2017	2016
Investments, at fair value:		
Mutual funds	\$ 609,015,679	\$ 558,002,659
Hess Corporation common stock fund	122,427,002	168,125,263
	731,442,681	726,127,922
Notes receivable from participants	6,999,766	7,747,768
Cash	—	1,791,191
Interest and dividends receivable	—	19,135
Prepaid administrative expenses	853	5,500
Total assets	738,443,300	735,691,516
Other liabilities	(11,270)	(83,123)
Total net assets available for benefits	\$ 738,432,030	\$ 735,608,393

See accompanying notes to financial statements.

HESS CORPORATION

EMPLOYEES' SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year ended
	December 31, 2017
Investment income	
Net appreciation in fair value of investments	\$35,438,969
Distributions from mutual funds	17,262,276
Dividends on Hess Corporation common stock fund	2,615,492
	55,316,737
Employee contributions	23,731,983
Employer contributions	22,316,999
Rollovers from other plans	1,834,681
Interest and other income	326,038
Benefit payments	(100,417,060)
Administrative expenses	(285,741)
Net increase in net assets available for benefits	2,823,637
Total net assets available for benefits at beginning of year	735,608,393
Total net assets available for benefits at end of year	\$738,432,030

See accompanying notes to financial statements.

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 United States (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). The Hess Corporation Employee Benefits Plan Committee provides guidance and direction for the Plan's activities. Effective February 2017, the Plan changed its trustee to Fidelity Management Trust Company (Trustee) and its recordkeeper to Fidelity Investments Institutional Operations. Prior to February 2017, the Plan's trustee was JPMorgan Chase Bank NA, and its recordkeeper was Xerox HR Solutions, LLC. Effective January 1, 2018, the Plan was amended to provide employees with the option of electing Roth contributions for their deferrals, implemented an automatic enrollment feature for employees and a default investment option. The amendments also provide that employees can contribute up to 50% of their compensation to the Plan, subject to other limitations.

Contributions: At the election of each participating employee, pre-tax amounts contributed under the Plan (from 1% to 25% of compensation, subject to IRS limits) and the employer's matching contributions are invested in one or more of the Plan's available mutual funds with varying investment objectives or in the Hess Corporation common stock fund. The Company makes matching contributions equal to 133% of participant contributions up to 6% of eligible compensation. Prior to January 1, 2012, the Company's matching contribution rate was 100% of the employee's contribution up to 6% of eligible compensation. In the year an employee reaches 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.

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

Participant Accounts: Each participant's account is credited with the participant's contributions, allocations of the Company's contributions and the Plan's investment 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.

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 to manage short-term liquidity needs of the fund.

Notes Receivable from Participants: Participants may borrow from their account balance, including their Company matching account, 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. There are no allowances for credit losses on participant 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. A loan set-up fee of \$50 is charged to participants when they borrow from the Plan. If a participant terminates employment with the Company, they may continue to make loan payments through a pre-authorized check agreement. If the loan is not repaid, it will automatically be treated as a distribution to the participant.

Rollovers from Other Plans: E