



HESS CORPORATION

Supplemental Earnings Information

Fourth Quarter 2011

Reported Net Income, Items Affecting Comparability and Adjusted Earnings by Operating Activity



\$ Millions, Except per Share Data

	4Q 2011	4Q 2010	3Q 2011
<u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u>			
Exploration and Production	\$ 527	\$ 420	\$ 422
Marketing and Refining	(561)	(261)	(23)
Corporate	(40)	(43)	(44)
Interest Expense	<u>(57)</u>	<u>(58)</u>	<u>(57)</u>
Net Income (Loss) Attributable to Hess Corporation	<u>\$ (131)</u>	<u>\$ 58</u>	<u>\$ 298</u>
Net Income (Loss) Per Share (Diluted)	<u>\$ (.39)</u>	<u>\$.18</u>	<u>\$.88</u>
<u>Items Affecting Comparability - Income (Expense)</u>			
Exploration and Production	\$ -	\$ (51)	\$ (81)
Marketing and Refining	(525)	(289)	-
Corporate	-	-	-
Total Items Affecting Comparability	<u>\$ (525)</u>	<u>\$ (340)</u>	<u>\$ (81)</u>
<u>Adjusted Earnings (Loss) (a)</u>			
Exploration and Production	\$ 527	\$ 471	\$ 503
Marketing and Refining	(36)	28	(23)
Corporate	(40)	(43)	(44)
Interest Expense	<u>(57)</u>	<u>(58)</u>	<u>(57)</u>
Adjusted Earnings	<u>\$ 394</u>	<u>\$ 398</u>	<u>\$ 379</u>
Adjusted Earnings Per Share (Diluted)	<u>\$ 1.16</u>	<u>\$ 1.20</u>	<u>\$ 1.11</u>
Weighted Average Number of Shares (Diluted)	<u>340.1</u>	<u>330.5</u>	<u>340.2</u>

(a) "Adjusted Earnings," presented throughout this supplemental earnings information, is defined as reported net income attributable to Hess Corporation excluding discontinued operations, cumulative effect of changes in accounting principles, and items identified as affecting comparability of earnings between periods. We believe that investors' understanding of our performance is enhanced by disclosing this measure. This measure is not, and should not be viewed as, a substitute for U.S. GAAP net income.



Items Affecting Comparability Between Periods

(Amounts are after income taxes)

4Q 2011

- **Marketing and Refining** – Results include a charge of \$525 million related to the Corporation's equity investment in HOVENSA L.L.C. and the shutdown of its refinery in St. Croix, U.S. Virgin Islands.

4Q 2010

- **Exploration and Production** – Earnings include a charge of \$51 million related to dry hole costs associated with the Azulao exploration well located offshore Brazil, which was drilled in 2009.
- **Marketing and Refining** – Results include a charge of \$289 million to reduce the carrying value of the Corporation's equity investment in HOVENSA L.L.C.

3Q 2011

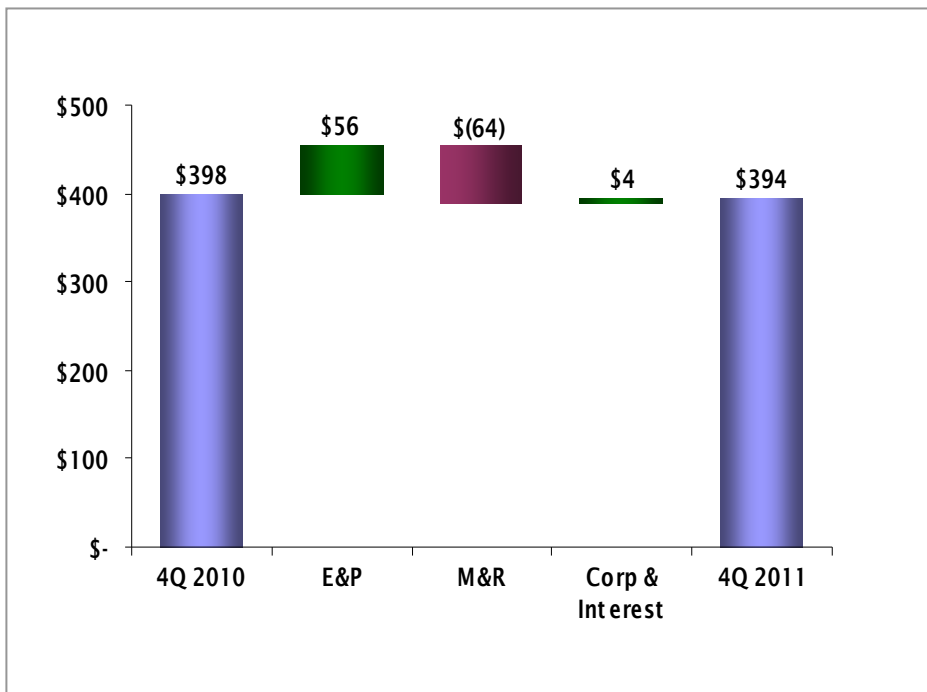
- **Exploration and Production** – Earnings include:
 - Charges of \$140 million for impairments that resulted from increases to the Corporation's abandonment liabilities, primarily for non-producing properties.
 - A charge of \$44 million as a result of the third quarter enactment of an additional 12 percent supplementary tax on petroleum operations in the United Kingdom with an effective date of March 24, 2011. The charge consists of incremental income tax of \$15 million on earnings from the effective date to the end of the second quarter and a charge of \$29 million to increase the United Kingdom deferred tax liability.
 - Gains of \$103 million from the sales of the Corporation's interests in the Snorre Field, offshore Norway, and the Cook Field in the United Kingdom North Sea.



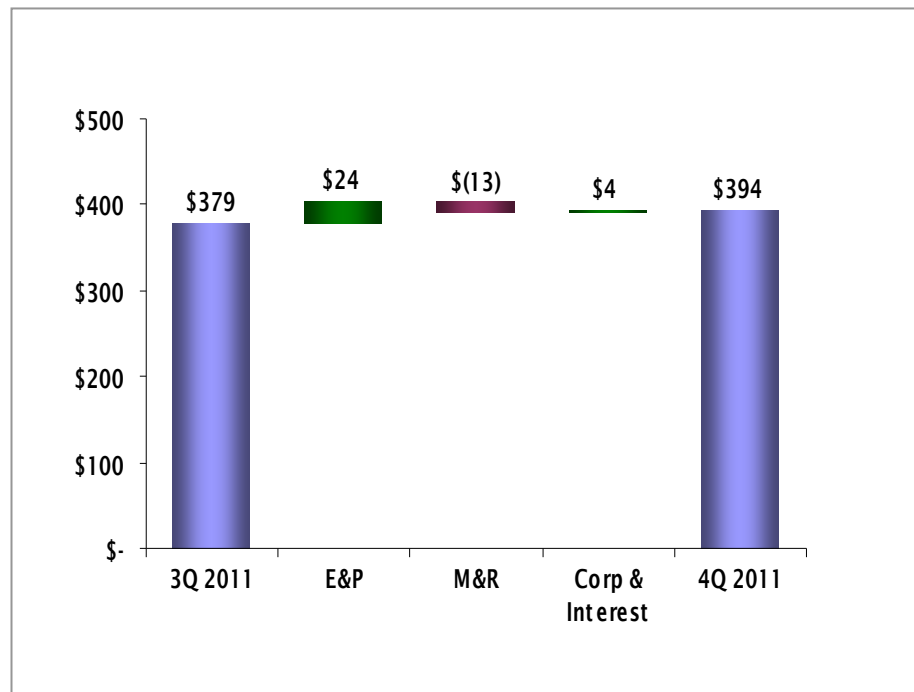
Consolidated Adjusted Earnings

\$ Millions

4Q 2011 vs. 4Q 2010



4Q 2011 vs. 3Q 2011



Analysis of Consolidated Adjusted Earnings

4Q 2011 vs. 4Q 2010

- **Exploration and Production** – The increase in earnings is primarily due to higher selling prices, largely offset by lower sales volumes and higher costs.
- **Marketing and Refining** – The increase in losses is primarily due to losses from refining operations and trading activities, partially offset by higher earnings from marketing operations. Refining results include \$80 million for our share of income from LIFO inventory liquidations for the fourth quarter of 2011 and \$34 million for the same quarter in 2010.

4Q 2011 vs. 3Q 2011

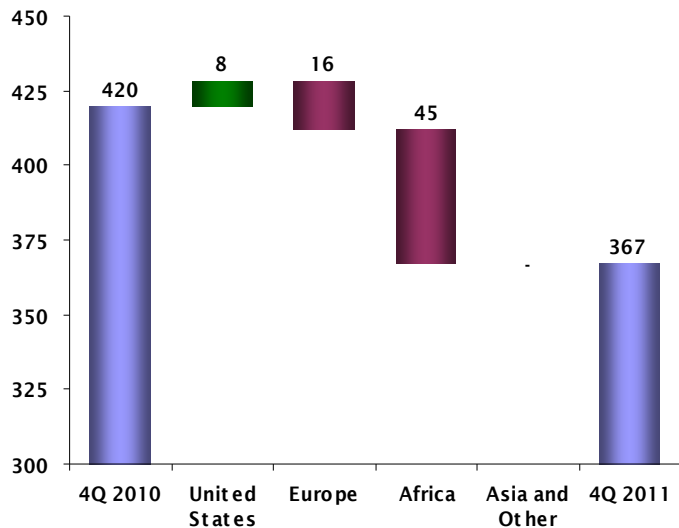
- **Exploration and Production** – The increase in earnings is primarily due to higher crude oil sales volumes coupled with higher selling prices, partially offset by higher costs.
- **Marketing and Refining** – The increase in losses is primarily due to higher losses from refining operations, partially offset by higher earnings from marketing operations and improved trading results. Refining results for the fourth quarter of 2011 include \$80 million for our share of income from LIFO inventory liquidations.



Worldwide Oil & Gas Production

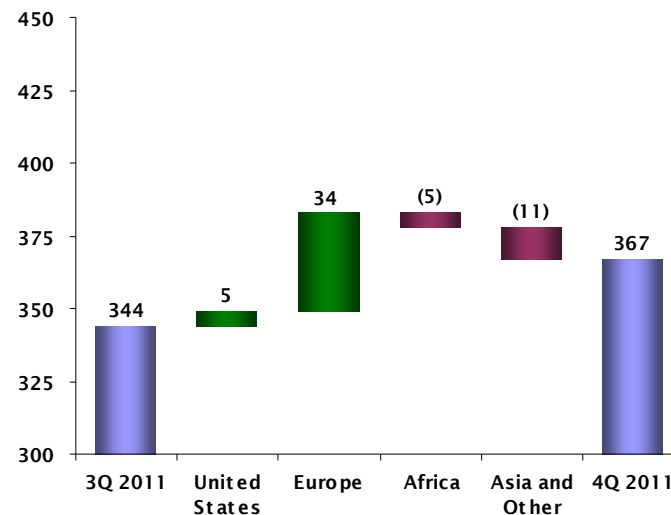
MBOEPD

4Q 2011 vs. 4Q 2010



	<u>4Q 2011</u>	<u>4Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	117	109	8
Europe	114	130	(16)
Africa	54	99	(45)
Asia and Other	82	82	-
Total	<u>367</u>	<u>420</u>	<u>(53)</u>

4Q 2011 vs. 3Q 2011

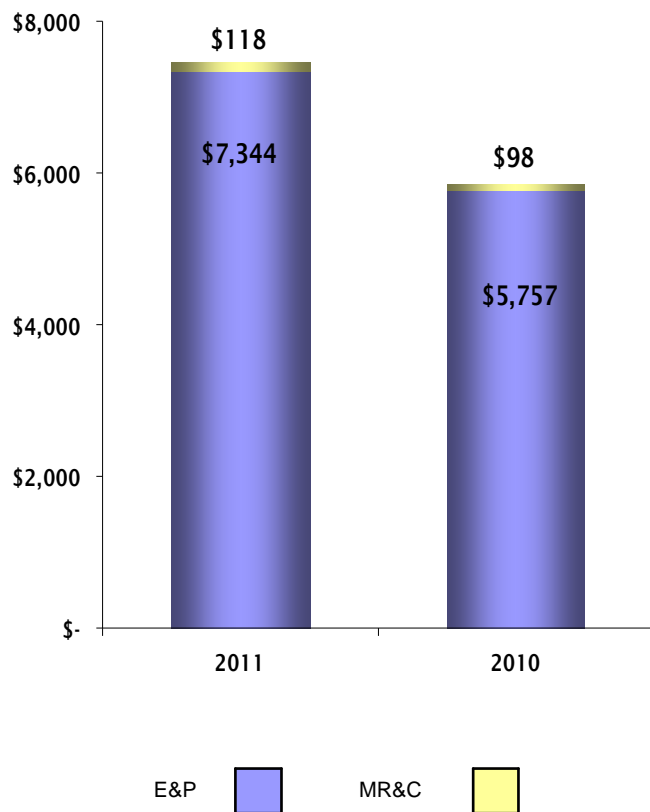


	<u>4Q 2011</u>	<u>3Q 2011</u>	<u>Incr. / (Decr.)</u>
United States	117	112	5
Europe	114	80	34
Africa	54	59	(5)
Asia and Other	82	93	(11)
Total	<u>367</u>	<u>344</u>	<u>23</u>



Capital and Exploratory Expenditures

\$ Millions



	FULL YEAR	
	2011*	2010**
Exploration & Production		
United States	\$ 4,305	\$ 2,935
International	3,039	2,822
Total E&P	<u>7,344</u>	<u>5,757</u>
Marketing, Refining & Corporate	118	98
Total Capital & Exploratory Expenditures	<u>\$ 7,462</u>	<u>\$ 5,855</u>
Exploration Expenses Included Above		
United States	\$ 197	\$ 154
International	259	209
Total Exploration Expenses	<u>\$ 456</u>	<u>\$ 363</u>

* Capital expenditures for the twelve months ended December 31, 2011 include \$795 million for acquisitions in the Utica Shale play in Ohio, \$214 million for interests in two blocks in the Kurdistan region of Iraq and \$116 million for an additional 4 percent interest in the South Arne Field, offshore Denmark.

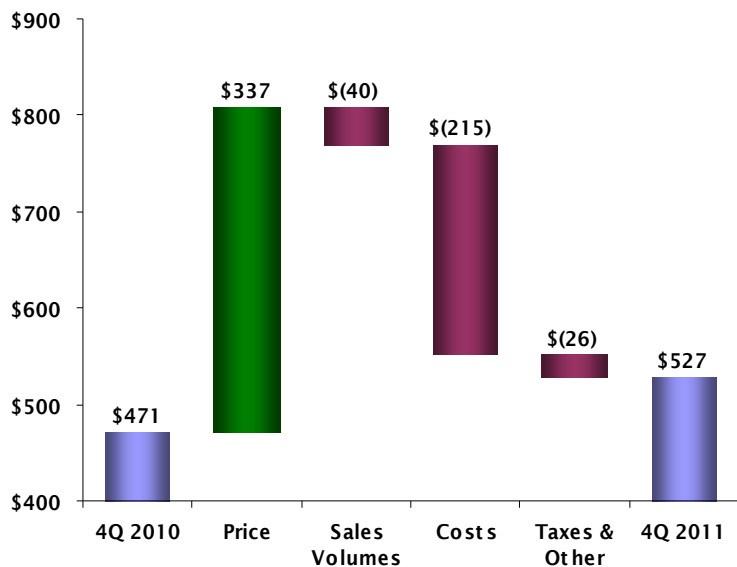
** Capital expenditures for the twelve months ended December 31, 2010 include \$1,067 million for the acquisitions of 167,000 net acres in the Bakken oil play in North Dakota from TRZ Energy, LLC and \$507 million for the acquisition of a 7.9 percent interest in the Valhall Field and a 12.5 percent in the Hod Field, offshore Norway.



Exploration and Production Adjusted Earnings

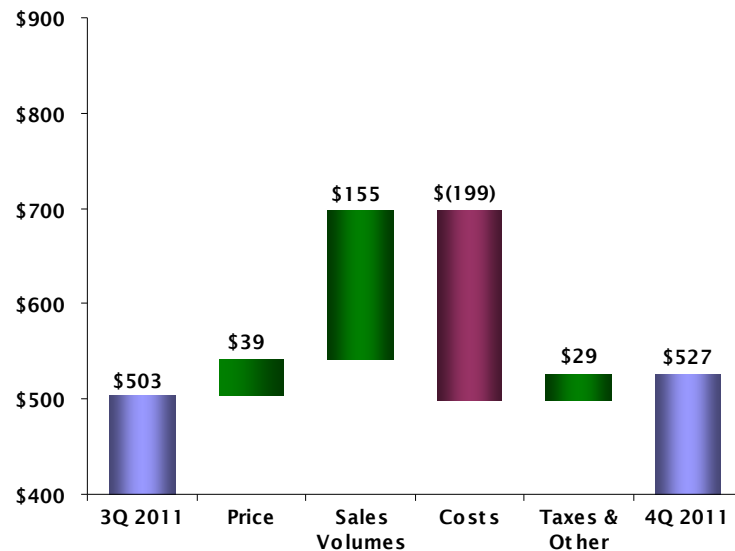
\$ Millions

4Q 2011 vs. 4Q 2010



	4Q 2011	4Q 2010	Incr. / (Decr.)
United States	\$ 200	\$ 98	\$ 102
International	327	373	(46)
Total	\$ 527	\$ 471	\$ 56

4Q 2011 vs. 3Q 2011



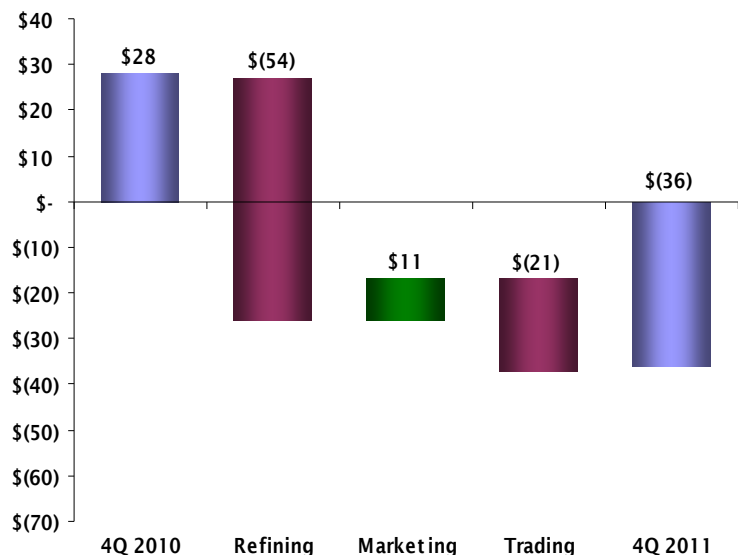
	4Q 2011	3Q 2011	Incr. / (Decr.)
United States	\$ 200	\$ 173	\$ 27
International	327	330	(3)
Total	\$ 527	\$ 503	\$ 24



Marketing and Refining Adjusted Earnings

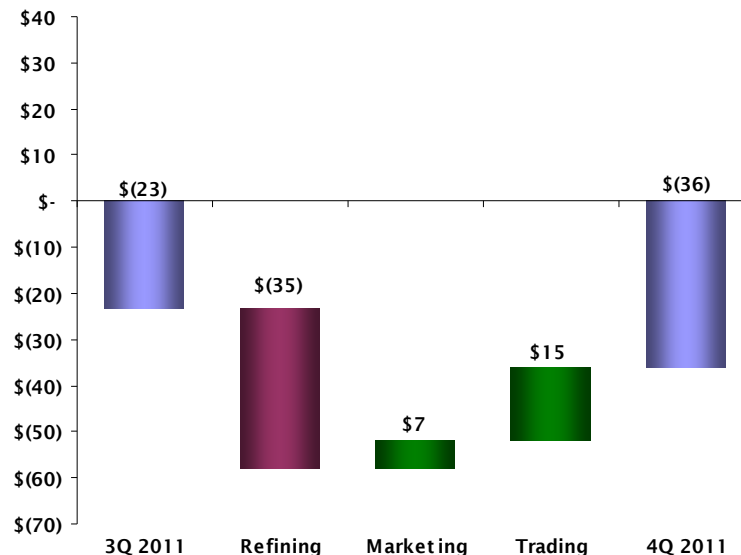
\$ Millions: Income (Loss)

4Q 2011 vs. 4Q 2010



	<u>4Q 2011</u>	<u>4Q 2010</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (73)	\$ (19)	\$ (54)
Marketing	48	37	11
Trading	(11)	10	(21)
Total	<u>\$ (36)</u>	<u>\$ 28</u>	<u>\$ (64)</u>

4Q 2011 vs. 3Q 2011



	<u>4Q 2011</u>	<u>3Q 2011</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (73)	\$ (38)	\$ (35)
Marketing	48	41	7
Trading	(11)	(26)	15
Total	<u>\$ (36)</u>	<u>\$ (23)</u>	<u>\$ (13)</u>